126931

Hutchinson (UK) Limited

Report and Financial Statements

31 December 2002

Registered No: 126931

Directors

P Rouyrre
D Bonnet
R Fairclough

Secretary

M Beales

Auditors

Ernst & Young LLP
City Gate West
Toll House Hill
Nottingham
NG1 5FY

Bankers

HSBC Bank Plc
132 Thetford Chase
The Telford Centre
Telford
Shropshire
TF3 4AN

Registered office

Capewell Works
Trench Lock
Telford
Shropshire
TF1 4SY

Directors' report

The directors present their report and financial statements for the year ended 31 December 2002.

Results and dividends

The loss for the year, after taxation, amounted to £2,258,750. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the year continues to be the manufacture of moulded, extruded and hand built rubber products.

The directors expect the level of activity to increase in the coming year.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee involvement

The company places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on various factors affecting the performance of the company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Directors

The directors who served the company during the year were as follows:

P Rouyrre
D Bonnet
P Picard (resigned 14 February 2003)

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

P Picard resigned on 14 February 2003 following acceptance by a board of directors resolution.

Subsequent to the year end, the following were appointed as directors of the company:
R Fairclough (appointed 14 February 2003)

Creditor payment policy and practice

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by them.

Directors' report

Auditors

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

By order of the board

M. Beales.

M Beales
Secretary

31st March 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 year. 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; 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.

ERNST & YOUNG

Independent auditors' report
to the members of Hutchinson (UK) 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 Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 21. 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 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.

ERNST & YOUNG

Independent auditors' report

to the members of Hutchinson (UK) Limited (continued)

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 loss 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

31 MARCH 2003

Profit and loss account

for the year ended 31 December 2002

	Notes	2002 £	2001 (restated) £
Turnover	2	15,625,116	16,232,571
Cost of sales		15,263,158	14,810,911
Gross profit		361,958	1,421,660
Distribution costs		1,210,443	1,229,336
Other operating expenses		1,297,248	1,250,142
Operating loss	3	(2,145,733)	(1,057,818)
Bank interest receivable	6	18,789	9,112
Interest payable	7	(122,706)	(81,838)
		(103,917)	(72,726)
Loss on ordinary activities before taxation		(2,249,650)	(1,130,544)
Tax on loss on ordinary activities	8	(9,100)	18,209
Loss for the financial year		(2,258,750)	(1,112,335)

Statement of total recognised gains and losses
for the year ended 31 December 2002

	2002	2001 (restated)
	£	£
Loss for the financial year	(2,258,750)	(1,112,335)
Total recognised gains and losses relating to the year	(2,258,750)	(1,112,335)
Prior year adjustment (see note 9)	(365,900)	
Total gains and losses recognised since the last annual report	(2,624,650)	

Note of historical cost profits and losses
for the year ended 2002

	2002	2001 (restated)
	£	£
Reported loss on ordinary activities before taxation	(2,249,650)	(1,130,544)
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	5,000	5,000
Historical cost loss on ordinary activities before taxation	(2,244,650)	(1,125,544)
Historical cost loss for the year retained after taxation and dividends	(2,253,750)	(1,107,335)

Balance sheet
at 31 December 2002

	Notes	2002 £	2001 (restated) £
Fixed assets			
Tangible assets	10	9,995,199	10,960,722
Current assets			
Stocks	11	1,007,879	861,065
Debtors	12	2,303,110	2,369,509
Cash at bank		264,661	19,492
		3,575,650	3,250,066
Creditors: amounts falling due within one year	13	2,136,668	2,320,157
Net current assets		1,438,982	929,909
Total assets less current liabilities		11,434,181	11,890,631
Creditors: amounts falling due after more than one year	14	3,552,200	1,788,000
Provisions for liabilities and charges			
Provisions for liabilities and charges	15	763,000	724,900
		7,118,981	9,377,731
Capital and reserves			
Called up share capital	17	86,723	86,723
Revaluation reserve	18	361,350	366,350
Profit and loss account	18	6,670,908	8,924,658
Equity shareholders' funds	18	7,118,981	9,377,731

P Rouyrre
Director

31st March 2003

Notes to the financial statements

at 31 December 2002

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

In preparing the financial statements for the current year, the company has adopted FRS 19 'Deferred Tax'. The adoption of FRS 19 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.

