

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2003

	notes	2003		2002	
		£'000	£'000	£'000	£'000
Turnover	1				
Continuing operations		192,876		197,952	
Continuing operations – acquisitions		844		–	
Discontinued operations		–		212	
			193,720		198,164
Cost of sales			(180,077)		(186,280)
Gross profit			13,643		11,884
Distribution costs			(1,671)		(1,696)
Administrative expenses			(10,161)		(9,999)
Operating profit	2				
Continuing operations			1,631		452
– before amortisation of goodwill			1,680		500
– amortisation of goodwill			(49)		(48)
Acquisitions			180		–
– before amortisation of goodwill			208		–
– amortisation of goodwill			(28)		–
Discontinued operations			–		(263)
			1,811		189
Loss on disposal of business			–		(151)
Profit on ordinary activities before interest			1,811		38
Investment income	4		1,331		1,768
Interest payable	5		(30)		–
Profit on ordinary activities before taxation	1		3,112		1,806
Taxation	6		(1,007)		(600)
Profit on ordinary activities after taxation			2,105		1,206
Dividends	7		(1,219)		–
Retained profit for the financial year	17		886		1,206
Earnings per share – basic	7		1.30p		0.74p
– diluted			1.27p		0.74p

There were no recognised gains or losses other than those stated above. There is no difference between the profit reported above and the historical cost equivalent.

BALANCE SHEETS

as at 31 March 2003

	notes	Group		Company	
		2003 £'000	2002 £'000	2003 £'000	2002 £'000
Fixed assets					
Intangible assets	8	1,530	437	–	–
Tangible assets	9	10,220	10,204	2,085	2,614
Investments	10	2	2	15,518	14,313
		11,752	10,643	17,603	16,927
Current assets					
Stocks	11	1,768	1,445	–	–
Debtors – due within one year	12	22,020	18,069	38,836	31,144
– due in more than one year		50	276	–	–
Cash and bank balances		7,894	5,157	7,964	5,244
		31,732	24,947	46,800	36,388
Creditors – amounts falling due within one year	13	(47,994)	(40,993)	(55,988)	(45,823)
Net current liabilities		(16,262)	(16,046)	(9,188)	(9,435)
Total assets less current liabilities		(4,510)	(5,403)	8,415	7,492
Provisions for liabilities and charges	14	–	–	(147)	(182)
Net (liabilities)/assets		(4,510)	(5,403)	8,268	7,310
Capital and reserves					
Called up share capital	15	3,251	3,250	3,251	3,250
Share premium account	16	815	809	815	809
Profit and loss account	16	(8,576)	(9,462)	4,202	3,251
Equity shareholders' (deficits)/funds		(4,510)	(5,403)	8,268	7,310

Approved by the board of directors and signed on its behalf on 5 June 2003

P R Johnson
Chairman

GROUP CASH FLOW STATEMENT

for the year ended 31 March 2003

	notes	2003		2002	
		£'000	£'000	£'000	£'000
Net cash inflows from operating activities	18		5,223		980
Returns from investments and servicing of finance					
Interest received		1,331		1,739	
Interest paid		(30)		–	
Net cash inflow from investments and servicing of finance			1,301		1,739
Corporation tax paid			(443)		(232)
Capital expenditure					
Purchase of intangible fixed assets		–		(485)	
Purchase of tangible fixed assets		(1,619)		(2,119)	
Sale of tangible fixed assets		192		488	
Net cash outflow for capital expenditure			(1,427)		(2,116)
Acquisitions and disposals	19		(1,924)		–
Net cash inflow before financing			2,730		371
Financing					
Issue of ordinary share capital			7		4
Increase in cash in the period	20		2,737		375

ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared under the historical cost convention and comply with applicable accounting standards. 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 31 March 2003. 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 1 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 – cash lending

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 based on historical non-redemption rates.

(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 the group does not trade or deal, are carried at their fair value. The group's policies and procedures regarding risk management are set out on page 15 of the directors' report.

