

Registered Number: 3515896

BESPAK EUROPE LIMITED
REPORT AND ACCOUNTS
52 WEEKS ENDED 1 MAY 2004



BESPAK EUROPE LIMITED

OFFICERS AND ADVISERS

Directors	M P Hopcroft A L Clark C M Hall J A Phillips
Company Secretary	A L Scott
Registered Office	Blackhill Drive Featherstone Road Wolverton Mill South Milton Keynes Bucks MK12 5TS
Registered Number	3515896
Auditors	PricewaterhouseCoopers LLP Cambridge
Bankers	Barclays Bank Plc National Westminster Bank Plc

BESPAK EUROPE LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the Company for the 52 weeks ended 1 May 2004.

Principal activities

The principal activities of the Company are the design, development, manufacture and sale of drug delivery technologies and services to the pharmaceutical industry.

Results and dividends

The profit after tax for the year was £8.964 million (2003: loss of £0.652 million). During the year the Company paid a dividend of 26.667 pence (2003: £nil) per ordinary share totalling £4.000 million. The Company also paid a preferential dividend of 3.571 pence (2003: 3.791 pence) per redeemable preference share totalling £1.248 million (2003: £1.325 million). The profit for the year of £3.716 million (2003: loss £1.977 million) will be transferred to reserves.

Review of business and future developments

Bespak designs, manufactures and sells metered dose inhalation (MDI) valves, actuators and accessories used to deliver respiratory drugs to the lung. The Device & Manufacturing Services business provides a comprehensive range of device-related services to pharmaceutical and drug delivery companies. Bespak manufactures pumps for consumer household products, toiletries and fragrances.

The Company made satisfactory progress toward its goal of returning to historical levels of profitability. A very significant restructuring programme was undertaken that involved reducing the workforce by approximately 100 positions.

The level of business and year-end financial position were satisfactory. The Directors expect the present level of activity will be sustained for the foreseeable future.

Directors and their interests

The directors who served during the year are shown below:-

M P Hopcroft

A L Clark

C W Leeder (resigned 19 January 2004)

C M Hall (appointed 19 January 2004)

J A Phillips (appointed 19 January 2004)

Directors' interests in shares

No director held any interest in the Company during the period.

Details of the interest of the directors of the Company, who are also directors of the parent company, in the shares of Bepak plc are given in the parent's consolidated financial statements.

The beneficial interests of the directors in the shares of the parent company, Bepak plc, at 1 May 2004 together with their interests at 3 May 2003 (or at date of appointment) were as follows:

	Ordinary shares of 10p each	
	At 1 May	At 3 May
	2004	2003*
	Number	Number
A L Clark	1,830	5,367
C Hall	117	51
J Phillips	541	482

* or at date of appointment

Directors' interests in share options

Details of the interests of the directors of the Company, who are also directors of the parent company, in share options over ordinary 10p shares of Bepak plc at 1 May 2004 are given in the parent's consolidated financial statements. Details of the interests of the directors of the Company, who are not directors of the parent company, are given below:

	Options at 3 May 2003*	Granted during the year	Lapsed during the year	Exercised during the year	Options at 1 May 2004
	Number	Number	Number	Number	Number
A L Clark	109,516	43,400	(3,422)	(9,094)	140,400
C Hall	10,000	52,650	-	-	62,650
J Phillips	13,500	37,500	-	-	51,000

* or at date of appointment

Directors' and officers' liability insurance

Insurance cover has been arranged in respect of the personal liabilities which may be incurred by directors and officers of the Company in the course of their service with the Group.

Charitable donations and political contributions

During the year the Company made contributions amounting to £7,787. Of this total £2,760 was donated to local charities and community development programmes, £2,979 to Arts projects, £648 to healthcare related charities, £150 to local educational establishments and £1,250 to national youth development projects. Employees participated in various charitable fundraising activities during the year in aid of local and national healthcare related charities.

Research and Development

The Company has a programme of continuous investment in its product development activities relating to its drug delivery business. During the year the Company incurred £3,770,000 (2003: £6,991,000) of research and development expenditure, which includes £373,000 (2003: £923,000) of exceptional items.

Employee involvement

Bespak is an equal opportunity employer, committed to giving fair and equal treatment to all employees and job applicants. The Company is committed to maximising the level of employee involvement and participation in its businesses by providing employees at all levels with appropriate training to enable them to do their jobs to the best of their ability. The performance review system allows employees to discuss career development issues, to receive guidance in achieving their goals within the Company and to create development plans. Employees are encouraged to study for job-related accreditations.