This change in accounting policy has resulted in a prior year adjustment for the company. Shareholders' funds at 1 January 2001 have been decreased by £534,000 and the loss for the year ended 31 December 2001 has decreased by £168,100. The deferred tax liability for 2001 has been restated to £531,900 from £166,000. The loss for the company for the current year has increased by £9,100 as a result of the change in accounting policy.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Related parties transactions

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.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or valuation of each asset evenly over its expected useful life, as follows:

Freehold Property	-	10 to 50 years
Plant & Machinery	-	5 to 10 years
Fixtures & Fittings	-	5 to 10 years
Motor Vehicles	-	5 to 10 years
Computer Software	-	3 years

The company has taken advantage of the transitional provisions of FRS 15 "Tangible fixed assets" and retained the book amounts of certain freehold properties which were revalued prior to the implementation of that standard. The properties were last revalued at 31 December 1984 and the valuations have not been subsequently been updated.

Assets under construction are not depreciated. They are transferred into the appropriate asset category once completed and depreciated accordingly.

Notes to the financial statements
at 31 December 2002

1. Accounting policies (continued)
An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Government grants
Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials	-	latest purchase invoice cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation
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, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Hire purchase agreements
Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

Notes to the financial statements
at 31 December 2002

1. Accounting policies (continued)
Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term.

Pension costs

The company operates a defined benefit pension scheme, which requires contributions to be made to separately administered funds. Contributions are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company. The regular cost is attributed to individual years using the projected unit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Turnover comprises the value of sales, excluding VAT, of goods and services in the normal course of business.

2. Turnover

An analysis of turnover by geographical market is given below:

	2002	*2001 (restated)*
	£	*£*
United Kingdom	4,424,799	4,223,332
Rest of Europe	10,918,794	11,822,288
Rest of world	281,523	186,951
	15,625,116	16,232,571

Notes to the financial statements
at 31 December 2002

3. Operating loss

This is stated after charging/(crediting):

		2002	2001 (restated)
		£	£
Auditors' remuneration	- audit services	23,600	23,150
	- non-audit services	–	–
		23,600	23,150
Research and development expenditure written off		552,887	443,892
Depreciation of owned fixed assets		1,527,712	1,554,429
Loss on disposal of fixed assets		613	221,395
Operating lease rentals	- plant and machinery	157,437	160,438
Government grants released re fixed assets		(800)	(800)

4. Staff costs

	2002	2001 (restated)
	£	£
Wages and salaries	5,844,182	4,983,582
Social security costs	422,557	373,050
Other pension costs (note 20)	400,223	314,552
	6,666,962	5,671,184

The monthly average number of employees during the year was as follows:

	2002	2001 (restated)
	No.	No.
Managers and administration	28	26
Production	307	267
Sales	6	6
	341	299

5. Directors' emoluments

	2002	2001 (restated)
	£	£
Emoluments	103,752	100,944

Notes to the financial statements
at 31 December 2002

6. Interest receivable

	2002	2001 (restated)
	£	£
Bank interest receivable	18,789	9,112

7. Interest payable

	2002	2001 (restated)
	£	£
Interest on other loans	122,706	81,838

8. Tax

(a) Tax on loss on ordinary activities

The tax charge/(credit) is made up as follows:

	2002	2001 (restated)
	£	£
Current tax:		
Corporation tax	–	–
Tax under/(over) provided in previous years	–	(16,109)
Total current tax (note 8(b))	–	(16,109)
Deferred tax:		
Origination and reversal of timing differences	9,100	(2,100)
Tax on loss on ordinary activities	9,100	(18,209)

Notes to the financial statements
at 31 December 2002

8. Tax (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss 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	*2001 (restated)*
	£	£
Loss on ordinary activities before taxation	(2,249,650)	(1,130,544)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001 - 30%)	(674,895)	(339,163)
Expenses not deductible for tax purposes	32,295	31,500
Decelerated/ (accelerated) capital allowances	(17,700)	(16,800)
Tax under/ (over) provided in previous years	–	(16,109)
Group relief	651,600	297,463
Other timing differences	8,700	27,000
Total current tax (note 8(a))	–	(16,109)

(c) Deferred tax

	2002	*2001 (restated)*
	£	£
Capital allowances in advance of depreciation	(628,000)	(610,500)
Other timing differences	87,000	78,600
Provision for deferred taxation	(541,000)	(531,900)

	£
At 1 January 2002	(531,900)
Profit and Loss Account movement arising during the year	(9,100)
At 31 December 2002	(541,000)

9. Prior year adjustment

In preparing the financial statements for the current year, the company has adopted FRS 19 'Deferred Tax'. The adoption of FRS 19 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.

This change in accounting policy has resulted in a prior year adjustment for the company. Shareholders' funds at 1 January 2001 have been decreased by £534,000 and the loss for the year ended 31 December 2001 has decreased by £168,100. The deferred tax liability for 2001 has been restated to £531,900 from £166,000. The loss for the company for the current year has increased by £9,100 as a result of the change in accounting policy.

