

BEATSON CLARK PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2002



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Company Number 110186

BEATSON CLARK PLC

FINANCIAL STATEMENTS

For the year ended 31 December 2002

Company registration number: 110186

Registered office: The Glassworks
Greasborough Road
Rotherham
South Yorkshire
S60 1TZ

Directors: A Jones
A P Bale
S E J Compson
J A Hempshall
D Salter
L Sidebottom
J C Wainwright

Secretaries: J A Hempshall
A P Bale

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
The Explorer Building
Fleming Way
Manor Royal
Crawley
RH10 9GT

BEATSON CLARK PLC

FINANCIAL STATEMENTS

For the year ended 31 December 2002

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BEATSON CLARK PLC

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited financial statements for the year ended 31 December 2002.

Principal activity

The principal activity of the company is the manufacture and distribution of glass bottles and jars for the pharmaceutical, food and drinks industries.

Business review

There was a loss for the year after taxation amounting to £717,000 (2001: £1,168,000).

The directors do not recommend the payment of a dividend for the year (2001: £nil), leaving a loss of £717,000 (2001: £1,168,000) to be transferred from reserves.

Future developments

The directors are confident that the company will return to profitability in the future.

Directors

The present membership of the Board is set out below. All served on the Board throughout the year, except where stated. The interests of the directors in the shares of the company at 1 January 2002 (or their date of appointment to the Board if later) and 31 December 2002 were as follows:

A Jones
A P Bale
S E J Compson
J A Hempshall
D Salter
L Sidebottom
J L Wainwright

Mr P Moran resigned from the Board on 29 March 2002.

None of the directors had any interests in the shares of the company.

The interests of the directors in the ultimate parent undertaking, who are also directors of the ultimate parent undertaking, are disclosed in that company's financial statements. The interests of the other directors and their families in the shares and share options of the ultimate parent undertaking as at 31 December 2002 and 31 December 2001 are indicated below:

	Number of options over	
	25p ordinary shares 2002	2001
J A Hempshall	6,500	11,000
D Salter	6,500	11,000
L Sidebottom	6,500	11,000
J L Wainwright	6,500	11,000
A Jones	25,000	-

BEATSON CLARK PLC

REPORT OF THE DIRECTORS

Directors (continued)

The share options are exercisable as follows:	On or after	Price
	22 May 2004	60.5p
	16 July 2005	67.0p

Employee involvement

The directors attach the greatest importance to the development of employee involvement throughout the company based on good communications and working relationships. Consultation takes place through normal contacts with departments and in meetings at all levels of employees to assist the employees to become more aware of the financial and economic factors affecting the performance of the company.

The company gives equal opportunities to disabled persons wherever possible both in recruitment and career development.

Directors' responsibilities for the financial statements

Company law in the United Kingdom 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
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Payment of suppliers

The company's policy in relation to the payment of its suppliers is to agree its terms of payment with each supplier when negotiating the terms of each business transaction. It is company policy to abide by the agreed terms of payment. Trade creditors at the year end amount to 69 days of average supplies for the year.

Charitable donations

Donations to charitable organisations amounted to £1,278.

BEATSON CLARK PLC

REPORT OF THE DIRECTORS

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985 and a resolution proposing their reappointment will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

A P Bale
Secretary

A handwritten signature in dark ink, appearing to read 'A P Bale', written over a horizontal line.

28 July 2003

REPORT OF THE AUDITORS TO THE MEMBERS OF

BEATSON CLARK PLC

We have audited the financial statements of Beatson Clark plc for the year ended 31 December 2002, which comprise the principal accounting policies, the profit and loss account, the balance sheet, other primary statements and notes 1 to 23. These financial statements have been prepared under 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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with 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.

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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

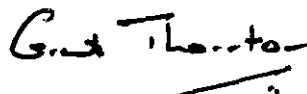
Basis of opinion

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 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 as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
GATWICK

28th July 2003

BEATSON CLARK PLC

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom, except that certain assets are included at their revalued amount.

The principal accounting policies of the company have remained unchanged from the previous year.

BASIS OF CONSOLIDATION

The company is a wholly owned subsidiary of Send Group plc and the cash flows of the company are included in the consolidated group cash flow statement of Send Group plc. Consequently, the company is exempt under the terms of FRS 1 (revised 1996) from publishing a cash flow statement.

The company has taken advantage of the exemption permitted by section 228 of the Companies Act 1985 and not produced consolidated financial statements as it is itself a wholly owned subsidiary.

TURNOVER

Turnover is the invoice value of goods and services supplied, excluding VAT.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The periods generally applicable are:

Freehold buildings	20 to 50 years
Plant, equipment, vehicles and moulds	between 2 and 25 years on cost or valuation according to type of asset

Freehold land is not depreciated.