As part of the Company's ongoing commitment to achieving the highest levels of quality, the Group operates to the internationally recognised quality standard ISO9001/9002 and the medical device standard ISO13485. Staff work within a defined quality system and are trained in principles and practices of "Good Manufacturing Practice". Quarterly briefings are given to employees to keep them informed of matters concerning the business including financial and economic factors affecting the performance of the Company. The Company takes a proactive approach to consultation with employees on a variety of work related issues through the use of an All Company Employee Consultative Forum. This Forum is made up of nominated representatives who meet with the senior managers on a quarterly basis.

Eligible employees in the UK participate in the Company's performance through share option schemes, performance related bonus schemes and Bespak's Share Incentive Plan.

Disability policy

It is the Company's policy to give full consideration to applications for employment from disabled persons. Opportunities also exist for employees of the Company who become disabled to continue in their employment or to be trained for other positions within the Company.

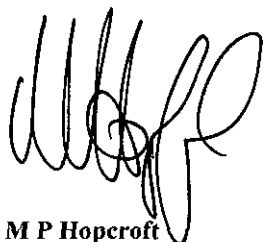
Payment policy

It is the Company's policy to negotiate the most advantageous terms available from its suppliers and so terms of payment vary. Once terms of business are agreed with a supplier it is our policy to abide by those terms subject to satisfactory performance of the transaction concerned. The Company's average creditor payment period at 1 May 2004 was 34 days (2003: 27 days).

Auditors

A resolution pursuant to section 386 of the Companies Act 1985 dispensing with the annual obligation to appoint auditors was passed on 23 April 1998.

By order of the Board



M P Hopcroft
Director
6 July 2004

BESPAK EUROPE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 52 weeks ended 1 May 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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 Bepak Europe Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders funds and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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 judgements 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 the Company's affairs at 1 May 2004 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Cambridge

6 July 2004

Profit and loss account

For the 52 weeks ended 1 May 2004

	Notes	2004 Before exceptional items £000	2004 Exceptional items £000	2004 Total £000	2003 Total £000
Sales of products and services	1	70,702	-	70,702	70,312
Sales of tooling and equipment	1	2,315	-	2,315	7,912
Turnover	2	<u>73,017</u>	<u>-</u>	<u>73,017</u>	<u>78,224</u>
Operating expenses	3	(59,607)	(2,002)	(61,609)	(77,867)
Operating profit		<u>13,410</u>	<u>(2,002)</u>	<u>11,408</u>	<u>357</u>
Interest payable and similar charges	6	(4)	-	(4)	(32)
Profit on ordinary activities before taxation		<u>13,406</u>	<u>(2,002)</u>	<u>11,404</u>	<u>325</u>
Taxation	7	<u>(3,041)</u>	<u>601</u>	<u>(2,440)</u>	<u>(977)</u>
Profit/(loss) for the financial year		<u>10,365</u>	<u>(1,401)</u>	<u>8,964</u>	<u>(652)</u>
Dividends - including non-equity	8			(5,248)	(1,325)
Retained profit/(loss) for the year	16	<u></u>	<u></u>	<u>3,716</u>	<u>(1,977)</u>

All amounts relate to continuing operations.

Operating expenses for the 52 weeks to 3 May 2003 include £1,561,000 for exceptional charges (see note 3).

The Company had no recognised gains or losses during the period, other than those reflected in the profit and loss account.

BESPAK EUROPE LIMITED

Balance Sheet

At 1 May 2004

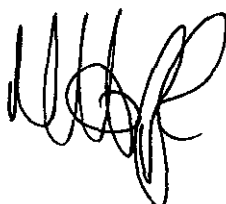
	Notes	2004 £000	2003 £000
Fixed assets			
Tangible assets	9	53,138	55,174
Investments	10	97	640
		<u>53,235</u>	<u>55,814</u>
Current assets			
Stocks	11	4,777	2,790
Debtors	12	9,175	11,530
Cash at bank and in hand		1,708	202
		<u>15,660</u>	<u>14,522</u>
Creditors: amounts falling due within one year	13	(10,381)	(13,102)
Net current assets		<u>5,279</u>	<u>1,420</u>
Total assets less current liabilities		58,514	57,234
Creditors: amounts falling due after more than one year	13	(798)	(731)
Provisions for liabilities and charges	14	(5,795)	(5,948)
Net assets		<u>51,921</u>	<u>50,555</u>
Capital and reserves			
Called up share capital	15	39,850	42,200
Share premium account	16	6,000	6,000
Profit and loss account	16	6,071	2,355
Shareholders' funds		<u>51,921</u>	<u>50,555</u>
Analysis of shareholders' funds			
Equity		51,921	9,855
Non-equity		-	40,700
		<u>51,921</u>	<u>50,555</u>

