

## GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31st March 2002

notes	2002 £'000	2002 £'000	2001 £'000	2001 £'000
<b>1 Turnover</b>				
Continuing operations	197,952		155,518	
Discontinued operations	212		4,164	
		<b>198,164</b>		159,682
Cost of sales		<b>(186,280)</b>		(148,870)
		<b>11,884</b>		10,812
Gross profit		<b>(1,696)</b>		(2,429)
Distribution costs		<b>(9,999)</b>		(11,532)
Administrative expenses				
<b>2 Operating profit/(loss)</b>				
Continuing operations	452		(1,769)	
– before amortisation of goodwill	500		(1,769)	
– amortisation of goodwill	(48)		–	
Discontinued operations	(263)		(1,380)	
		<b>189</b>		(3,149)
Loss on disposal of business		<b>(151)</b>		–
		<b>38</b>		(3,149)
<b>Profit/(loss) on ordinary activities before interest</b>				
4 Investment income		<b>1,768</b>		1,464
5 Interest payable		–		(7)
		<b>1,806</b>		(1,692)
<b>1 Profit/(loss) on ordinary activities before taxation</b>				
6 Taxation		<b>(600)</b>		771
		<b>1,206</b>		(921)
<b>16 Retained profit/(loss) for the financial year</b>				
7 Earnings/(loss) per share – basic		<b>0.74p</b>		(0.57)p
– diluted		<b>0.74p</b>		(0.57)p

There were no recognised gains or losses other than those stated above.

**BALANCE SHEETS**

as at 31st March 2002

notes	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
<b>Fixed assets</b>				
8 Intangible assets	437	-	-	-
9 Tangible assets	10,204	10,271	2,614	2,269
10 Investments	2	2	14,313	10,189
	<b>10,643</b>	<b>10,273</b>	<b>16,927</b>	<b>12,458</b>
<b>Current assets</b>				
11 Stocks	1,445	1,350	-	-
12 Debtors – due within one year	18,069	13,184	31,144	21,043
– due in more than one year	276	357	-	-
Cash and bank balances	5,157	5,884	5,244	5,132
	<b>24,947</b>	<b>20,775</b>	<b>36,388</b>	<b>26,175</b>
13 Creditors – amounts falling due within one year	(40,993)	(37,661)	(45,823)	(36,510)
<b>Net current liabilities</b>	<b>(16,046)</b>	<b>(16,886)</b>	<b>(9,435)</b>	<b>(10,335)</b>
<b>Total assets less current liabilities</b>	<b>(5,403)</b>	<b>(6,613)</b>	<b>7,492</b>	<b>2,123</b>
14 Provisions for liabilities and charges	-	-	(182)	(92)
<b>Net (liabilities)/assets</b>	<b>(5,403)</b>	<b>(6,613)</b>	<b>7,310</b>	<b>2,031</b>
<b>Capital and reserves</b>				
15 Called up share capital	3,250	3,249	3,250	3,249
16 Share premium account	809	806	809	806
16 Profit and loss account	(9,462)	(10,668)	3,251	(2,024)
<b>Shareholders' funds</b>	<b>(5,403)</b>	<b>(6,613)</b>	<b>7,310</b>	<b>2,031</b>

Approved by the board of directors and signed on its behalf on 10th June 2002.

P. R. Johnson

Chairman

**GROUP CASH FLOW STATEMENT**

for the year ended 31st March 2002

<b>notes</b>	<b>2002</b> £'000	<b>2002</b> £'000	<b>2001</b> £'000	<b>2001</b> £'000
<b>18 Net cash inflows from operating activities</b>		<b>980</b>		<b>5,631</b>
<b>Returns from investments and servicing of finance</b>				
Interest received	1,739		1,461	
Interest paid	-		(7)	
<b>Net cash inflow from investments and servicing of finance</b>		<b>1,739</b>		<b>1,454</b>
<b>Corporation tax paid</b>		<b>(232)</b>		<b>(348)</b>
<b>Capital expenditure</b>				
Purchase of intangible fixed assets	(485)		-	
Purchase of tangible fixed assets	(2,119)		(1,787)	
Sale of tangible fixed assets	488		166	
<b>Net cash outflow for capital expenditure</b>		<b>(2,116)</b>		<b>(1,621)</b>
<b>Financing</b>				
Issue of ordinary share capital		4		-
<b>19 Increase in cash in the period</b>		<b>375</b>		<b>5,116</b>

