

# **Paulstra Limited**

## **Report and Financial Statements**

31 December 2002

1146549



# **Paulstra Limited**

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Registered No: 1146549

## **Directors**

R W Fairclough

T du Granrut (appointed 14 December 2002)

## **Secretary**

G D Curristan (appointed 19 March 2003)

## **Auditors**

Ernst & Young LLP

City Gate West

Toll House Hill

Nottingham

NG1 5FY

## **Bankers**

HSBC

15 Church Street

Rugby

CV21 3PN

## **Registered Office**

Swift Park

Rugby

CV21 1DZ

## Directors' Report

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 2002.

### Principal activity

The principal activity of the company continues to be the sale of rubber-to-metal bonded components for the automotive and general engineering industries.

The directors expect the general level of activity to continue in the forthcoming year.

### Results and dividends

The audited financial statements for the year ended 31 December 2002 are set out on pages 5 to 18. The profit for the year after taxation was £1,051,715 (2001: £445,864).

The directors do not recommend the payment of a dividend (2001: £nil).

### Directors and their interests

The directors who served during the year were as follows:

R W Fairclough

G Gehin (French – resigned 14 December 2002)

T du Granrut (French – appointed 14 December 2002)

There are no directors' interests requiring disclosure under the Companies Act 1985.

### Auditors

Arthur Anderson resigned as the company's auditor on 31 July 2002. Ernst & Young LLP were appointed on 1 August 2002. The directors will place a resolution to reappoint Ernst & Young LLP for the ensuing year before the annual general meeting.

By order of the board



Secretary

Date 06/10/2003

## **Statement of directors' responsibilities in respect of the financial statements**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report**

**to the members of Paulstra Limited**

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Statement of Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 18. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Nottingham

Date *14 October 2003*

## Profit & Loss Account

For the year ended 31 December 2002

|  | Notes | 2002<br>£    | 2001<br>(Restated)<br>£ |
|--|-------|--------------|-------------------------|
| <b>Turnover</b>                                      | 2     | 18,071,481   | 15,211,568              |
| Cost of sales  |       | (14,852,243) | (12,965,638)            |
| <b>Gross profit</b>                                  |       | 3,219,238    | 2,245,930               |
| Distribution costs                                   |       | (99,358)     | (113,248)               |
| Administrative expenses                              |       | (1,665,457)  | (1,688,262)             |
| Other operating income                               |       | 20,514       | 52,908                  |
| <b>Operating profit</b>                              |       | 1,474,937    | 497,328                 |
| Finance (income)/charges (net)                       | 5     | (34,271)     | 31,540                  |
| <b>Profit on ordinary activities before taxation</b> | 6     | 1,509,208    | 465,788                 |
| Tax on profit on ordinary activities                 | 7     | (457,493)    | (19,924)                |
| <b>Profit for the financial year</b>                 |       | 1,051,715    | 445,864                 |

## Statement of total recognised gains and losses

For the year ended 31 December 2002

|  | 2002<br>£ | 2001<br>(Restated)<br>£ |
|--|-----------|-------------------------|
| Profit for the financial year                              | 1,051,715 | 445,864                 |
| Total recognised gains and losses relating to the year     | 1,051,715 | 445,864                 |
| Prior year adjustments (see note 8)                        | (87,026)  |                         |
| Total gains and losses recognised since last annual report | 964,689   |                         |