Approved by the Board

6 July 2004

Director:

M P Hopcroft



BESPAK EUROPE LIMITED

Reconciliation of movements in shareholders' funds

For the 52 weeks ended 1 May 2004

	Notes	2004 £000	2003 £000
Shareholders' funds brought forward		50,555	49,419
Profit/(loss) for the financial year		8,964	(652)
Dividends	8	(5,248)	(1,325)
Revaluation of preference shares	15	(2,363)	3,113
Issue of share capital	15	13	-
Shareholders' funds carried forward		<u>51,921</u>	<u>50,555</u>

BESPAK EUROPE LIMITED

NOTES TO THE ACCOUNTS

1. Principal accounting policies

Basis of accounting

The accounts have been prepared, on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards. The principal accounting policies are set out below.

Cash flow statement

The Company is a wholly owned subsidiary of Bepak plc and is included in the consolidated financial statements of Bepak plc, which are publicly available. As a consequence the Company is exempt from preparing a cash flow statement as part of these financial statements in accordance with FRS 1 (revised 1996) 'Cash flow statements'.

Turnover

Revenue from sales of products is recognised when goods are delivered, and is stated net of agency arrangements, value added tax and other sales taxes. Revenue from sales of services is recognised in the period in which the related chargeable costs are incurred or when revenue is earned under contractual obligations. Revenue from tooling and equipment is recognised on acceptance by the customer.

Tangible fixed assets

Tangible fixed assets are stated at cost including any incidental costs of acquisition. The cost of fixed assets is written off on a straight line basis over their expected useful lives as follows:

Freehold buildings & leasehold buildings	- 30 to 50 years
Cleanrooms	- 20 years
Building services	- 10 to 20 years
Plant, equipment, software and vehicles	- 3 to 10 years

Cleanrooms and building services are categorised within plant and equipment.

Provision is made against the carrying value of tangible fixed assets where an impairment in value is deemed to have occurred.

Assets under construction

The costs of tangible fixed assets are capitalised as incurred. When such assets are commissioned, the total costs are transferred to the appropriate asset category.

Leases

Assets acquired under finance lease are capitalised in tangible fixed assets and depreciated over the shorter of the estimated useful life and the lease term. The capital element of future rentals is included in creditors. Lease payments are apportioned between the finance element (which is charged to the profit and loss account) and the capital element (which reduces the outstanding liability). Operating leases are charged to the profit and loss account as incurred.

Pensions

The Company operates a defined benefit pension scheme for certain directors and employees. The assets of the scheme are held separately from those of the Company. Contributions to the defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of providing pensions over the employees' working lives within the Company. Variations in pension cost, identified as a result of actuarial valuations, are amortised over the average expected remaining lives of the employees. Differences between the amounts paid and the amounts charged are treated as either prepayments or provisions in the balance sheet. Payments made in respect of personal plans are expensed in the period in which they are incurred.

BESPAK EUROPE LIMITED

1. Accounting policies (continued)

The Company also operates a defined contribution scheme. Contributions payable by the Company on behalf of employees are charged to the profit and loss account in the period in which they are incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

Research and development

Research and development expenditure is written off in the year in which it is incurred, net of any customer contributions.

Fixed asset investments

Investment in shares of the parent company represent shares held in an employee share ownership trust to satisfy entitlements under a Savings Related Share Option Scheme. The shares are held at the lower of the option price to employees and market value. The difference between the cost of the shares and the option price to employees is amortised through the profit and loss account from the date of acquisition until the earliest date on which the options are normally exercisable. Any further provision for impairment is charged to the profit and loss account.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises the direct cost of production and the attributable portion of all overheads appropriate to location and condition and is calculated using the first-in first-out method.

Deferred taxation

Provision is made for deferred tax liabilities and assets using full provision accounting when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future. Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Related party transactions

The Company has taken advantage of the exemption available to 90% subsidiaries under FRS 8 "Related party disclosures" not to disclose transactions with other Group companies.

The directors do not consider that the Company entered into any material transactions during the period with any other related parties.