## ACCOUNTING POLICIES

(a) **Basis of accounting**

The accounts have been prepared under the historical cost convention and comply with applicable accounting standards. Having adopted Financial Reporting Standard no. 19, Deferred Tax last year, the group has this year adopted Financial Reporting Standard no. 18, Accounting Policies, which has had no significant impact. The group is complying with the transitional rules regarding Financial Reporting Standard no. 17, Retirement Benefits. The accounting policies have been applied consistently and have been supported by reasonable and prudent judgements and estimates.

(b) **Basis of consolidation**

The group accounts consolidate the accounts of the company and its subsidiary undertakings up to 31st March 2002. Intergroup sales and profits are eliminated on consolidation. As permitted by section 230 (3) of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented.

(c) **Intangible fixed assets**

Acquired goodwill, being the difference between the consideration and the fair value of net assets acquired, which arises on transactions after 1st April 1998, is capitalised and amortised over its estimated useful life. Prior to this date it was eliminated through reserves.

(d) **Tangible fixed assets and depreciation**

Depreciation is charged on cost by equal annual instalments over the anticipated useful life of assets as follows:

Freehold land	nil
Freehold buildings	2-2.5%
Short leaseholds	Over unexpired term of lease
Equipment and fixtures	10-20%
Motor vehicles	25%

(e) **Stock**

Stock is valued at the lower of cost and net realisable value. Cost is determined by the 'first in, first out' method and is based on purchase price. Finished goods stock and work in progress include attributable production overheads. Net realisable value is based on estimated selling price less cost of disposal.

(f) **Debtors – home collected credit**

Trade debtors include the aggregate amounts outstanding under home collected credit agreements less outstanding charges thereon. The latter are released to the profit and loss account using the 'sum of the digits' method as instalments are received from customers.

Provision for doubtful debts is made on an ongoing basis by reference to the non-collection of instalments due.

(g) **Prepayments**

Promotional expenditure incurred at the accounting date relating to the following season's sales is carried forward as prepaid expenditure and charged against the next year's income.

(h) **Unredeemed vouchers**

Unredeemed vouchers are included in trade creditors at the face value of vouchers outstanding less the estimated discount payable by retailers on redemption and after excluding the value of vouchers which it is estimated will never be presented for redemption.

(i) **Deferred taxation**

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

(j) **Pensions**

The costs of providing pensions for employees are charged in the profit and loss account over the average working lives of employees in accordance with the recommendations of the actuary to the group pension schemes.

Any funding surpluses or deficits that may arise from time to time are amortised as a fixed annual amount over the average remaining working lives of pensionable employees.

The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

(k) **Financial instruments**

The group's financial instruments, in which it does not trade or deal, are carried at their fair value. The group's policies and procedures regarding risk management are set out on pages 19 and 20 of the directors' report.

