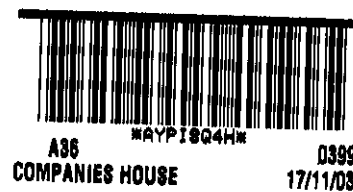


AMENDING

Registered Number 3206792

AETC Limited
Annual report and accounts
for the year ended 31 March 2002



AETC Limited

Annual report and accounts for the year ended 31 March 2002

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AETC Limited

Directors and advisers for the year ended 31 March 2002

Directors

P G Waite

W D Larsson

W C McCormick

J A Johnson

P J Worsley (resigned 17 April 2002, appointed 10 June 2003)

C Ayers (appointed 17 April 2002)

Secretary

R Beyer

Auditors

PricewaterhouseCoopers LLP

Benson House

33 Wellington Street

Leeds

LS1 4JP

Registered Office

Victoria Avenue

Yeadon

Leeds

LS19 7AY

Registered Number

3206792

AETC Limited

Directors' report for the year ended 31 March 2002

The directors present their report together with the audited accounts for the year ended 31 March 2002.

Activities

The group's principal activity is the manufacture, machining and repair of airfoils and gas turbine components.

Results and dividends

The loss of the group for the year was £2,212,000 (2001: profit of £1,456,000). The directors do not recommend the payment of a dividend in respect of the period, and accordingly the loss has been deducted from reserves.

In light of external influences on the markets in which the company operates, the company has adjusted the size of its operations accordingly, resulting in redundancy costs of £2,403,000 in the year.

During the year manufacturing in the UK at the subsidiary undertaking, PCC Flow Technologies Limited, has ceased, being transferred to fellow subsidiary undertakings of Precision Castparts Corp Inc. in Europe. PCC Flow Technologies Limited now operates as a sales and distribution centre for products sold in the UK.

Directors and their interests

The directors who served from 1 April 2001 to the date of this report were as follows:

P G Waite

W D Larsson

W C McCormick

J A Johnson

P J Worsley (resigned 17 April 2002, appointed 10 June 2003)

C Ayers (appointed 17 April 2002)

None of the directors in office at the year end held any notifiable beneficial interests in the share capital of the company during the year. At 31 March 2002, P J Worsley held no shares in the ultimate parent undertaking, Precision Castparts Corp (2001: 3,919 shares). The other directors are also directors of Precision Castparts Corp and their interests are shown in the accounts of that company.

Share options

Those options held by UK directors are set out below:

Options held by P J Worsley at 31 March 2002

Issued		Convertible from				
11.1997	5.11.1998	5.11.1999	5.11.2000	5.11.2001	Expiry date	Exercise price
	1,524	1,524	1,522	1,522	11.5.2007	\$29.90625
11.1998			4.11.2001	4.11.2002		
			4,320	4,320	11.4.2008	\$23.125
11.1999			4.11.2002	4.11.2003		
			8,028	8,028	11.4.2009	\$13.84375
11.2000	13.11.2001	13.11.2002	13.11.2003	13.11.2004		
	3,558	3,558	3,557	3,557	13.11.2010	\$35.25
11.2001	13.11.2002	13.11.2003	13.11.2004	13.11.2005		
	4040	4040	4041	4041	13.11.2011	\$24.14

AETC Limited

Directors' report for the year ended 31 March 2002 (continued)

Share options (continued)

During the year, PJ Worsley exercised 8,028 options at a price of US\$13.84375. The market price on that day was US\$27.2377.

At 31 March 2002 the market price of the stocks was \$33.55 (2001: \$32.81) and the range during the period was \$18.00 to \$49.50.

The company operates an Employee Stock Purchase Plan under which deductions from pay of up to 10%, can be converted into shares at 31 December each year. At the year end, 203 employees (2001: 203 employees), including the directors, were participating in the scheme.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities 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 the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made which are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units, and of the company as a whole.

Political and charitable donations

During the year the company made charitable donations of £2,310 (2001: £1,573).