Financial instruments

Cross currency swaps are translated at year-end exchange rates; gains and losses arising are included in the measurement of the related assets and liabilities and dealt with in the profit and loss account. Interest arising under cross currency swaps is dealt with on an accruals basis.

BESPAK EUROPE LIMITED

1. Accounting policies (continued)

Share schemes

The parent company operates an Inland Revenue approved Save As You Earn scheme that grants an option to purchase shares at a discount to the market price at the date of the grant. The Company has made use of the exemption under Urgent Issues Task Force Abstract 17 (revised 2000) 'Employee share schemes', not to recognise any compensation charge in respect of these options.

BESPAK EUROPE LIMITED

Notes to the accounts

2. Turnover

Turnover is attributable to the Company's principal activities and is analysed as follows:

Turnover by destination	2004 £000	2003 £000
United Kingdom	31,806	37,017
United States of America	17,237	22,350
Europe	18,619	12,664
Rest of the World	5,355	6,193
	<u>73,017</u>	<u>78,224</u>

3. Operating expenses

	2004 £000	2003 £000
Raw materials and consumables	22,499	25,802
Other external charges	12,974	18,057
Management fee from parent company	1,530	1,100
(Decrease)/increase in amount provided against investment in parent company shares (note 10)	(447)	453
Loss on sale of parent company shares	298	
Foreign exchange (gains) / losses	(2,471)	3,070
Staff costs (note 4)	21,392	23,430
Depreciation	6,768	6,018
Loss on sale of tangible fixed assets	59	142
Own work capitalised	(149)	(139)
	<u>62,453</u>	<u>77,933</u>
Increase in stock of finished goods and work in progress	(844)	(66)
	<u>61,609</u>	<u>77,867</u>

BESPAK EUROPE LIMITED

Notes to the accounts

3. Operating expenses continued

	2004 £000	2003 £000
<i>Operating expenses include the following:</i>		
Auditors' remuneration		
-audit services	75	70
-other services	48	20
Operating lease rentals		
-plant and machinery	301	359
Research and development*	3,770	6,991
Depreciation of assets held under lease purchase contracts	-	10

The exceptional charge of £2,002,000 (2003: £1,561,000) for the 52 weeks ended 1 May 2004 comprises employee severance costs and curtailment of nasal formulation costs.

* Included within research and development costs is an amount of £373,000 (2003: £923,000) that relates to exceptional charges.

4. Employees

Staff costs and the average monthly number of employees analysed by activity, including information relating to executive directors, are shown below:

	2004 £000	2003 £000
Staff costs:		
Wages and salaries	18,592	19,863
Social security costs	1,360	1,539
Other pension costs (note 18)	1,440	2,028
	<u>21,392</u>	<u>23,430</u>
By activity:	Number	Number
Production	336	381
Sales and marketing	17	22
Administration and supporting services	52	55
Engineering and product development	175	251
	<u>580</u>	<u>709</u>

BESPAK EUROPE LIMITED

Notes to the accounts

5. Emoluments of directors

	2004 £000	2003 £000
	Total	Total
Remuneration	331	142
Company pension contributions to defined contribution scheme	15	11
	<u>346</u>	<u>153</u>

The remuneration relates to three directors (2003: one director). The contributions to the defined contribution scheme relate to two directors (2003: one director). Retirement benefits are accruing to two directors under a defined benefit scheme (2003: one director).

The emoluments of Mr. MP Hopcroft are identified in the financial statements of the Group as a whole.

The emoluments of the highest paid director are as follows:

	2004 £000	2003 £000
	Total	Total
Remuneration	196	142
Company pension contributions to defined contribution scheme	11	11
	<u>207</u>	<u>153</u>

Amounts accruing to the highest paid director under the defined benefit pension scheme were £23,000 (2003: £19,000) per annum.

Bespak plc made a charge to the Company in respect of management services amounting to £1,530,000 (2003: £1,100,000). This charge also includes a recharge of administration costs borne by Bespak plc on behalf of the Company. It is not economically feasible to identify separately the emoluments of Messrs Hopcroft and Leeder.