**Balance Sheet**

31 December 2002

|  | Notes | 2002<br>£   | 2001<br>(Restated)<br>£ |
|--|-------|-------------|-------------------------|
| <b>Fixed assets</b>  |       |             |                         |
| Tangible assets  | 9     | 1,367,017   | 1,901,465               |
| <b>Current assets</b>  |       |             |                         |
| Stocks   | 10    | 1,024,315   | 1,414,369               |
| Debtors  | 11    | 4,063,730   | 2,073,470               |
| Cash at bank and in hand                                       |       | 940,212     | 1,178,792               |
|  |       | 6,028,257   | 4,666,631               |
| <b>Creditors:</b> Amounts falling due within one year          | 12    | (3,833,420) | 4,616,146               |
| <b>Net current assets</b>                                      |       | 2,194,837   | 50,485                  |
| Total assets less current liabilities                          |       | 3,561,854   | 1,951,950               |
| <b>Creditors:</b> Amounts falling due after more than one year | 13    | (967,140)   | (350,000)               |
| <b>Net assets</b>  |       | 2,594,714   | 1,601,950               |
| <b>Provision for liabilities and charges</b>                   |       |             |                         |
| Deferred taxation  | 14    | (28,075)    | (87,026)                |
|  |       | 2,566,639   | 1,514,924               |
| <b>Capital and reserves</b>                                    |       |             |                         |
| Called-up share capital  | 15    | 10,000      | 10,000                  |
| Profit and loss account  | 16    | 2,556,639   | 1,504,924               |
| <b>Equity shareholder's funds</b>                              | 16    | 2,566,639   | 1,514,924               |

The financial statements on pages 5 to 18 were approved by the board of directors and signed on its behalf by:

Director



Date

6/10/03



## Notes to the Financial Statements

31 December 2002

### 1. Accounting Policies

#### Accounting convention

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

In preparing the financial statements for the current year, the company has adopted FRS19 "deferred tax". The adoption of FRS19 has resulted in a change in accounting policy for deferred tax. Deferred tax is recognised on a full provision basis in accordance with the accounting policy described below. Previously, deferred tax was provided on a partial provision basis, whereby provision was made on all timing differences to the extent that they were expected to reverse in the future without replacement.

The change in accounting policy has resulted in a prior year adjustment for the company. Shareholders' funds at 1 January 2001 have been reduced by £129,468 and the tax charge for the year ended 31 December 2001 has been decreased by £42,442. The provision for deferred tax is £87,026 at 31 December 2001. Profit for the current year has been increased by £58,951 as a result of the change in accounting policy.

#### Cash flow

Under the provisions of FRS 1 (Revised) the company has not prepared a cash flow statement as the ultimate parent undertaking, Total Fina Elf S.A. prepares consolidated financial statements which are publicly available and include the results of the company.

#### Related parties transaction

The company is a wholly owned subsidiary of Total Fina Elf SA, the consolidated accounts of which are publicly available.

Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Total Fina Elf Group

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

|                                 |           |
|---------------------------------|-----------|
| Leasehold property improvements | 10 years  |
| Plant and equipment             | 8 years   |
| Fixtures and fittings           | 3-5 years |
| Motor vehicles                  | 5 years   |

Residual value is calculated on prices prevailing at the date of acquisition.

#### Stocks

Stocks are stated at the lower of cost and realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

## Notes to the Financial Statements

31 December 2002

### 1. Accounting Policies (continued)

#### Taxation

Corporate tax is payable on taxable profits at the current rate.

The company is part of a UK group and accordingly may take advantage of the group relief provisions whereby current tax profits can be offset by current taxable losses arising in other companies within the group. The group's policy is that no payment will be made for tax losses surrendered under the group relief provisions.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### Turnover

Turnover comprises the invoiced value of goods and services supplied by the company exclusive of sales related taxes.

#### Pension costs

The company operates both defined contribution pension and defined benefit schemes.

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

For defined contributions schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### Operating lease agreements

Rentals paid under operating leases are charged against income on a straight-line basis over the lease term, even if payments are not made on such a basis.

#### Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

## Notes to the Financial Statements

31 December 2002

### 2. Turnover

Turnover is attributable to one continuing activity, the sale of rubber-to-metal bonded components for the automotive and general engineering industries.