Creditor payment policy

The group's policy is to negotiate terms of payment with suppliers when agreeing terms of transactions and then to abide by those terms once satisfactory performance of service or receipt of goods is achieved. Creditor days for the company have been calculated at 74 days at 31 March 2002 (2001: 67 days).

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 with the exception of the changes arising on the adoption of new accounting standards in the year as explained on pages 8 and 9. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2002, 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.

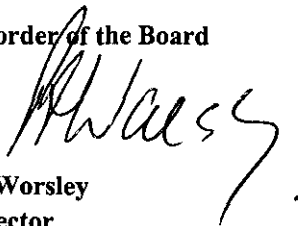
AETC Limited

Directors' report for the year ended 31 March 2002 (continued)

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 23 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. An elective resolution was passed on 29 May 1997 dispensing with the requirement to hold an Annual General Meeting and to reappoint the auditors annually.

By order of the Board

A handwritten signature in black ink, appearing to read 'PJ Worsley', is written over the printed name and title.

PJ Worsley

Director

3 September 2003

AETC Limited

Independent auditors' report to the members of AETC Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet 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 in to 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

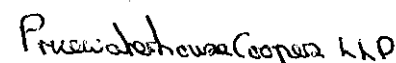
Basis of audit opinion

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 affairs of the company and the group at 31 March 2002 and of the loss for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

3 September 2003

AETC Limited

Consolidated profit and loss account for the year ended 31 March 2002

	Note	2002 £'000	2001 £'000
Turnover	1	93,655	100,714
Cost of sales		(79,735)	(82,514)
Gross profit		13,920	18,200
Distribution costs		(3,006)	(2,741)
Administrative expenses before exceptional items		(10,890)	(10,560)
Exceptional items	4	(1,666)	(3,599)
Administrative expenses		(12,556)	(14,159)
Operating (loss)/profit	4	(1,642)	1,300
Interest payable	5	(769)	(631)
Interest receivable	6	478	397
(Loss)/profit on ordinary activities before taxation		(1,933)	1,066
Taxation	7	(279)	390
Retained (loss)/profit	18	(2,212)	1,456

There are no recognised gains or losses other than those reflected in the profit and loss account above.

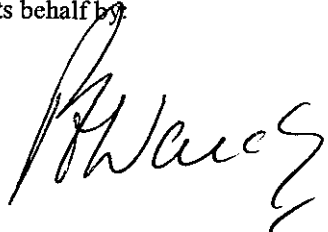
AETC Limited

Balance sheets as at 31 March 2002

		Group	Company	Group	Company
	Note	2002	2002	2001	2001
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets					
- goodwill	8	10,816	9,812	11,573	10,514
- negative goodwill	8	-	-	(737)	-
- other	8	600	-	619	-
		11,416	9,812	11,455	10,514
Tangible assets	9	25,789	24,794	26,430	23,504
Investments	10	-	-	-	-
		37,205	34,606	37,885	34,018
Current assets					
Stocks	11	16,146	13,535	14,605	11,243
Debtors	12	29,935	27,617	33,665	30,540
Cash at bank and in hand		4,724	4,394	5,181	5,054
		50,805	45,546	53,451	46,837
Creditors: amounts falling due within one year	13	(41,616)	(21,567)	(42,213)	(24,477)
Net current assets		9,189	23,979	11,238	22,360
Total assets less current liabilities		46,394	58,585	49,123	56,378
Creditors: amounts falling due after more than one year	14	(23,010)	(23,010)	(23,010)	(23,010)
Provisions for liabilities and charges	16	(1,992)	(1,992)	(2,509)	(2,393)
Net assets		21,392	33,583	23,604	30,975
Capital and reserves					
Called up share capital	17	-	-	-	-
Profit and loss account	18	21,392	33,583	23,604	30,975
Total shareholders' funds	18	21,392	33,583	23,604	30,975

The financial statements on pages 6 to 23 were approved by the board of directors on 3 September 2003 and were signed on its behalf by:

PJ Worsley
Director



AETC Limited

Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings. The results of the businesses are consolidated from the effective date of their acquisition to the effective date of their sale.