NOTES TO THE ACCOUNTS

1 Segmental Analysis

	Continuing operations		Discontinued operations		Total	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Financial services – cash savings	172,591	173,602	–	–	172,591	173,602
Financial services – cash lending	8,077	5,581	–	–	8,077	5,581
Financial services – cash lending acquisitions	844	–	–	–	844	–
Marketing services	12,208	18,769	–	212	12,208	18,981
Third party sales	193,720	197,952	–	212	193,720	198,164
Cost of sales	(179,701)	(186,116)	–	(164)	(179,701)	(186,280)
Cost of sales – acquisitions	(376)	–	–	–	(376)	–
Distribution costs	(1,671)	(1,665)	–	(31)	(1,671)	(1,696)
Administrative expenses	(9,873)	(9,719)	–	(280)	(9,873)	(9,999)
Administrative expenses – acquisitions	(288)	–	–	(280)	(288)	–
Operating profit/(loss)	1,811	452	–	(263)	1,811	189
Financial services – cash savings	2,222	745	–	–	2,222	745
– before amortisation of goodwill	2,271	793	–	–	2,271	793
– amortisation of goodwill	(49)	(48)	–	–	(49)	(48)
Financial services – cash lending	140	(777)	–	–	140	(777)
Financial services – cash lending acquisitions	180	–	–	–	180	–
– before amortisation of goodwill	208	–	–	–	208	–
– amortisation of goodwill	(28)	–	–	–	(28)	–
Marketing services	(731)	484	–	(263)	(731)	221
Operating profit/(loss)	1,811	452	–	(263)	1,811	189
Loss on disposal of business	–	–	–	(151)	–	(151)
Profit/(loss) on ordinary activities before interest	1,811	452	–	(414)	1,811	38
Financial services – cash savings	5,400	4,104	–	–	5,400	4,104
Financial services – cash lending	(1,313)	(1,842)	–	–	(1,313)	(1,842)
Financial services – cash lending acquisitions	180	–	–	–	180	–
Marketing services	(1,155)	(42)	–	(414)	(1,155)	(456)
Profit/(loss) on ordinary activities before taxation	3,112	2,220	–	(414)	3,112	1,806
Financial services – cash savings	4,800	3,462	–	–	4,800	3,462
Financial services – cash lending	(8,390)	(7,380)	–	–	(8,390)	(7,380)
Financial services – cash lending acquisitions	1,378	–	–	–	1,378	–
Marketing services	(2,298)	(1,485)	–	–	(2,298)	(1,485)
Net liabilities	(4,510)	(5,403)	–	–	(4,510)	(5,403)

2 Operating Profit

	2003 £'000	2002 £'000
Costs and expenses include the following:		
Depreciation	1,742	1,701
Amortisation of goodwill	77	48
Staff costs (see note 3)	13,132	12,254
Auditors' remuneration – Group	71	71
– Company	14	14
Fees paid to the auditors and associates for non-audit services	84	9
Cash lending division charge for bad and doubtful debts	2,189	1,769

3 Staff Costs

	2003 £'000	2002 £'000
Group		
Wages and salaries	11,978	11,154
Social security costs	891	770
Other pension costs	263	330
	13,132	12,254
	Number	Number
Cash savings	227	208
Cash lending	136	99
Marketing services	513	601
Average number employed	876	908

Details of the emoluments of the directors of Park Group plc are set out in the remuneration report on pages 16 to 18.

4 Investment Income

	2003 £'000	2002 £'000
Interest receivable	1,329	1,768
Other	2	–
	1,331	1,768

5 Interest Payable

	2003 £'000	2002 £'000
Other interest payable	30	–

6 Taxation

	2003		2002	
	£'000	£'000	£'000	£'000
Corporation tax at 30% (2002 – 30%)	770		400	
Prior years adjustments	24		–	
Total current tax		794		400
Deferred tax movement in year	220		211	
Prior years adjustments	(7)		(11)	
Total deferred tax		213		200
		1,007		600

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

The differences are explained below:

	2003	2002
	£'000	£'000
Profit on ordinary activities before taxation	3,112	1,806
Expected tax charge at 30%	934	542
Effects of:		
Expenses not deductible for tax purposes (primarily non qualifying capital expenditure)	71	86
Tax on consolidation adjustment	3	–
Adjustments to tax charge in respect of prior periods	24	–
Capital gain covered by capital losses brought forward	(40)	(17)
Capital allowances in excess of depreciation	(220)	(78)
Utilisation of tax losses	–	(133)
Differences between net book value and tax written down value of assets acquired	22	–
Current tax charge for period	794	400

7 Dividends and Earnings Per Share

	2003	2002	2003	2002
	pence per share	pence per share		
Interim	0.25	–	406	–
Final	0.50	–	813	–
	0.75	–	1,219	–