6. Interest payable and similar charges

	2004 £000	2003 £000
Short term loans wholly repayable within five years		
- finance leases and lease purchase contracts	3	3
- other financing costs	1	29
	<u>4</u>	<u>32</u>

7. Taxation

	2004 £000	2003 £000
Current tax:		
UK Corporation tax at 30% (2003: 30%)	2,408	398
Adjustment in respect of previous years	81	164
Total current tax	<u>2,489</u>	<u>562</u>
Deferred taxation		
Origination and reversal of timing differences	(49)	415
Total deferred tax	<u>(49)</u>	<u>415</u>
Tax on profit on ordinary activities	<u>2,440</u>	<u>977</u>

BESPAK EUROPE LIMITED

Notes to the accounts

7. Taxation continued

Factors affecting the tax charge in the year

The tax assessed for the year is lower (2003: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £000	2003 £000
Profit on ordinary activities before taxation	11,404	325
Taxation charge at UK corporation tax rate of 30%	3,421	98
Effects of:		
Accelerated capital allowances and other timing differences	(160)	(617)
Contributions made to share schemes	-	135
Permanent differences	(853)	782
Adjustments to tax charge in respect of prior year	81	164
Current tax charge for the year	2,489	562

The foreign exchange gain (2003: loss) on the retranslation of the Company's preference shares (note 15) is a non deductible expense for corporation tax purposes.

Factors that may effect future tax charges

Based upon current capital investment plans, the Company does not expect there to be a significant difference between capital allowances and depreciation for the next financial year.

8. Dividends

	2004 £000	2003 £000
Ordinary		
Dividend of 26.667 pence per share (2003: nil pence per share) paid on 30th April 2004	4,000	-
Preference		
Preference dividend of 3.571 pence per share on redeemable preference shares paid on 30th April 2004 (2003: 3.791 pence)	1,248	1,325
	5,248	1,325

BESPAK EUROPE LIMITED

Notes to the accounts

9. Tangible assets

	Assets under construction £000	Land and buildings £000	Plant, equipment & vehicles £000	Total £000
Cost				
At 4 May 2003	8,756	20,637	81,583	110,976
Additions	984	809	3,028	4,821
Reclassifications	(8,612)	2,585	6,027	-
Disposals	-	-	(1,302)	(1,302)
At 1 May 2004	1,128	24,031	89,336	114,495
Depreciation				
At 4 May 2003	-	4,665	51,137	55,802
Charge for the year	-	614	6,154	6,768
Disposals	-	-	(1,213)	(1,213)
At 1 May 2004	-	5,279	56,078	61,357
Net book amount				
At 1 May 2004	1,128	18,752	33,258	53,138
At 3 May 2003	8,756	15,972	30,446	55,174

The net book amount of land and buildings comprised:

	2004 £000	2003 £000
Freehold land and buildings	16,484	13,708
Long-term leasehold buildings	2,268	2,264
	18,752	15,972

BESPAK EUROPE LIMITED

Notes to the accounts

10. Investments

	2004 £000
Investment in shares of Bepak plc	
Cost	
At 4 May 2003	1,127
Disposals	(990)
At 1 May 2004	<u>137</u>
Provision	
At 4 May 2003	(487)
Provision written back during the year	447
At 1 May 2004	<u>(40)</u>
Net book amount	
At 1 May 2004	<u>97</u>
At 3 May 2003	<u>640</u>

At 1 May 2004 investments comprised a total of 25,168 shares in Bepak plc in a qualifying employee share ownership trust (QUEST). The shares were purchased in order to satisfy employee entitlements under the Bepak plc Savings Related Share Option Scheme. The accounts incorporate the employee trust in accordance with UITF 13 'Accounting for ESOP trusts'. The trust has waived its right to dividends.

In accordance with the Company's accounting policy, a provision was made in the prior year to write the shares down to their market value. As the market price of the shares has increased, this provision has been written back during the year.

BESPAK EUROPE LIMITED**Notes to the accounts****11. Stocks**

	2004 £000	2003 £000
Raw materials and consumables	2,307	1,164
Work in progress	1,151	1,110
Finished goods	1,319	516
	<u>4,777</u>	<u>2,790</u>

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

12. Debtors

	2004 £000	2003 £000
Amounts due within one year:		
Trade debtors	6,624	8,386
Other debtors	1,024	1,145
Amounts receivable from other Group companies	1,286	1,858
Prepayments and accrued income	241	141
	<u>9,175</u>	<u>11,530</u>

Other debtors include £764,000 (2003: £264,000) falling due after more than one year.

13. Creditors

	2004 £000	2003 £000
Amounts falling due within one year		
Trade creditors	5,513	5,009
Amounts payable to other Group companies	81	934
Corporation tax payable	1,108	1,136
Other taxation and social security	543	1,217
Other creditors	2,201	2,690
Accruals and deferred income	935	2,116
	<u>10,381</u>	<u>13,102</u>
Amounts falling due after one year		
Other creditors (i)	<u>798</u>	<u>731</u>

(i) The liability is estimated to fall due between one and two years.