FIXED ASSETS

Following the implementation of FRS 15 "Tangible Fixed Assets" the company has adopted a policy of not revaluing fixed assets. The carrying amount of tangible fixed assets previously revalued have been retained at their book amount in accordance with the transitional provisions of FRS 15.

INVESTMENTS

Investments are included at cost less amounts written off.

STOCKS

Stocks and work in progress are stated at the lower of cost, including related overheads, and net realisable value.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future or right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at rates ruling at the time of the transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

CONTRIBUTIONS TO PENSION SCHEMES

Defined Benefit Pension Scheme

The company operates a defined benefit pension scheme.

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the average remaining service lives of current employees in the scheme.

LEASED ASSETS

Assets held under finance leases which confer substantially all the risks and rewards of ownership of an asset, are capitalised and outstanding instalments, net of interest, are shown as creditors.

Payments on operating leases are charged to the profit and loss account on a straight line basis over the lease term.

FURNACE SET UP COSTS

The costs associated with the rebuild of a furnace are capitalised when the expenditure meets the criteria set out in FRS 15 "Tangible Fixed Assets"; other costs are expensed to the profit and loss account as they are incurred.

BEATSON CLARK PLC**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2002

	Note	2002 £'000	2001 £'000
Turnover	1	41,317	40,697
Cost of sales		<u>(34,978)</u>	<u>(33,597)</u>
Gross profit		6,339	7,100
Operating expenses	2	<u>(6,883)</u>	<u>(8,125)</u>
Operating loss		(544)	(1,025)
Income from shares in group undertakings		94	169
Net interest	3	<u>(724)</u>	<u>(769)</u>
Loss on ordinary activities before taxation	1	(1,174)	(1,625)
Taxation	5	<u>310</u>	<u>457</u>
Loss retained	16	<u>(864)</u>	<u>(1,168)</u>

The above results all arise from continuing activities.

There were no recognised gains or losses other than the loss for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

BEATSON CLARK PLC

BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Fixed assets					
Tangible assets	6		24,146		27,474
Investments	7		709		611
			<u>24,855</u>		<u>28,085</u>
Current assets					
Stocks	8	10,567		12,378	
Debtors	9	16,334		13,436	
Cash at bank and in hand		255		1	
		<u>27,156</u>		<u>25,815</u>	
Creditors: amounts falling due within one year	10	(24,883)		(22,552)	
Net current assets			<u>2,273</u>		<u>3,263</u>
Total assets less current liabilities			<u>27,128</u>		<u>31,348</u>
Creditors: amounts falling due after more than one year	11		(3,372)		(6,271)
Provisions for liabilities and charges	13		<u>(2,553)</u>		<u>(3,010)</u>
			<u>21,203</u>		<u>22,067</u>
Capital and reserves					
Called up share capital	15		2,395		2,395
Share premium account	16		4,907		4,907
Revaluation reserve	16		7,153		7,269
Profit and loss account	16		<u>6,748</u>		<u>7,496</u>
Shareholders' funds	17		<u>21,203</u>		<u>22,067</u>

The financial statements were approved by the Board of Directors on 28 July 2003.

A P Bale  Director

The accompanying accounting policies and notes form an integral part of these financial statements.

BEATSON CLARK PLC**OTHER PRIMARY STATEMENTS**For the year ended 31 December 2002

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2002 £'000	2001 £'000
Loss on ordinary activities before taxation	(1,174)	(1,625)
Realisation of revaluation gains of previous years	-	-
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	<u>116</u>	<u>121</u>
Historical cost loss on ordinary activities before taxation	<u>(1,058)</u>	<u>(1,504)</u>
Historical cost loss retained	<u>(748)</u>	<u>(1,047)</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

BEATSON CLARK PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover is derived from the manufacture and distribution of glass bottles and jars for the pharmaceutical, food and drink industries.