Notes to the financial statements

at 31 December 2002

10. Tangible fixed assets

	Freehold Property £	*Assets in course of construction* £	*Plant & Machinery* £	*Fixtures & Fittings* £	*Computer software* £	*Total* £
Cost or valuation:						
At 1 Jan 2002	6,749,079	–	12,400,160	966,545	–	20,115,784
Additions	26,604	47,784	478,297	10,392	–	563,077
Disposals	–	–	(67,861)	(7,737)	(32,614)	(108,212)
Transfers	–	–	–	(235,650)	235,650	–
At 31 Dec 2002	6,775,683	47,784	12,810,596	733,550	203,036	20,570,649
Depreciation:						
At 1 Jan 2002	2,216,338	–	6,089,507	849,217	–	9,155,062
Provided during the year	349,091	–	1,106,825	51,189	20,607	1,527,712
Disposals	–	–	(66,973)	(7,737)	(32,614)	(107,324)
Transfer	–	–	–	(212,819)	212,819	–
At 31 Dec 2002	2,565,429	–	7,129,359	679,850	200,812	10,575,450
Net book value:						
At 31 Dec 2002	4,210,254	47,784	5,681,237	53,700	2,224	9,995,199
At 1 Jan 2002	4,532,741	–	6,310,653	117,328	–	10,960,722

The company is following the transtional arrangements for Financial Reporting Standard 15, and has accordingly retained the revalued book amounts for land and buildings. These valuations have not been updated, the date of the last valuation was 31 December 1984.

On the historical cost basis, certain fixed assets would have been included as follows:

	£
Cost:	
At 1 Jan 2002	6,342,729
At 31 Dec 2002	6,369,333
Cumulative depreciation based on cost:	
At 1 Jan 2002	1,958,468
At 31 Dec 2002	2,307,559

Notes to the financial statements
at 31 December 2002

11. Stocks

	2002	2001 (restated)
	£	£
Raw materials and consumables	320,856	325,438
Work in progress	280,766	255,176
Finished goods	406,257	280,451
	1,007,879	861,065

12. Debtors

	2002	2001 (restated)
	£	£
Trade debtors	1,787,506	1,669,475
Amounts owed by group undertakings	335,280	445,263
Other debtors	–	49,623
Prepayments and accrued income	180,324	205,148
	2,303,110	2,369,509

13. **Creditors:** amounts falling due within one year

	2002	2001 (restated)
	£	£
Trade creditors	999,585	1,119,905
Amounts owed to group undertakings	468,315	311,519
Other taxation and social security	124,564	158,171
Accruals and deferred income	544,204	730,562
	2,136,668	2,320,157

14. **Creditors:** amounts falling due after more than one year

	2002	2001 (restated)
	£	£
Amounts owed to group undertakings	3,525,000	1,760,000
Accruals and deferred income	27,200	28,000
	3,552,200	1,788,000

The amount owed to the group undertaking are unsecured and bears interest at LIBOR plus 0.275%. This other group undertaking has confirmed that repayment of the loan is not required before 31 December 2003.

Notes to the financial statements
at 31 December 2002

15. Provisions for liabilities and charges

	Pensions	*Deferred taxation*	*Total (restated)*
	£	£	£
At 1 January 2002	193,000	531,900	724,900
Profit and Loss Account movement arising during the year	29,000	9,100	38,100
At 31 December 2002	222,000	541,000	763,000

16. Commitments under operating leases

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land and buildings	
	2002	*2001 (restated)*
	£	£
Operating leases which expire:		
Within one year	16,019	7,744
In two to five years	129,976	141,763
In over five years	11,442	–
	157,437	149,507

17. Share capital

		Authorised
	2002	*2001 (restated)*
	£	£
Ordinary shares of £1 each	100,000	100,000

	Allotted, called up and fully paid			
		2002		*2001*
	No.	£	*No.*	£
Ordinary shares of £1 each	86,723	86,723	86,723	86,723

Notes to the financial statements
at 31 December 2002

18. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Revaluation reserve*	*Profit and loss account (restated)*	*Total share-holders' funds (restated)*
	£	*£*	*£*	*£*
At 1 January 2001	86,723	371,350	10,031,993	10,490,066
Loss for the year	–	–	(1,112,335)	(1,112,335)
Other movements				
- transfer to/from revaluation reserve	–	(5,000)	5,000	–
Restated balance at 31 December 2001	86,723	366,350	8,924,658	9,377,731
Loss for the year	–	–	(2,258,750)	(2,258,750)
Other movements				
- transfer to/from revaluation reserve	–	(5,000)	5,000	–
At 31 December 2002	86,723	361,350	6,670,908	7,118,981

19. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £69,000 (2001 - £28,000).

20. Pension commitments

SSAP 24 disclosures

The company operates a defined benefit pension scheme in the UK which is funded by the payment of contributions to a separate trustee administered fund. During the year the total contributions paid into the scheme were £318,632 (2001: £314,552).