## NOTES TO THE ACCOUNTS

### 1 Segmental Analysis

	Continuing operations		Discontinued operations		Total	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Cash savings	173,602	138,758	-	-	173,602	138,758
Home collected credit	5,581	3,685	-	-	5,581	3,685
Marketing services	18,769	13,075	212	4,164	18,981	17,239
<b>Third party sales</b>	<b>197,952</b>	<b>155,518</b>	<b>212</b>	<b>4,164</b>	<b>198,164</b>	<b>159,682</b>
Cost of sales	(186,116)	(146,450)	(164)	(2,420)	(186,280)	(148,870)
Distribution costs	(1,665)	(1,394)	(31)	(1,035)	(1,696)	(2,429)
Administrative expenses	(9,719)	(9,443)	(280)	(2,089)	(9,999)	(11,532)
Operating profit/(loss)	452	(1,769)	(263)	(1,380)	189	(3,149)
Cash savings	745	84	-	-	745	84
- before amortisation of goodwill	793	84	-	-	793	84
- amortisation of goodwill	(48)	-	-	-	(48)	-
Home collected credit	(777)	(2,145)	-	-	(777)	(2,145)
Marketing services	484	292	(263)	(1,380)	221	(1,088)
Operating profit/(loss)	452	(1,769)	(263)	(1,380)	189	(3,149)
Loss on disposal of business	-	-	(151)	-	(151)	-
<b>Profit/(loss) on ordinary activities before interest</b>	<b>452</b>	<b>(1,769)</b>	<b>(414)</b>	<b>(1,380)</b>	<b>38</b>	<b>(3,149)</b>
Cash savings	4,104	3,472	-	-	4,104	3,472
Home collected credit	(1,842)	(3,080)	-	-	(1,842)	(3,080)
Marketing services	(42)	(704)	(414)	(1,380)	(456)	(2,084)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>2,220</b>	<b>(312)</b>	<b>(414)</b>	<b>(1,380)</b>	<b>1,806</b>	<b>(1,692)</b>
Cash savings	3,462	602	-	-	3,462	602
Home collected credit	(7,380)	(6,065)	-	-	(7,380)	(6,065)
Marketing services	(1,485)	(1,239)	-	89	(1,485)	(1,150)
<b>Net (liabilities)/assets</b>	<b>(5,403)</b>	<b>(6,702)</b>	<b>-</b>	<b>89</b>	<b>(5,403)</b>	<b>(6,613)</b>

### 2 Operating Profit/(Loss)

	2002 £'000	2001 £'000
Costs and expenses include the following:		
Depreciation	1,701	1,595
Amortisation of goodwill	48	-
Staff costs (see note 3)	12,254	13,669
Auditors' remuneration – Group	71	69
– Company	14	14
Fees paid to the auditors and associates for non-audit services	9	166
Home collected credit charge for bad and doubtful debts	1,769	1,851

### 3 Staff Costs

	2002 £'000	2001 £'000
<b>Group</b>		
Wages and salaries	11,154	12,213
Social security costs	770	876
Other pension costs	330	580
	<b>12,254</b>	<b>13,669</b>
	<b>Number</b>	<b>Number</b>
Cash savings	208	153
Home collected credit	99	105
Marketing services	601	553
Discontinued activities	–	117
Average number employed	908	928

Details of the emoluments of the directors of Park Group plc are set out in the directors' report on pages 16 and 17.

### 4 Investment Income

	2002 £'000	2001 £'000
Interest receivable	1,768	1,464

### 5 Interest Payable

	2002 £'000	2001 £'000
Bank loans and overdrafts, and loans wholly repayable within five years	–	4
Other	–	3
	–	7

## 6 Taxation

	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Corporation tax at 30% (2001 – 30%)	400		(5)	
Prior years adjustments	–		(23)	
<b>Total current tax</b>		<b>400</b>		<b>(28)</b>
Deferred tax movement in year	211		(478)	
Prior years adjustments	(11)		(265)	
<b>Total deferred tax</b>		<b>200</b>		<b>(743)</b>
		<b>600</b>		<b>(771)</b>

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

The differences are explained below:

	2002 £'000	2001 £'000
Profit/(loss) on ordinary activities before taxation	1,806	(1,692)
Expected tax charge/(credit) @ 30%	542	(508)
Effects of:		
Expenses not deductible for tax purposes (primarily non qualifying capital expenditure)	86	52
Tax on consolidation adjustment	–	(27)
Adjustments to tax charge in respect of prior periods	–	(23)
Capital gain covered by capital losses brought forward	(17)	–
Capital allowances in excess of depreciation	(78)	–
Depreciation in excess of capital allowances	–	312
Utilisation of tax losses	(133)	–
Creation of tax losses	–	166
<b>Current tax charge for period</b>	<b>400</b>	<b>(28)</b>