An analysis of turnover by geographical market is given below:

	2002 £'000	2001 £'000
United Kingdom	33,312	33,523
Rest of Europe	4,032	2,854
North America	2,265	2,302
Rest of the World	1,708	2,018
	<u>41,317</u>	<u>40,697</u>

Operating loss is stated after:

	2002 £'000	2001 £'000
Auditors' remuneration:		
- audit services	19	19
Depreciation:		
- tangible fixed assets, owned	5,555	6,289
- tangible fixed assets, leased	34	28
Operating lease rentals		
- land & buildings	510	510
- other	68	72

2 OPERATING EXPENSES

	2002 £'000	2001 £'000
Distribution costs	5,065	5,179
Administrative expenses	1,818	2,946
	<u>6,883</u>	<u>8,125</u>

BEATSON CLARK PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

3 NET INTEREST

	2002 £'000	2001 £'000
Interest payable:		
On bank loans and overdrafts	826	870
Finance charges on finance leases	35	-
Other interest payable	7	-
	<u>868</u>	<u>870</u>
Interest receivable:		
Other interest receivable and similar income	(1)	-
From group undertakings	(143)	(101)
	<u>724</u>	<u>769</u>

4 DIRECTORS AND EMPLOYEES

The aggregate emoluments, including directors, for the year were:

	2002 £'000	2001 £'000
Wages and salaries	12,539	13,148
Social security costs	926	1,001
Other pension costs	1,933	1,686
	<u>15,398</u>	<u>15,835</u>

The average number of employees, including directors, during the year was 496 (2001: 520):

	2002 Number	2001 Number
Production	451	479
Sales and distribution	28	24
Administration	17	17
	<u>496</u>	<u>520</u>

Remuneration in respect of directors was:

	2002 £'000	2001 £'000
Emoluments	<u>472</u>	<u>545</u>

During the year 6 directors (2001: 6 directors) participated in defined benefit schemes.

The remuneration of the highest paid director was:

	2002 £'000	2001 £'000
Emoluments	<u>87</u>	<u>136</u>

The highest paid director's accrued pension at the year end was £nil (2001: £23,000).

BEATSON CLARK PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

5 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge represents:	2002	2001
	£'000	£'000
UK corporation tax at 30% (2001: 30%)	147	(798)
Origination and reversal of timing differences (note 14)	(457)	341
Tax on loss on ordinary activities	(310)	(457)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30% (2001: 30%).

The differences are explained as follows:	2002	2001
	£'000	£'000
Loss on ordinary activities before tax	(1,174)	(1,625)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	(352)	(488)

Effect of:

Expenses not deductible for tax purposes	4	4
Capital allowances for the period in excess of depreciation	280	165
Tax losses for future utilization	18	588
Non qualifying depreciation	-	41
Pension movement	50	(1,108)
Prior year adjustment	147	-
Current tax charge for period	147	(798)

BEATSON CLARK PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

6

TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant, equipment, vehicles and moulds £'000	Total £'000
Cost or valuation			
At 1 January 2002	9,544	56,957	66,501
Additions	3	2,625	2,628
Disposals	-	(2,892)	(2,892)
Transfers to group undertakings	-	(15)	(15)
At 31 December 2002	<u>9,547</u>	<u>56,675</u>	<u>66,222</u>
Depreciation			
At 1 January 2002	4,573	34,454	39,027
Charge for the year	307	5,282	5,589
Eliminated on disposals	-	(2,540)	(2,540)
At 31 December 2002	<u>4,880</u>	<u>37,196</u>	<u>42,076</u>
Net book amount at 31 December 2002	<u>4,667</u>	<u>19,479</u>	<u>24,146</u>
Net book amount at 31 December 2001	<u>4,971</u>	<u>22,503</u>	<u>27,474</u>

The net book amount of freehold land and buildings included £482,000 (2001: £482,000) in respect of land.

The figures stated above include assets held under hire purchase contracts as follows:

	Plant, equipment, vehicles and moulds £'000
Net book amount at 31 December 2002	<u>534</u>
Net book amount at 31 December 2001	<u>298</u>
Depreciation provided in the year	<u>38</u>

The figures stated above for cost or valuation include valuations as follows:

	Freehold land and buildings		Plant, equipment, vehicles and moulds	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
At cost	6,028	6,025	53,342	53,624
At valuation - 1980	<u>3,519</u>	<u>3,519</u>	<u>3,333</u>	<u>3,333</u>
	<u>9,547</u>	<u>9,544</u>	<u>56,675</u>	<u>56,957</u>

The historic costs of assets included at valuation at 31 December 2002 was £2,878,000 (2001: £2,878,000) and accumulated depreciation thereon was £2,074,000 (2001: £1,961,000).