Changes in accounting policy

In December 2000, the Accounting Standards Board issued FRS 19 "Deferred Tax". The group has adopted FRS 19 in the financial statements. The adoption of this new standard represents a change in accounting policy but has had no impact on the results in the year, or in the prior year.

Intangible fixed assets

On acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises when the fair value of the consideration given for a business exceeds such net assets. Goodwill is capitalised and amortised through the profit and loss account over its estimated useful economic life.

When the fair value of the net assets acquired exceeds the fair value of the consideration for an acquisition, the difference is treated as negative goodwill and is capitalised and released through the profit and loss account over the period in which the non-monetary assets are recovered, whether through depreciation or sale.

Know-how and patents, purchased as part of acquisitions, are capitalised and are being amortised through the profit and loss account over their estimated useful life.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used are:

Freehold buildings	2% to 2½%
Leasehold buildings	Over the life of the lease
Plant and machinery	7½% to 15%
Fixtures and fittings	15% to 20%
Computers	20% to 33⅓%
Motor vehicles	25%

Stocks

Stocks are stated at the lower of purchase cost and net realisable value. Cost comprises the direct cost of purchasing, together with relevant labour and manufacturing costs. Net realisable value is the estimated selling price reduced by all the costs of marketing, selling and distribution. Provision is made, where necessary, for obsolete, slow-moving and defective stocks.

AETC Limited

Accounting policies (continued)

Leasing and hire purchase commitments

Assets obtained under hire purchase and leases which result in the transfer to the company of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments, and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract, in order to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured 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 at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised only to the extent that they are regarded as recoverable such that it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Pension costs

The cost of providing pension benefits is charged to the profit and loss account over the period benefiting from employees' services.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions or at the relevant forward contract rate.

Government grants

Grants are credited to deferred income. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Revenue recognition

Turnover, representing the net sales value of goods supplied to customers, excluding value added tax, is recognised in the profit and loss account on transfer of the goods to customers.

Cash flow statement

The group and company have taken advantage of the exemption granted under Financial Reporting Standard 1 (Revised) not to produce a cash flow statement, as the amounts are reported within the parent company's accounts, which are publicly available.

Investments

In the company's financial statements, investments in group undertakings are stated at cost less any provision for impairment.

AETC Limited

Notes to the financial statements for the year ended 31 March 2002

1 Turnover

Turnover represents the net invoiced value of goods and services supplied during the year excluding value added tax.

The company has only one principal class of business, that of the manufacture, machining and repair of airfoils and gas turbine components. Sales were made to the following geographical areas:

	2002 £'000	2001 £'000
Switzerland	32,112	39,378
United Kingdom	26,945	34,932
North America	16,092	10,065
Germany	11,714	9,801
Italy	2,463	1,900
Other European	3,606	3,920
Rest of world	723	718
	93,655	100,714

2 Directors' emoluments

	2002 £'000	2001 £'000
Aggregate emoluments	122	220

The emoluments of the highest-paid director are:

	2002 £'000	2001 £'000
Aggregate emoluments	122	220

Retirement benefits are accruing to one director (2001: one) under the defined benefits scheme.

At 31 March 2002 the accumulated, accrued pension of the highest-paid director was £51,909 (2001: £45,745).

AETC Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

3 Employee information

	2002	2001
	Number	Number
The average number of persons, including directors, employed by the group was:	1,097	1,175

	2002	2001
	£'000	£'000
Staff costs were:		
Wages and salaries	28,634	29,997
Social security costs	2,199	2,398
Pension costs (note 20)	4,372	3,348
	35,205	35,743

4 Operating profit

	2002	2001
	£'000	£'000
Operating profit is stated after charging/(crediting) the following:		
Auditors' remuneration		
- Audit	57	53
- Non-audit	108	53
Depreciation	2,577	3,333
Operating lease rentals		
- Hire of plant and machinery	603	573
- Other	593	409
Amortisation of intangible fixed assets		
- goodwill	757	871
- negative goodwill	(737)	(184)
- other	34	39
Amounts written off intangible fixed assets	-	1,922
Amounts payable to the parent company	4,452	4,647
Loss/(gain) on disposal of fixed assets	(44)	32

AETC Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

4 Operating profit (continued)

Audit fees include £34,000 (2001: £32,000) in respect of the company.