## 7 Earnings/(Loss) Per Share

The calculation of basic and diluted earnings per share is based on the profit on ordinary activities after taxation of £1,206,000 (2001 loss – £921,000) and on the weighted average number of shares, calculated as follows:

	2002	2001
Basic eps – weighted average number of shares	162,472,708	162,471,066
Diluting effect of employee share options	1,488,734	–
<b>Diluted eps – weighted average number of shares</b>	<b>163,961,442</b>	<b>162,471,066</b>

## 8 Intangible Assets

	Goodwill £'000
<b>Group</b>	
<b>Cost</b>	
Additions and at 31st March 2002	<b>485</b>
<b>Amortisation</b>	
Charge in year and at 31st March 2002	<b>48</b>
<b>Net book amount</b>	
At 31st March 2002	<b>437</b>
At 31st March 2001	–

A cash consideration of £485,000 was paid during the year to acquire the customer base of two Country Hampers franchises. No other assets or liabilities were purchased as part of this transaction.

## 9 Tangible Assets

	Land and buildings £'000	Equipment and fixtures £'000	Motor vehicles £'000	Total £'000
<b>Group</b>				
<b>Cost</b>				
At 31st March 2001	11,215	12,901	1,042	25,158
Additions	30	1,733	356	2,119
Disposals	(116)	(1,409)	(464)	(1,989)
<b>At 31st March 2002</b>	<b>11,129</b>	<b>13,225</b>	<b>934</b>	<b>25,288</b>
<b>Depreciation</b>				
At 31st March 2001	6,362	7,917	608	14,887
Charge for year	105	1,376	220	1,701
Disposals	(91)	(1,069)	(344)	(1,504)
<b>At 31st March 2002</b>	<b>6,376</b>	<b>8,224</b>	<b>484</b>	<b>15,084</b>
<b>Net book amount</b>				
At 31st March 2002	<b>4,753</b>	<b>5,001</b>	<b>450</b>	<b>10,204</b>
At 31st March 2001	4,853	4,984	434	10,271

**9 Tangible Assets – continued**

	2002 £'000	2001 £000		
Freehold property	4,725	4,853		
Short leasehold property	28	–		
	<b>4,753</b>	<b>4,853</b>		
Land and buildings include:				
At cost – land	174	200		
– buildings	10,955	11,015		
	<b>11,129</b>	<b>11,215</b>		
	Land and buildings £'000	Equipment and fixtures £'000	Motor vehicles £'000	Total £'000
<b>Company</b>				
<b>Cost</b>				
At 31st March 2001	–	4,686	264	4,950
Additions	30	652	129	811
Disposals	–	(2)	(109)	(111)
Group transfers	–	160	–	160
<b>At 31st March 2002</b>	<b>30</b>	<b>5,496</b>	<b>284</b>	<b>5,810</b>
<b>Depreciation</b>				
At 31st March 2001	–	2,475	206	2,681
Charge for year	2	530	51	583
Disposals	–	(1)	(94)	(95)
Group transfers	–	27	–	27
<b>At 31st March 2002</b>	<b>2</b>	<b>3,031</b>	<b>163</b>	<b>3,196</b>
<b>Net book amount</b>				
At 31st March 2002	28	2,465	121	2,614
At 31st March 2001	–	2,211	58	2,269

**10 Investments**

	Other investments £'000
<b>Group</b>	
<b>Cost</b>	
At 31st March 2001 and 2002	2
<b>Net book amount</b>	
At 31st March 2001 and 2002	2

## 10 Investments – continued

Company	Shares in subsidiary undertakings £'000	Other investments £'000	Total £'000
<b>Cost</b>			
At 31st March 2001 and 2002	20,725	2	20,727
<b>Provisions</b>			
At 31st March 2001	10,538	–	10,538
Decrease in year	(4,124)	–	(4,124)
At 31st March 2002	6,414	–	6,414
<b>Net book amount</b>			
At 31st March 2002	14,311	2	14,313
At 31st March 2001	10,187	2	10,189

The carrying value of shares in subsidiary companies was reviewed during the year with a resultant release in provisions totalling £4,124,000. The release reflects the improved financial position and trading of certain subsidiaries.