BEATSON CLARK PLC**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2002

7**FIXED ASSET INVESTMENTS**

Investments comprise	Shares in group undertakings £'000	Other investments £'000	Total £'000
Cost			
At 1 January 2002	712	-	712
Additions	-	98	98
At 31 December 2002	<u>712</u>	<u>98</u>	<u>810</u>
Amounts written off			
At 1 January 2002 and at 31 December 2002	<u>101</u>	<u>-</u>	<u>101</u>
Net book amount at 31 December 2002	<u>611</u>	<u>98</u>	<u>709</u>
Net book amount at 31 December 2001	<u>611</u>	<u>-</u>	<u>611</u>

The directly and wholly owned subsidiary undertakings of the company are:

Subsidiary undertaking	Country of incorporation and operation	Class of share capital	Proportion held	Nature of business
Pont Packaging BV	Holland	Ordinary	100%	Distributors of glass and plastic packaging
Pont Emballage SA	France	Ordinary	100%	Distributors of glass and plastic packaging
Lewis & Towers Limited	United Kingdom	Ordinary	100%	Manufacturers of glass packaging

8**STOCKS**

	2002 £'000	2001 £'000
Raw materials and consumables	1,346	1,431
Finished goods	<u>9,221</u>	<u>10,947</u>
	<u>10,567</u>	<u>12,378</u>

BEATSON CLARK PLC**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2002

9 DEBTORS

	2002 £'000	2001 £'000
Trade debtors	6,701	7,035
Amounts owed by group undertakings	6,787	2,740
Corporation tax debtor	39	772
Prepayments	678	588
Pension prepayment	2,129	2,301
	<u>16,334</u>	<u>13,436</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Bank loans and overdraft	10,818	9,235
Trade creditors	3,942	3,906
Amounts owed to group undertakings	8,675	7,407
Social security and other taxes	715	804
Accruals and deferred income	626	1,145
Amounts due under finance leases and hire purchase contracts	107	55
	<u>24,883</u>	<u>22,552</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £'000	2001 £'000
Bank loans	3,000	6,000
Amounts due under finance leases and hire purchase contracts	372	271
	<u>3,372</u>	<u>6,271</u>

BEATSON CLARK PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

12 BORROWINGS

Borrowings are repayable as follows:	2002	2001
	£'000	£'000
Within one year		
Bank and other borrowings	10,818	9,235
Finance leases and hire purchase contracts	107	55
After one and within two years		
Bank and other borrowings	3,000	3,000
Finance leases and hire purchase contracts	116	60
After two and within five years		
Bank and other borrowings	-	3,000
Finance leases and hire purchase contracts	256	211
	14,297	15,561

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company.

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000
At 1 January 2002	3,010
Profit and loss account (see note 14)	(457)
At 31 December 2002	2,553

14 DEFERRED TAXATION LIABILITY

Deferred taxation is analysed as follows:	2002	2001
	£'000	£'000
Accelerated capital allowances	2,704	2,958
Other short term timing differences	588	640
	3,292	3,598
Losses to carry forward	(739)	(588)
	2,553	3,010
Deferred taxation liability at 1 January 2002	3,010	2,669
Deferred tax (credit)/charge in profit and loss account for the period (note 5)	(457)	341
Deferred taxation liability at 31 December 2002	2,553	3,010

BEATSON CLARK PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

DEFERRED TAXATION LIABILITY (CONTINUED)

The directors consider that sufficient taxable profits will be generated in the foreseeable future to utilise the tax losses carried forward.

No provision has been made for deferred taxation on gains recognised on revaluing the land and buildings to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided is £509,000. At present it is not envisaged that any tax will become payable in the foreseeable future. There is no unprovided deferred tax in respect of the company.

15 SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised 10,000,000 ordinary shares of 25p each	2,500	2,500
Allotted, called up and fully paid 9,581,988 ordinary shares of 25p each	2,395	2,395

16 SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2002	4,907	7,269	7,496
Retained loss for the year	-	-	(864)
Transfer from revaluation reserve to profit and loss account	-	(116)	116
At 31 December 2002	4,907	7,153	6,748

BEATSON CLARK PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Loss for the financial year	(864)	(1,168)
Issue of shares	-	2,037
Net movement in shareholders' funds	(864)	869
Shareholders' funds at 1 January 2002	22,067	21,198
Shareholders' funds at 31 December 2002	21,203	22,067

18 CAPITAL COMMITMENTS

	2002 £'000	2001 £'000
Authorised but not contracted	297	-
Contracted for but not provided for	135	100
	432	100

19 CONTINGENT LIABILITIES

There was a cross guarantee between certain companies in the group on all bank overdrafts with the HSBC Bank plc. At 31 December 2002 the amount thus guaranteed by the company was £7,535,486 (2001: £6,329,236).

20 LEASING COMMITMENTS

Operating lease payments amounting to £578,000 (2001: £582,000) are due within one year. The leases to which these amounts relate expire as follows:

	2002 Land and buildings £'000	2002 Other £'000	2001 Land and buildings £'000	2001 Other £'000
In one year or less	-	3	-	10
Between one and five years	-	65	-	62
In five years or more	510	-	510	-
	510	68	510	72

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2002

21 PENSIONS

The company operates a defined benefit scheme for its own employees. The scheme is set up under trust and its assets are therefore independent of those of the company.