Exceptional items within administrative expenses comprise:

- Redundancy costs of £1,413,000 and related pension costs of £990,000; partially offset by
- A credit of £737,000 arising from the release of negative goodwill following disposal of the related assets at book value to a fellow subsidiary of the ultimate parent company, Precision Castparts Corp.

5 Interest payable

	2002 £'000	2001 £'000
Bank loans and overdrafts	37	31
Amounts payable to group undertakings	732	596
Hire purchase and finance leases	-	4
	769	631

6 Interest receivable

	2002 £'000	2001 £'000
Interest on bank deposits	57	158
Interest on amounts due from group undertakings	421	239
	478	397

AETC Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

7 Taxation

	2002 £'000	2001 £'000
Current tax:		
UK Corporation tax on (loss)/profit for the year	-	389
Adjustment in respect of prior years	796	(1,180)
Total current tax charge/(credit)	796	(791)
Deferred tax:		
Origination and reversal of timing differences	(530)	229
Adjustment in respect of prior years	13	172
Tax charge/(credit) on (loss)/profit on ordinary activities	279	(390)

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

	2002 £'000	2001 £'000
(Loss)/profit on ordinary activities before tax	(1,933)	1,066
(Loss)/profit on ordinary activities multiplied by standard rate in the UK of 30% (2001: 30%)	(580)	320
Effects of:		
Expenses not deductible for tax purposes	50	299
Accelerated capital allowances and other timing differences	530	(229)
Adjustment to tax charge in respect of prior years	796	(1,180)
Current tax charge/(credit) for the year	796	(791)

AETC Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

8 Intangible fixed assets

	Goodwill	Negative goodwill	Patents	Know-how	Total
	£'000	£'000	£'000	£'000	£'000
Group					
At 1 April 2001	11,573	(737)	157	462	11,455
Acquired in the year	-	-	15	-	15
Amortisation	(757)	737	(9)	(25)	(55)
At 31 March 2002	10,816	-	163	437	11,416

	Goodwill	Negative goodwill	Patents	Know-how	Total
	£'000	£'000	£'000	£'000	£'000
Company					
At 1 April 2001	10,514	-	-	-	10,514
Amortisation	(702)	-	-	-	(702)
At 31 March 2002	9,812	-	-	-	9,812

Negative goodwill arose on the acquisition of the trade and assets of Veltac Limited and Wouter Witzel Limited during the year ended 31 March 2001, by the subsidiary company, PCC Flow Technologies Limited.

As part of the Wouter Witzel acquisition the group acquired patent rights in relation to certain manufactured goods and processes within the business.

During the year, the related trade and assets and the production processes to which the know-how and patents relate have been transferred to a fellow subsidiary of the ultimate parent company, Precision Castparts Corp. The directors of the subsidiary company, PCC Flow Technologies Limited, have received confirmation from Precision Castparts Corp. that it is their intention to transfer the goodwill, know-how and patents at book value such that the carrying value is not impaired at 31 March 2002. The total carrying value of these assets at 31 March 2002 amounts to £1,604,000. The remaining unamortised negative goodwill has been released to the profit and loss accounts in the year (note 4).