The pension cost relating to the scheme is determined in accordance with the advice of a qualified actuary on the basis of triennial valuations using the projected unit valuation method. The main actuarial assumptions used for these accounts were that pensionable salaries would increase by 3.1% per annum, pensions in payment by 3% per annum and the return on investments would be 6.75% 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% (minimum funding requirement basis) of the benefits that had accrued to members allowing for future increases in earnings.

Notes to the financial statements
at 31 December 2002

FRS17 disclosures
Additional disclosures regarding the group's new 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 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.

The major assumptions used by the actuary were:

	2002 %	*2001* %
Main assumptions:		
Rate of increase in salaries	3.3	4.0
Rate of increase in pensions in payment	2.5	2.5
Discount rate	5.5	6.0
Inflation assumption	2.5	2.5

The assets and liabilities of the scheme and the expected rate of return at 31 December are:

		2002		*2001*
	Long-term rate of return expected %	*Value* £	*Long-term rate of return expected* %	*Value* £
Equities	8.0	5,494,000	8.0	7,961,000
Bonds	5.0	1,718,000	5.0	1,608,000
Properties	7.0	246,000	–	–
Others	3.3	215,000	8.0	70,000
Total market value of assets		7,673,000		9,639,000
Present value of scheme liabilities		(13,245,000)		(12,885,000)
Pension liability before deferred tax		(5,572,000)		(3,246,000)
Related deferred tax asset		1,672,000		974,000
Net pension liability		(3,900,000)		(2,272,000)

Notes to the financial statements
at 31 December 2002

An analysis of the defined benefit cost for the year ended 31 December 2002 is as follows:

	£
Current service cost	(261,000)
Total operating charge	(261,000)
Other finance costs: Expected return on pension scheme assets	718,000
Other finance costs: Interest on pension scheme liabilities	(757,000)
Total other finance income	(39,000)
STRGL: Actual return less expected return on pension scheme assets	(2,632,000)
STRGL: Experience losses arising on scheme liabilities	1,182,000
STRGL: Gain/(loss) arising from changes in assumptions underlying the present value of scheme liabilities	(866,000)
Actuarial loss recognised in the statement of total recognised gains and losses	(2,316,000)

Analysis of movements in deficit during the year

	£
At 1 January 2002	(3,246,000)
Total operating charge	(261,000)
Total other finance income	(39,000)
Actuarial loss recognised in the statement of total recognised gains and losses	(2,316,000)
Contributions	290,000
At 31 December 2002	(5,572,000)

History of experience gains and losses:

	2002
Difference between expected return and actual return on pension scheme assets	
- amount (£)	(2,632,000)
- % of scheme assets	(34.3)
Experience gain arising on scheme liabilities	
- amount (£)	1,182,000
- % of the present value of scheme liabilities	8.9
Total actuarial loss recognised in the statement of total recognised gains and losses	
- amount (£)	(2,316,000)
- % of the present value of scheme liabilities	(17.5)

Notes to the financial statements
at 31 December 2002

(b) Reconciliations of net assets and reserves under FRS 17

Net assets

	2002	*2001*
	£	*£*
Net assets as stated in balance sheet	7,118,981	9,377,731
SSAP 24 balance	(222,000)	(193,000)
Related deferred tax	66,600	57,900
Net assets including defined benefit liabilities	6,963,581	9,242,631
FRS 17 defined benefit liabilities	(3,900,400)	(2,272,000)
Net assets including defined benefit liabilities	3,063,181	6,970,631

Reserves

	2002	*2001*
	£	*£*
Profit and loss reserve as stated in balance sheet	6,670,908	8,924,658
SSAP 24 balance	(222,000)	(193,000)
Related deferred tax	66,600	57,900
Profit and loss reserve excluding amounts relating to defined benefit liabilities	6,515,508	8,789,558
FRS 17 defined benefit liabilities	(3,900,400)	(2,272,000)
Profit and loss reserve including amounts relating to defined benefit liabilities	2,615,108	6,517,558

21. Ultimate parent company

The company is a subsidiary undertaking of Hutchinson Holdings UK Limited, incorporated in the UK and itself a subsidiary undertaking of TotalFinaElf Holdings UK Limited.

The ultimate holding company is Total Fina Elf S.A., incorporated in France, the largest group in which the results of the company are consolidated. The consolidated accounts of the ultimate holding company are available to the public and may be obtained from TotalFinaElf S.A., 24 Cours Mitchelet, 92800 Puteaux, RCS Nanterre B542, 051, 180, France.

The smallest group into which the results of the company are consolidated is Hutchinson Holdings UK Limited, whose principal place of business is 33 Cavendish Square, London, W1M 0HX.