Turnover by geographical destination was as follows:

|                   | 2002<br>£         | 2001<br>£         |
|-------------------|-------------------|-------------------|
| United Kingdom    | 16,642,560        | 14,537,564        |
| Rest of the world | 1,428,921         | 674,004           |
|                   | <u>18,071,481</u> | <u>15,211,568</u> |

### 3. Staff costs

The average monthly number of employees (including executive directors) was:

|                          | 2002<br>No. | 2001<br>No. |
|--------------------------|-------------|-------------|
| Sales and administration | 12          | 12          |
| Production               | 76          | 54          |
|                          | <u>88</u>   | <u>66</u>   |

The aggregate remuneration comprised:

|                       | 2002<br>£        | 2001<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 1,275,514        | 1,085,927        |
| Social security costs | 97,544           | 101,520          |
| Other pension costs   | 31,249           | 45,177           |
|                       | <u>1,404,307</u> | <u>1,232,624</u> |

# Notes to the Financial Statements

31 December 2002

## 4. Directors remuneration disclosure

|  | 2002          | 2001          |
|--|---------------|---------------|
|  | £             | £             |
| Emoluments   | 70,990        | 59,286        |
| Company contributions to money purchase pension schemes  | 1,424         | -             |
| Company contributions to defined benefit pension schemes | 4,673         | 5,008         |
|  | <u>77,087</u> | <u>64,294</u> |

|   | 2002 | 2001 |
|---|------|------|
|   | No.  | No.  |
| Members of money purchase pension schemes | 1    | -    |

## 5. Finance (income)/charges (net)

### Investment income:

|  | 2002     | 2001     |
|--|----------|----------|
|  | £        | £        |
| Interest receivable and similar income | (47,421) | (26,611) |

### Interest payable and similar charges:

|  | 2002   | 2001   |
|--|--------|--------|
|  | £      | £      |
| Interest payable to fellow group companies | 13,150 | 58,151 |

### Finance charges (net):

|                                      | 2002            | 2001          |
|--------------------------------------|-----------------|---------------|
|                                      | £               | £             |
| Interest payable and similar charges | 13,150          | 58,151        |
| Less: Investment income              | (47,421)        | (26,611)      |
|                                      | <u>(34,271)</u> | <u>31,540</u> |

## Notes to the Financial Statements

31 December 2002

### 6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

|  | 2002<br>£ | 2001<br>£ |
|--|-----------|-----------|
| Depreciation and amounts written off tangible fixed assets (owned) | 556,500   | 532,423   |
| Operating lease rentals – other                                    | 180,000   | 180,000   |
| Operating lease rentals – plant and machinery                      | 31,379    | 37,899    |
| Auditors' remuneration for audit services                          | 20,000    | 17,000    |

### 7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

|  | 2002<br>£ | 2001<br>(restated)<br>£ |
|--|-----------|-------------------------|
| <b>Current tax:</b>                            |           |                         |
| UK corporation tax                             | 513,231   | 168,508                 |
| Adjustments in respect of previous periods     | 3,213     | (106,142)               |
| Total current tax (note 7b)                    | 516,444   | 62,366                  |
| <b>Deferred tax:</b>                           |           |                         |
| Origination and reversal of timing differences | 58,951    | (42,442)                |
| Tax on profit on ordinary activities           | 457,493   | 19,924                  |

(b) Factors affecting current tax charge

The tax assesses on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are reconciled below:

|   | 2002<br>£ | 2001<br>(restated)<br>£ |
|---|-----------|-------------------------|
| Profit on ordinary activities before taxation   | 1,509,208 | 465,788                 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% | 452,762   | 139,736                 |
| Disallowable expenses and non taxable income  | 1,518     | (1,670)                 |
| Capital allowances in excess of depreciation  | 59,851    | 19,402                  |
| Other timing differences  | (900)     | 11,040                  |
| Adjustment to tax charge in respect of prior years  | 3,213     | (106,142)               |
| Total current tax (note 7a)   | 516,444   | 62,366                  |

## Notes to the Financial Statements

31 December 2002

### 8. Prior year adjustment

In preparing the financial statements for the current year, the company has adopted FRS19 "Deferred Tax". The adoption of FRS19 has resulted in a change in accounting policy for deferred tax. Deferred tax is recognised on a full provision basis in accordance with the accounting policy described below. Previously deferred tax was provided for on a partial provision basis, whereby provision was made on all timing differences to the extent that they were expected to reverse in the future without replacement.