At 31st March 2002 the parent company's principal subsidiary undertakings were:

Name of company	Nature of business
Park Financial Services Limited	Mail order and cash savings operations
Park Hamper Company Limited	Mail order agency cash savings
Country Hampers Limited	Mail order agency cash savings
Handling Solutions Limited	Contract packing
High Street Vouchers Limited	Voucher sales
Budworth Properties Limited	Property management
Jetlag International Limited	Airline, travel and retail multi-item kits
Park Online Limited	Marketing services
Park Direct Credit Limited	Weekly collected credit
Park Fast Cash Limited	Cheque encashment

All the above companies were directly held wholly owned subsidiary undertakings of the parent company except in the case of Jetlag International Limited where the parent company's direct holding represented 70% (2001 – 70%) and subsidiary undertakings direct holdings represented 30% of its issued share capital.

All the above companies are registered in England.

## 11 Stocks

Group	2002 £'000	2001 £'000
Raw materials	842	852
Goods for resale	603	498
	1,445	1,350

## 12 Debtors

	Due within one year		Due in more than one year	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
<b>Group</b>				
Trade debtors	13,232	8,609	-	-
Other debtors	481	370	-	-
Prepayments	4,356	4,086	-	-
Deferred tax (see note 14)	-	119	276	357
	<b>18,069</b>	<b>13,184</b>	<b>276</b>	<b>357</b>
<b>Company</b>				
Amounts owed by subsidiary undertakings	30,348	20,236	-	-
Other debtors	698	659	-	-
Prepayments	98	148	-	-
	<b>31,144</b>	<b>21,043</b>	<b>-</b>	<b>-</b>

The deferred tax asset consists of the following amounts:

	2001 £'000	Profit and loss account £'000	2002 £'000
Decelerated capital allowances	310	(59)	251
Losses	166	(141)	25
	476	(200)	276

## 13 Creditors

	Amounts falling due within one year	
	2002 £'000	2001 £'000
<b>Group</b>		
Bank overdraft	-	1,102
Trade creditors	38,317	34,348
Corporation tax	4	-
Other taxes and social security	1,011	331
Other creditors	434	470
Accruals and deferred income	1,227	1,410
	<b>40,993</b>	<b>37,661</b>
<b>Company</b>		
Bank overdraft	-	200
Trade creditors	113	169
Amounts owed to subsidiary undertakings	45,461	35,797
Other taxes and social security	71	133
Other creditors	10	2
Accruals and deferred income	168	209
	<b>45,823</b>	<b>36,510</b>

## 14 Provisions for Liabilities and Charges

	Provision 2001 £'000	Profit and loss account £'000	Provision 2002 £'000
<b>Company</b>			
Deferred taxation – accelerated capital allowances	92	90	<b>182</b>

Deferred taxation represents a corporation tax charge of 30% deferred by capital allowances and adjustments for short term timing differences. To the extent that it is an asset it represents the amount of tax credit available within the foreseeable future. Timing differences in respect of capital allowances will reverse at various periods over the next 5 years. The asset is shown in debtors note 12.