AETC Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

9 Tangible fixed assets

Group	Freehold land and buildings	Leasehold buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2001	6,225	2,116	30,616	877	39,834
Additions	-	-	3,952	19	3,971
Disposals	(777)	(129)	(1,602)	(136)	(2,644)
Reclassification	-	-	27	(27)	-
At 31 March 2002	5,448	1,987	32,993	733	41,161
Depreciation					
At 1 April 2001	729	782	11,766	127	13,404
Charge for the year	97	122	2,467	304	2,990
Disposals	(39)	(93)	(754)	(136)	(1,022)
At 31 March 2002	787	811	13,479	295	15,372
Net book amount					
At 31 March 2002	4,661	1,176	19,514	438	25,789
At 31 April 2001	5,496	1,334	18,850	750	26,430

AETC Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

9 Tangible fixed assets (continued)

Company	Freehold land and buildings	Leasehold buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2001	5,482	1,213	27,635	1,110	35,440
Additions	-	-	3,921	19	3,940
Reclassification	-	-	27	(27)	-
At 31 March 2002	5,482	1,213	31,583	1,102	39,380
Depreciation					
At 1 April 2001	728	678	10,244	286	11,936
Charge for the year	92	69	2,237	252	2,650
At 31 March 2002	820	747	12,481	538	14,586
Net book amount					
At 31 March 2002	4,662	466	19,102	564	24,794
At 31 April 2001	4,754	535	17,391	824	23,504

Plant and machinery at 31 March 2002 included £254,000 (2001: £965,000) in respect of deposits on machines.

10 Investments

Company

The company's investment is in the entire equity share capital of PCC Flow Technologies Limited, a company registered in Scotland. Full provision has been made in the previous years against the cost of investment of £3,019,000. The principal activity of PCC Flow Technologies Limited is the manufacture of valves and actuators.

AETC Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

11 Stocks

	Group 2002	Company 2002	Group 2001	Company 2001
	£'000	£'000	£'000	£'000
Raw materials and consumables	3,667	2,782	5,484	3,224
Work in progress	11,208	10,753	8,101	8,019
Finished goods and goods for resale	1,271	-	1,020	-
	16,146	13,535	14,605	11,243

12 Debtors

	Group 2002	Company 2002	Group 2001	Company 2001
	£'000	£'000	£'000	£'000
Trade debtors	18,510	17,269	22,565	20,600
Prepayments	708	639	936	902
Corporation tax	584	584	1,572	1,497
Other debtors	1,204	1,140	711	236
Due from group undertakings	8,929	7,985	7,881	7,305
	29,935	27,617	33,665	30,540

13 Creditors – amounts falling due within one year

	Group 2002	Company 2002	Group 2001	Company 2001
	£'000	£'000	£'000	£'000
Trade creditors	9,422	9,267	13,464	12,208
Other taxation and social security	663	646	992	763
Accruals and deferred income	4,646	3,238	6,535	5,667
Other creditors	3,037	2,938	1,201	1,125
Amounts owed to ultimate parent undertaking	23,848	5,478	20,021	4,714
	41,616	21,567	42,213	24,477

The amount owed to the ultimate parent undertaking is interest bearing at 6% and is repayable on demand.

AETC Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

14 Creditors – amounts falling due after more than one year

	Group	Company	Group	Company
	2002	2002	2001	2001
	£'000	£'000	£'000	£'000
Amounts owed to ultimate parent undertaking	23,010	23,010	23,010	23,010

Amounts owed to the ultimate parent undertaking at 31 March 2002 include a cash advance of £3,000,000 (2001: £3,000,000) and a capital contribution of £20,010,000 (2001: £20,010,000). These amounts are unsecured, have no fixed repayment date and are interest free.

15 Financial commitments

Operating leases	2002	2001
	£'000	£'000
Annual commitments which expire:		
Within one year	3	-
Between one and five years	470	547
After more than five years	593	593
	1,066	1,140

AETC Limited

Notes to the financial statements for the year ended 31 March 2002 (continued)

16 Provisions for liabilities and charges

Group and company	2002	2001
Provision for deferred tax	£'000	£'000
Accelerated capital allowances	2,954	2,543
Losses	(863)	-
Short term timing differences	(99)	(27)
ACT available for set-off	-	(7)
	1,992	2,509
1 April 2001	2,509	
Credit for the year	(517)	
31 March 2002	1,992	

17 Called up equity share capital

	2002	2001
	£'000	£'000
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
10 ordinary shares of £1 each	10	10

The company has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The amount of the consolidated profit for the period dealt with in the accounts, arising from the parent company was £2,608,000 (2001: £5,195,000).