The change in accounting policy resulted in a prior year adjustment for the company. Shareholders' funds have been decreased by £129,468 at 1 January 2001 and the profit for the year ended 31 December 2001 has been increased by £42,442. The provision for deferred tax is £87,026 at 31 December 2001. Profit for the current year has been increased by £58,951 as a result of the change in accounting policy.

### 9. Tangible fixed assets

|                       | <i>Leasehold<br/>Property<br/>Improvements</i> | <i>Plant and<br/>equipment</i> | <i>Fixtures<br/>and fittings</i> | <i>Motor<br/>vehicles</i> | <i>Total</i> |
|-----------------------|--|--------------------------------|----------------------------------|---------------------------|--------------|
|                       | £  | £                              | £                                | £                         | £            |
| <b>Costs</b>          |  |                                |                                  |                           |              |
| At 1 January 2002     | 47,839   | 4,254,738                      | 162,619                          | 460                       | 4,465,656    |
| Additions             | -  | 37,791                         | 2,407                            | -                         | 40,198       |
| Disposals             | -  | (187,334)                      | -                                | -                         | (187,334)    |
| At 31 December 2002   | 47,839   | 4,105,195                      | 165,026                          | 460                       | 4,318,520    |
| <b>Depreciation</b>   |  |                                |                                  |                           |              |
| At 1 January 2002     | 30,800   | 2,389,531                      | 143,400                          | 460                       | 2,564,191    |
| Charge                | 4,785  | 538,359                        | 13,356                           | -                         | 556,500      |
| Disposal              | -  | (169,188)                      | -                                | -                         | (169,188)    |
| At 31 December 2002   | 35,585   | 2,758,702                      | 156,756                          | 460                       | 2,951,503    |
| <b>Net book value</b> |  |                                |                                  |                           |              |
| At 31 December 2002   | 12,254   | 1,346,493                      | 8,270                            | -                         | 1,367,017    |
| At 31 December 2001   | 17,039   | 1,865,207                      | 19,219                           | -                         | 1,901,465    |

### 10. Stocks

|                                     | 2002<br>£ | 2001<br>£ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 587,368   | 928,595   |
| Raw materials                       | 278,005   | 318,710   |
| Work in progress                    | 158,942   | 167,064   |
|                                     | 1,024,315 | 1,414,369 |

## Notes to the Financial Statements

31 December 2002

There is no material difference between the balance sheet value of stocks and their replacement costs.

### 11. Debtors

|                                      | 2002             | 2001             |
|--------------------------------------|------------------|------------------|
|                                      | £                | £                |
| Amounts falling due within one year: |                  |                  |
| Trade debtors                        | 3,426,643        | 1,916,729        |
| Amounts owed by group undertakings   | 202,259          | 9,210            |
| Overseas VAT                         | 299,723          | 83,245           |
| Prepayments and accrued income       | 135,105          | 64,286           |
|                                      | <u>4,063,730</u> | <u>2,073,470</u> |

### 12. Creditors: amounts falling due within one year

|                                    | 2002             | 2001             |
|------------------------------------|------------------|------------------|
|                                    | £                | £                |
| Trade creditors                    | 705,807          | 556,736          |
| Amounts owed to group undertakings | 1,532,315        | 2,161,095        |
| UK corporation tax                 | 447,120          | 88,441           |
| Taxation an social security        | 562,118          | 480,641          |
| Accruals and deferred income       | 586,060          | 1,329,233        |
|                                    | <u>3,833,420</u> | <u>4,616,146</u> |

### 13. Creditors: amounts falling due after more than one year

|                                   | 2002           | 2001           |
|-----------------------------------|----------------|----------------|
|                                   | £              | £              |
| Amounts owed to group undertaking | <u>967,140</u> | <u>350,000</u> |

At 31 December 2002 the company owed £967,140 (2001: £350,000) to Total Fina Elf Finance Limited. The loan is unsecured and bears interest at LIBOR plus a margin of 0.275 basis points per annum. At 31 December 2001 this loan has been reclassified to creditors falling due after more than one year under the terms of availability of the facility to the company.