## 15 Share Capital

	No. of shares	£'000
Authorised: Ordinary shares of 2p each		
<b>At 31st March 2001 and 2002</b>	<b>195,000,000</b>	<b>3,900</b>
Allotted, called up and fully paid		
At 31st March 2001	162,471,066	3,249
Share options exercised	39,956	1
<b>At 31st March 2002</b>	<b>162,511,022</b>	<b>3,250</b>

Options over ordinary shares in the company have been granted and dealt with as follows as at 31st March 2002:

Date of grant	Options over ordinary shares					Exercise price	Latest exercise date
	Granted	Lapsed	Exercised prior years	Exercised this year	Outstanding		
19.02.92	2,265,000	(210,000)	(2,055,000)	–	–	31.555p	15.11.01
06.11.98	462,631	(462,631)	–	–	–	45.000p	31.07.02
06.11.98	503,850	(455,100)	–	–	48,750	45.000p	31.07.04
19.08.99	255,936	(244,635)	–	–	11,301	36.000p	31.03.03
19.08.99	208,125	(198,750)	–	–	9,375	36.000p	31.03.05
10.08.00	1,368,016	(476,784)	–	–	891,232	11.500p	31.03.04
10.08.00	903,907	(458,955)	–	(39,956)	404,996	11.500p	31.03.06
10.08.01	1,055,485	(76,172)	–	–	979,313	11.700p	31.03.05
10.08.01	1,185,565	(115,383)	–	–	1,070,182	11.700p	31.03.07
03.09.01	4,150,000	(700,000)	–	–	3,450,000	11.000p	02.09.11

The market price of the shares at 31st March 2002 was 22.0p with a range in the year of 9.5p to 26.5p.

**16 Reserves**

	Share premium account £'000	Profit and loss account £'000
<b>Group</b>		
At 31st March 2001	806	(10,668)
Share options exercised	3	–
Profit for year	–	1,206
<b>At 31st March 2002</b>	<b>809</b>	<b>(9,462)</b>

Aggregate goodwill written off directly to profit and loss account at 31st March 2002 amounted to £28,123,000 (2001 – £28,123,000).

	Share premium account £'000	Profit and loss account £'000
<b>Company</b>		
At 31st March 2001	806	(2,024)
Share options exercised	3	–
Profit for year	–	5,275
<b>At 31st March 2002</b>	<b>809</b>	<b>3,251</b>

**17 Movements in Shareholders' Funds**

	2002 £'000	2001 £'000
Retained profit/(loss) for the financial year	1,206	(921)
New share capital issued	4	–
Net movement in shareholders' funds	1,210	(921)
Opening shareholders' funds	(6,613)	(5,692)
Closing shareholders' funds	(5,403)	(6,613)

**18 Reconciliation of Operating Profit to Net Cash Flow from Operating Activities**

	2002 £'000	2001 £'000
Operating profit/(loss)	38	(3,149)
Depreciation	1,701	1,595
Amortisation of goodwill	48	–
(Profit)/loss on sale of tangible fixed assets	(3)	32
Net loan book investment	(3,321)	(228)
(Increase)/decrease in stocks	(95)	113
(Increase)/decrease in debtors	(1,817)	4,237
Increase in creditors	4,429	3,031
<b>Net cash inflows from operating activities</b>	<b>980</b>	<b>5,631</b>

## 19 Analysis of Changes in Net (Debt)/Funds

	At 31st March 2001 £'000	Cash flow £'000	At 31st March 2002 £'000
Cash and bank balances	5,884	(727)	5,157
Bank overdrafts	(1,102)	1,102	-
	4,782	375	5,157

## 20 Related Party Contracts

Home Foods Limited, a company in which Mr. Peter Johnson personally and through his beneficial interest in the KUS Pension Fund has a controlling interest, are tenants of a food manufacturing facility owned by Budworth Properties. Having experienced trading difficulties Home Foods Limited were in Administration at the date of this report.

Under the terms of the lease entered into on 30th April 2001, Home Foods Limited received a rent free period to 30th September 2001. From that date rent was set at £350,000 per annum to 10th March 2005 and from that date at £450,000 until the end of the lease on 10th March 2010. No amounts were received during the year and the amounts due to Budworth Properties have been appropriately provided against in the accounts.

## 21 Contingencies

The group has an obligation under a contract with a Country Hampers franchisee to buy back the franchise once notice has been given of a desire to surrender. The cost to the group if notice were to be given is presently estimated to be £483,000.