Pension costs are based on the advice of an independent qualified actuary and are taken to the profit and loss account over the average working lives of the members. The last actuarial valuation of the scheme was in April 2000 at which time, using the projected unit cost method, the assets of the scheme showed an actuarial valuation of £45m representing 86% of the benefits accrued to the members. The principal assumptions used by the actuary were that the investment returns would be 2% higher than the growth in annual salaries and that pensions in the course of payment could increase by up to 3% per annum.

On a current funding level basis (which reflects current accrued service and pensionable earnings and statutory revaluation only) there was a deficit of assets of £7.6m.

A payment of £3.9m was made to the scheme on 15 May 2001. The balance of the deficiency on the scheme should be eliminated at the current contribution rate of 21.6% of which the employer contributes 16.7%.

The total contributions charged by the company in respect of the year ended 31 December 2002 were £1,933,000 (2001: £1,686,000) and included a transfer from prepayments of £172,000 (2001: £108,000) as a result of the amortisation of the deficiency.

Additional FRS17 disclosures for defined benefit schemes

Additional assumptions used by the actuary included:	2002	2001
Rate of increase in salaries	2.3%	2.4%
Rate of increase for pensions in payment	3.1%	3.1%
Rate used to discount scheme liabilities	5.6%	6.0%
Rate of inflation	2.3%	2.4%

Because the age profile of the active membership of the scheme is rising significantly, the current service cost under the projected unit method will increase as the members of the scheme approach retirement.

BEATSON CLARK PLC**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2002

21 PENSIONS (CONTINUED)

The assets in the scheme at 31 December 2002 and the expected long-term rate of return were:

	Rate of return %	2002 Value £'000	Rate of Return %	2001 Value £'000
Equities	6.7%	36,436	7.5%	47,099
Bonds	6.0%	946	6.0%	6,531
Gilts and cash	5.0%	10,455	5.0%	1,715
Total market value of assets		<u>47,837</u>		<u>55,345</u>
Present value of scheme liabilities		(65,918)		(56,991)
Deficit in the scheme		<u>(18,081)</u>		<u>(1,646)</u>
Reconciliation to balance sheet asset due to: Related deferred tax asset		5,424		494
Net pension liability		<u>(12,567)</u>		<u>(1,152)</u>

An analysis of the amounts that would have fallen to be included within the profit and loss account had Financial Reporting Standard 17 been fully in force for this accounting period is set out below:

	2002 £'000
Current service cost, less employee contributions	1,336
Past service cost	-
Total operating charge	<u>1,336</u>

Other finance costs would comprise:

	2002 £'000
Expected return on pension scheme assets	3,883
Interest on pension scheme liabilities	(3,408)
Net return	<u>475</u>

Similarly, certain items would have fallen to be included within the statement of total recognized gains and losses:

	2002 £'000
Actual return less expected return on pension scheme assets	(11,644)
Experience gains and losses on scheme liabilities	(1,889)
Changes in assumptions underlying the present values of the schemes liabilities	(4,002)
Actuarial loss recognised in the statement of recognised gains and losses	<u>(17,535)</u>

BEATSON CLARK PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

2002
£'000

Difference between expected and actual return on scheme assets	(11,644)
Percentage of scheme assets	(24%)
Experience gains and losses on scheme liabilities	(1,889)
Percentage of scheme liabilities	(3%)
Total amounts recognised in statement of total recognised gains and losses	(17,535)
Percentage of scheme liabilities	(27%)

An analysis of the movement in the deficit is set out below:

2002
£'000

Deficit in the scheme at the beginning of the year	(1,646)
Movement in year:	
Current service cost	(1,336)
Contributions	1,961
Net return on assets	475
Actuarial loss	(17,535)
Deficit in scheme at end of year	<u>(18,081)</u>

If the company had disclosed the pension liability in the balance sheet this would have been disclosed in reserves as follows:

2002
£'000

Profit and loss reserve excluding pension asset	6,895
Pension reserve	(12,567)
Profit and loss reserve	<u>(5,672)</u>

22 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related party disclosures" and has not disclosed transactions with companies that are part of the Send group of companies.

23 CONTROLLING RELATED PARTIES

Send Group plc is the company's controlling related party by virtue of its 100% interest in the company.

The company's ultimate controlling related party and ultimate parent undertaking is Send Group plc which is registered in England and Wales.

Copies of Send Group plc financial statements can be obtained from the registered office at Clive House, 12-18 Queens Road, Weybridge, Surrey, KT13 9XB.