BESPAK EUROPE LIMITED

Notes to the accounts

14. Provisions for liabilities and charges

Group	Deferred taxation £000	Pension provision £000	Total £000
At 4 May 2003	5,718	230	5,948
Profit and loss account	(49)	(104)	(153)
At 1 May 2004	<u>5,669</u>	<u>126</u>	<u>5,795</u>

Deferred taxation

Deferred taxation provided in the financial statements comprises:

	2004 £000	2003 £000
Tax effect of timing differences:		
Excess of tax allowances over depreciation	5,716	5,781
Other timing differences	(47)	(63)
	<u>5,669</u>	<u>5,718</u>

There is no unprovided deferred taxation.

BESPAK EUROPE LIMITED

Notes to the accounts

15. Share capital

	2004 £000	2003 £000
Authorised:		
409,465,750 (2003: 60,000,000) ordinary shares of 10p each	40,947	6,000
Nil (2003: 34,946,575) redeemable preference shares of £1 each	-	34,946
	<u>40,947</u>	<u>40,946</u>
Allotted, called up and fully paid:		
398,500,021 (2003: 15,000,021) ordinary shares of 10p each	39,850	1,500
Nil (2003: 34,946,575 redeemable preference shares of £1 each)	-	40,700
	<u>39,850</u>	<u>42,200</u>

On 30 April 2004 the Company issued an additional 383,500,000 ordinary shares in order to fund the redemption of its preference shares. The preference shares were redeemed on 30 April 2004 at an amount in Swiss Francs equal to the Sterling amount paid up on the preference shares calculated by reference to the exchange rate which applied on the date of issue of the shares, being £38,337,000. The exchange gain of £2,363,000 (2003: loss of £3,113,000) arising on retranslation of the preference shares was taken to the profit and loss account.

16. Reserves

	Share premium account £000	Profit & loss account £000	Total £000
4 May 2003	6,000	2,355	8,355
Retained profit for the year	-	3,716	3,716
1 May 2004	<u>6,000</u>	<u>6,071</u>	<u>12,071</u>

BESPAK EUROPE LIMITED

Notes to the accounts

17. Commitments and contingent liabilities

	2004 £000	2003 £000
(i) Capital expenditure contracted for but not provided in the accounts	440	4,038
(ii) Annual commitments under operating leases		
Plant:		
- Expiring within 1 year	32	59
- Expiring between 2 and 5 years inclusive	114	160
	146	219

Contingent liabilities

The Company has given a guarantee in respect of the bank borrowings of its parent company and fellow UK subsidiaries, which amounted to £7,650,000 at 1 May 2004 (2003: £9,223,000).

18. Pension commitments

Defined benefit scheme

The principal pension plan for the Company's UK employees is a funded defined benefit arrangement operated by the parent company, Bepak plc. The assets are held independently of the Group in trustee administered funds. An actuarial valuation by external professional actuaries is carried out triennially to determine payments to be made to the fund. The latest actuarial valuation was at 30 April 2002, and in accordance with the transitional arrangements of FRS 17 was updated as at 1 May 2004, the details of which are included in the consolidated financial statements of Bepak plc.

The charge for the year was £1,338,000 (2003: £1,996,000). Included in accruals is an amount of £nil (2003: £162,000) relating to pension contributions payable at the year end. Included in provisions is an amount of £126,000 (2003: £230,000) representing the excess of the accumulated pension cost arising under SSAP 24 over contributions paid to the Group scheme. During the year restructuring activity resulted in a reduction in employees, with a commensurate reduction in pension contributions.

The defined benefit scheme was closed to new entrants with effect from 30 June 2002.

Defined contribution scheme

A defined contribution scheme has been established for new employees or those employees not wishing to contribute to the defined benefit scheme. The charge for the year was £102,000 (2003: £32,000). Included in accruals is an amount of £nil (2003: £6,000) relating to contributions payable at the year end.

19. Ultimate parent company

The Company is a subsidiary undertaking of Bepak plc, the immediate and ultimate parent company and controlling party, which is registered in England and Wales. Copies of the parent's consolidated financial statements may be obtained from the Secretary, Blackhill Drive, Featherstone Road, Wolverton Mill South, Milton Keynes, Bucks. MK12 5TS