## 22 Capital Commitments

	2002 £'000	2001 £'000
<b>Group</b>		
For which contracts have been placed	214	244
<b>Company</b>		
For which contracts have been placed	-	10

## 23 Pensions

The group operates two defined benefit pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the company in trustee administered funds. Contributions to the schemes are determined by a qualified actuary on the basis of triennial valuations using either the projected unit or aggregate method. The most recent valuations were at 31st March 2001 for one scheme and 31st March 1999 for the other. The main assumptions used in the valuation of the liabilities of the first scheme were a real return on investments above general earnings inflation of 3.7% per annum and a real return above pension increases of 2.8% per annum. The corresponding assumptions for the second scheme were 0.4% per annum and 1.9% per annum respectively.

The pension charge for the year to 31st March 2002 was £330,000 (2001 – £580,000).

## 23 Pensions – continued

The most recent actuarial valuations showed that the combined market value of the two schemes' assets was £9,895,527, which represented 101% of the value of the benefits that had accrued to members after allowing for expected future increases in earnings.

The pension cost figures used in these accounts comply with the current pension cost accounting standard SSAP24. A new pension cost accounting standard, FRS17, must be used for the figures that will be shown in the accounts at 31st March 2002 and subsequent years. Under transitional arrangements the company is required to disclose the following information about the scheme and the figures that would have been shown under FRS17 in the current balance sheet. FRS17 requires full implementation by the year ended 31st March 2004.

Full actuarial valuations were carried out at 31st March 1999 (of the Park Food Group plc Pension Scheme) and at 31st March 2001 (of the Park Group Pension Scheme). Both valuations have been updated to 31st March 2002 by a qualified independent actuary. The major assumptions used by the actuary for the purposes of the FRS17 figures were:

	At 31st March 2002 (p.a.)
Rate of increase in salaries	2.8%
Rate of increase in deferred pensions	2.8%
Rate of increase in pensions in payment	
Pre '97 non-GMP	0.0%
Pre '88 GMP	0.0%
Post '88 GMP	2.8%
Post '97	2.8%
Discount rate	6.0%
Inflation assumption	2.8%

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31st March 2002 (p.a.)	Value At 31st March 2002 £000's
Equities	7.75%	5,055
Bonds	5.25%	3,921
Cash	4.00%	857
<b>Total market value of assets</b>		<b>9,833</b>
Present value of scheme liabilities		(10,202)
Deficit in the scheme		(369)
Related deferred tax asset		111
<b>Net pension liability</b>		<b>(258)</b>

The company has agreed with the Trustees of the Park Group Pension Scheme to pay contributions of 9% of members' scheme salaries to that scheme. These rates will be subject to review at the date of the next certification of the MFR schedule of contributions.

No further contributions are currently required to be paid to the Park Food Group plc Pension Scheme.

# NOTICE OF MEETING

Notice is hereby given that the nineteenth annual general meeting of Park Group plc will be held in The Prentonian Suite, Tranmere Rovers Football Club Limited, Prenton Park, Prenton Road West, Birkenhead CH42 9PN on Tuesday, 24th September 2002, at 12 noon for the following purposes:

- 1 To receive and adopt the report and accounts for the year ended 31st March 2002.
- 2 To re-elect P. R. Johnson who retires by rotation and offers himself for re-election.
- 3 To re-elect C. Houghton who retires by rotation and offers himself for re-election.
- 4 To re-appoint KPMG Audit Plc as auditors and to authorise the directors to agree their remuneration.

Valley Road  
Birkenhead CH41 7ED  
19th July 2002

By order of the board  
**J. E. Evans**  
Secretary

## Notes:

- 1 A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him. A proxy need not be a member of the company. A form of proxy is enclosed for use by shareholders.
- 2 The register of directors' interests kept by the company in accordance with section 325 of the Companies Act 1985 will be available for inspection at the annual general meeting.