# Notes to the Financial Statements

31 December 2002

## 14. Provisions for liabilities and charges

|  | 2002<br>£     | 2001<br>£     |
|--|---------------|---------------|
| Accelerated capital allowances                           | 75,995        | 135,846       |
| Other timing differences                                 | (47,920)      | (48,820)      |
|  | <u>28,075</u> | <u>87,026</u> |
| Provision at start of year                               | 87,026        | 129,468       |
| Deferred tax release in profit and loss account for year | (58,951)      | (42,442)      |
|  | <u>28,075</u> | <u>87,026</u> |

## 15. Called up share capital

|   | 2002<br>£     | 2001<br>£     |
|---|---------------|---------------|
| <b>Authorised</b>                         |               |               |
| 10,000 ordinary shares of £1 each         | 10,000        | 10,000        |
|   | <u>10,000</u> | <u>10,000</u> |
| <b>Allotted, called-up and fully paid</b> |               |               |
| 10,000 ordinary shares of £1 each         | 10,000        | 10,000        |
|   | <u>10,000</u> | <u>10,000</u> |

## 16. Reconciliation of shareholders' funds and movement on reserves

|                                       | Share<br>Capital<br>£ | Profit and loss<br>account<br>(restated)<br>£ | Total<br>shareholders<br>funds<br>(restated)<br>£ |
|---------------------------------------|-----------------------|---|---|
| At 1 January 2001                     | 10,000                | 1,188,528                                     | 1,198,528   |
| Prior year adjustment (note 8)        | -                     | (129,468)                                     | (129,468)   |
| Restated balance as at 1 January 2001 | 10,000                | 1,059,060                                     | 1,069,060   |
| Restated profit for the year          | -                     | 445,864                                       | 445,864   |
| Restated balance at 31 December 2001  | 10,000                | 1,504,924                                     | 1,514,924   |
| Profit for the year                   | -                     | 1,051,715                                     | 1,051,715   |
| At 31 December 2002                   | 10,000                | 2,556,639                                     | 2,566,639   |



## Notes to the Financial Statements

31 December 2002

### 17. Financial commitments

#### (a) Capital commitments

|                                     | 2002 | 2001   |
|-------------------------------------|------|--------|
|                                     | £    | £      |
| Contracted for but not provided for | -    | 43,000 |

#### (b) Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

|                               | 2002                          |               | 2001                          |               |
|-------------------------------|-------------------------------|---------------|-------------------------------|---------------|
|                               | <i>Land and<br/>Buildings</i> | <i>Other</i>  | <i>Land and<br/>buildings</i> | <i>Other</i>  |
|                               | £                             | £             | £                             | £             |
| Operating leases which expire |                               |               |                               |               |
| - within one year             | -                             | -             | -                             | -             |
| - between two and five years  | 180,000                       | 31,379        | 180,000                       | 41,623        |
|                               | <u>180,000</u>                | <u>31,379</u> | <u>180,000</u>                | <u>41,623</u> |

### 18. Pension arrangements

The company contributes to certain defined contribution pension schemes on behalf of certain of its employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge in the year was £nil (2001: £359).

The company is a participating employer in a final pay defined benefit pension scheme for eligible employees called the Hutchinson (UK) Limited 1978 Retirement Benefit Scheme. The assets of the scheme are held in separate funds administered by trustees. The pension cost charge in the year was £22,435 (2001: £44,818). The pension creditor at 31 December 2002 was £nil (2001: £3,482).