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Notes to the financial statements for the year ended 31 March 2002 (continued)

18 Reconciliation of movements in shareholders' funds

	Group	Company	Group	Company
	2002	2002	2001	2001
	£'000	£'000	£'000	£'000
(Loss)/profit for the year	(2,212)	2,608	1,456	5,195
Opening equity shareholders' funds	23,604	30,975	22,148	25,780
Closing equity shareholders' funds	21,392	33,583	23,604	30,975

19 Capital commitments

	Group	Company	Group	Company
	2002	2002	2001	2001
	£'000	£'000	£'000	£'000
Authorised but not contracted	154	154	1,852	1,852
Contracts placed	136	136	1,932	1,932
	290	290	3,784	3,784

20 Pensions

The company operates a defined benefit pension scheme with assets held in a separately administered fund.

Contributions to the fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The contributions are determined by an independent qualified actuary on the basis of valuations at intervals of a maximum of three years using the attained age method. The most recent actuarial valuation of the scheme was performed as at 5 April 2000 using the projected unit method. The principal assumptions adopted in the valuation were that, over the long term, the investment return would be 6% to 7% per annum, the rate of salary increase would be 3.7% per annum and the rate of pension increase would be 2.6% per annum.

At the date of the actuarial valuation, 5 April 2000, the market value of the assets of the scheme was £51.3 million and the actuarial value of the assets was sufficient to cover 104% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

With effect from 4 December 2000 the contributions of the employees were amended to 3.4% for Plan A (previously 3%) and 4.9% for Plan B (previously 4.5%), with company contributions remaining at 2.75 times employee contributions, considered by the consulting actuaries to be sufficient to eliminate the minimum funding deficiency (86%).

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Notes to the financial statements for the year ended 31 March 2002 (continued)

20 Pensions (continued)

The company's subsidiary companies operate defined contribution pension schemes on behalf of their employees.

The total net pension cost of the group's schemes was £4,372,000 (2001: £3,348,000).

The disclosures required under the transitional arrangements within FRS 17 'Retirement Benefits' have been calculated by qualified independent actuaries based on the most recent full actuarial valuation at 5 April 2000, updated to 31 March 2002. The financial assumptions used at 31 March 2002 were:

	2002 %
Rate of increase in salaries	3.75
Rate of increase in pensions in payment	2.75
Rate of increase in pensions in deferment	2.75
Discount rate	6.0
Inflation	2.75

The assets in the schemes and the expected rates of return at 11 January 2002 were:

	Expected rate of return %	Market value £m
Equities	8.0	19.5
Bonds	5.0	28.0
Cash and other assets	3.5	3.2
Total		50.7

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Notes to the financial statements for the year ended 31 March 2002 (continued)

20 Pensions (continued)

The following amounts at 31 March 2002 were measured in accordance with the requirements of FRS 17:

	£m
Total market value of assets	50.7
Present value of the schemes liabilities	(72.5)
Deficit in the scheme	(21.8)
Related deferred tax asset	6.5
Net pension liability	(15.3)

If the previous amounts had been recognised in the accounts, the Group's net assets and profit and loss account reserve at 31 March 2002, would have been as follows:

	£m
Net assets	21.4
Pension liability	(15.3)
Net assets including pension assets	6.1
Profit and loss account reserve	21.4
Pension reserve	(15.3)
Profit and loss account reserve	6.1

21 Ultimate parent undertaking and related parties

The ultimate parent undertaking and ultimate controlling party is Precision Castparts Corp, a company incorporated in the United States of America. Copies of the accounts of Precision Castparts Corp may be obtained by writing to Precision Castparts Corp, Corporate Office, 4650 SW Macadam Avenue, Suite 440, Portland, Oregon 97201-4254, United States of America.

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No 8 "Related Party Disclosures", as the consolidated accounts of Precision Castparts Corp in which the company is included are available at the address noted above.