The calculation of basic and diluted earnings per share is based on the profit on ordinary activities after taxation of £2,105,000 (2002 – £1,206,000) and on the weighted average number of shares, calculated as follows:

	2003	2002
Basic eps – weighted average number of shares	162,526,540	162,472,708
Diluting effect of employee share options	2,591,498	1,488,734
Diluted eps – weighted average number of shares	165,118,038	163,961,442

8 Intangible Assets

	Goodwill £'000
Group	
Cost	
At 31 March 2002	485
Additions	1,170
At 31 March 2003	1,655
Amortisation	
At 31 March 2002	48
Charge for year	77
At 31 March 2003	125
Net book amount	
At 31 March 2003	1,530
At 31 March 2002	437

A cash consideration of £743,000 was paid during the year to acquire goodwill, assets and liabilities of Cable Cashpoint and a cash consideration of £1,181,000 was paid during the year to acquire the share capital of Cheshire Securities Ltd. Details of the assets, liabilities and goodwill arising on these transactions are given in note 19.

9 Tangible Assets

	Land and buildings £'000	Equipment and fixtures £'000	Motor vehicles £'000	Total £'000
Group				
Cost				
At 31 March 2002	11,129	13,225	934	25,288
Additions	105	1,075	438	1,618
Acquisitions	85	66	141	292
Disposals	(72)	–	(306)	(378)
At 31 March 2003	11,247	14,366	1,207	26,820
Depreciation				
At 31 March 2002	6,376	8,224	484	15,084
Charge for year	107	1,400	235	1,742
Disposals	–	–	(226)	(226)
At 31 March 2003	6,483	9,624	493	16,600
Net book amount				
At 31 March 2003	4,764	4,742	714	10,220
At 31 March 2002	4,753	5,001	450	10,204

9 Tangible Assets – continued

	2003	2002		
	£'000	£'000		
Freehold property	4,739	4,725		
Short leasehold property	25	28		
	4,764	4,753		
Land and buildings include:				
At cost – land	102	174		
– buildings	11,145	10,955		
	11,247	11,129		
	Land and buildings £'000	Equipment and fixtures £'000	Motor vehicles £'000	Total £'000
Company				
Cost				
At 31 March 2002	30	5,496	284	5,810
Additions	–	85	–	85
Disposals	–	–	(35)	(35)
Group transfers	–	2	–	2
At 31 March 2003	30	5,583	249	5,862
Depreciation				
At 31 March 2002	2	3,031	163	3,196
Charge for year	4	559	37	600
Disposals	–	–	(26)	(26)
Group transfers	–	1	6	7
At 31 March 2003	6	3,591	180	3,777
Net book amount				
At 31 March 2003	24	1,992	69	2,085
At 31 March 2002	28	2,465	121	2,614

10 Investments

	Other investments £'000
Group	
Cost	
At 31 March 2002 and 2003	2
Net book amount	
At 31 March 2002 and 2003	2

10 Investments – continued

	Shares in subsidiary undertakings £'000	Other investments £'000	Total £'000
Company			
Cost			
At 31 March 2002	20,725	2	20,727
Additions	1,205	–	1,205
At 31 March 2003	21,930	2	21,932
Provisions			
At 31 March 2002 and 2003	6,414	–	6,414
Net book amount			
At 31 March 2003	15,516	2	15,518
At 31 March 2002	14,311	2	14,313

At 31 March 2003 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
Link Brand Solutions Limited (formerly Jetlag International Limited)	Branded toiletries and retail gift sets
Consus Contact Management Limited (formerly Park Online Limited)	Marketing services
Park Direct Credit Limited	Weekly collected credit
Park Fast Cash Limited	Cheque encashment
Cheshire Securities Limited	Weekly collected credit

All the above companies were directly held wholly owned subsidiary undertakings of the parent company except in the case of Link Brand Solutions Limited where the parent company's direct holding represented 70% (2002 – 70%) and subsidiary undertakings direct holdings represented 30% of its issued share capital.

All the above companies are registered in England.