The pension cost is assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuation of the scheme was carried out as at 31 March 2000 and used the projected unit method. The main actuarial assumptions used were that pensionable salaries would increase by 3.75% per annum. Pensions in payment by 3% per annum and that the return on investments would be 7% per annum.

At the date of the last actuarial valuation, the market value of the assets was £11,737,000 and the actuarial value of the assets was sufficient to cover 108% of the benefits that had accrued to members after allowing for future increases in earnings.

#### FRS17 transitional disclosures

Additional disclosures regarding the group's new defined benefit pension scheme, the TotalFinaElf UK Pension Plan, are required under the transitional provisions of FRS 17 "Retirement benefits" and these are set out below. The disclosures relate to the second year of the transitional provisions. They provide information which will be necessary for full implementation of FRS 17 in the year ending 31 December 2005.

The actuarial valuation described above has been updated at 31 December 2002 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

## Notes to the Financial Statements

31 December 2002

The major assumptions used for the actuarial valuation were:-

|                                      | 2002 | 2001 |
|--------------------------------------|------|------|
| Rate of increase in salaries         | 3.25 | 4.00 |
| Rate of increase in pensions payment | 2.50 | 2.50 |
| Discount rate                        | 5.50 | 6.00 |
| Inflation assumption                 | 2.50 | 2.50 |

The company is unable to identify its share of the underlying assets and liabilities of the new plan. These are included in the 'Hutchinson' Business Unit which has been disclosed in the accounts of Hutchinson (UK) Ltd. Below are the balance scheme sheet disclosures for the Hutchinson Business Unit.

The fair value of assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were:

|                                     | 2002<br>% | 2002<br>£    | 2001<br>% | 2001<br>£    |
|-------------------------------------|-----------|--------------|-----------|--------------|
| Equities                            | 8.00      | 5,494,000    | 8.00      | 7,961,000    |
| Bonds                               | 5.00      | 1,718,000    | 5.00      | 1,608,000    |
| Property                            | 7.00      | 246,000      | -         | -            |
| Cash                                | 3.25      | 215,000      | 4.00      | 70,000       |
| Total fair value of assets          |           | 7,673,000    |           | 9,639,000    |
| Present value of scheme liabilities |           | (13,245,000) |           | (12,885,000) |
| Deficit in the scheme               |           | (5,572,000)  |           | (3,246,000)  |
| Related deferred tax asset          |           | 1,672,000    |           | 974,000      |
| Net pension liability               |           | (3,900,000)  |           | (2,272,000)  |

|  | 2002<br>£   | 2001<br>£   |
|--|-------------|-------------|
| Net assets excluding pension liability | 6,963,581   | 9,242,631   |
| Pension liability                      | (3,900,000) | (2,272,000) |
|  | 3,063,581   | 6,970,631   |

The analysis of reserves that would have arisen if FRS 17 had been fully implemented is as follows:

|  | 2002<br>£   | 2001<br>£   |
|--|-------------|-------------|
| Profit and loss reserve excluding pension liability                              | 6,515,508   | 8,789,558   |
| Amount relating to defined benefit pension scheme liability, net of deferred tax | (3,900,000) | (2,272,000) |
| Profit and loss reserve including pension liability                              | 2,615,508   | 6,517,558   |

## Notes to the Financial Statements

31 December 2002

### 19. Ultimate controlling party

The company's immediate parent undertaking is Hutchinson Holdings UK Limited, a company registered in England and Wales.

The smallest group into which the results of Paulstra Limited are consolidated is that headed by Total Oil Holdings Limited, a company registered in England and Wales. The consolidated financial statements of the group are available to the public from 33 Cavendish Square, London W1M 0HX.

The largest group into which the results of Paulstra Limited are consolidated is that headed by Total Fina Elf SA, the ultimate parent undertaking, incorporated in France. The consolidated financial statements of the group are available to the public from 24 Cours Michelet, 92800 Puteaux, RCS Nanterre B542.051.180, France.