11 Stocks

	2003 £'000	2002 £'000
Group		
Raw materials	1,067	842
Goods for resale	701	603
	1,768	1,445

12 Debtors

	Due within one year		Due in more than one year	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Group				
Trade debtors	16,716	13,232	–	–
Other debtors	517	481	–	–
Prepayments	4,773	4,356	–	–
Deferred tax	14	–	50	276
	22,020	18,069	50	276
Company				
Amounts owed by subsidiary undertakings	38,519	30,348	–	–
Other debtors	205	698	–	–
Prepayments	112	98	–	–
	38,836	31,144	–	–

The deferred tax asset consists of the following amounts:

	2002 £'000	Profit and loss account £'000	Acquisitions £'000	2003 £'000
Decelerated capital allowances	251	(213)	1	39
Losses	25	–	–	25
	276	(213)	1	64

13 Creditors

	Amounts falling due within one year	
	2003 £'000	2002 £'000
Group		
Trade creditors	43,103	38,317
Corporation tax	403	4
Other taxes and social security	916	1,011
Proposed dividend	1,219	–
Other creditors	971	434
Accruals and deferred income	1,382	1,227
	47,994	40,993
Company		
Trade creditors	106	113
Corporation tax	9	–
Amounts owed to subsidiary undertakings	54,504	45,461
Other taxes and social security	41	71
Proposed dividend	1,219	–
Other creditors	70	10
Accruals and deferred income	39	168
	55,988	45,823

14 Provisions for Liabilities and Charges

	Provision 2002 £'000	Profit and loss account £'000	Provision 2003 £'000
Company			
Deferred taxation – accelerated capital allowances	182	(35)	147

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 4 years. The group asset is shown in debtors note 12.

15 Share Capital

	No of shares	£'000
Authorised: Ordinary shares of 2p each		
At 31 March 2002 and 2003	195,000,000	3,900
Allotted, called up and fully paid		
At 31 March 2002	162,511,022	3,250
Share options exercised	61,366	1
At 31 March 2003	162,572,388	3,251

Options over ordinary shares in the company have been granted and dealt with as follows as at 31 March 2003:

Date of grant	Options over ordinary shares					Exercise price	Latest Exercise date
	Granted	Lapsed	Exercised prior years	Exercised this year	Outstanding		
06.11.98	503,850	(470,850)	–	–	33,000	45.00p	31.07.04
19.08.99	255,936	(255,936)	–	–	–	36.00p	31.03.03
19.08.99	208,125	(208,125)	–	–	–	36.00p	31.03.05
10.08.00	1,368,016	(620,411)	–	(36,641)	710,964	11.50p	31.03.04
10.08.00	903,907	(458,955)	(39,956)	–	404,996	11.50p	31.03.06
10.08.01	1,055,485	(197,648)	–	(14,307)	843,530	11.70p	31.03.05
10.08.01	1,185,565	(396,308)	–	(10,418)	778,839	11.70p	31.03.07
03.09.01	4,150,000	(1,600,000)	–	–	2,550,000	11.00p	02.09.11
06.08.02	388,170	(38,000)	–	–	350,170	20.00p	31.03.06
06.08.02	254,870	–	–	–	254,870	20.00p	31.03.08
17.01.03	2,650,000	(150,000)	–	–	2,500,000	21.83p	16.01.13

The market price of the shares at 31 March 2003 was 16.0p with a range in the year of 15.5p to 25.5p.

16 Reserves

	Share premium account £'000	Profit and loss account £'000
Group		
At 31 March 2002	809	(9,462)
Share options exercised	6	–
Profit for year	–	886
At 31 March 2003	815	(8,576)

Aggregate goodwill written off directly to profit and loss account at 31 March 2003 amounted to £28,123,000 (2002 – £28,123,000).

	Share premium account £'000	Profit and loss account £'000
Company		
At 31 March 2002	809	3,251
Share options exercised	6	–
Profit for year	–	951
At 31 March 2003	815	4,202

17 Movements in Equity Shareholders' Deficits

	2003 £'000	2002 £'000
Profit for the financial year	2,105	1,206
Dividends	(1,219)	–
Retained profit for the financial year	886	1,206
New share capital issued	7	4
Net movement in equity shareholders' deficits	893	1,210
Opening equity shareholders' deficits	(5,403)	(6,613)
Closing equity shareholders' deficits	(4,510)	(5,403)

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

	2003 £'000	2002 £'000
Operating profit	1,811	38
Depreciation	1,742	1,701
Amortisation of goodwill	77	48
Profit on sale of tangible fixed assets	(165)	(3)
Net loan book investment	(5,052)	(3,321)
Increase in stocks	(319)	(95)
Decrease/(increase) in debtors	1,827	(1,817)
Increase in creditors	5,302	4,429
Net cash inflows from operating activities	5,223	980

19 Acquisitions

	Cable Cashpoint £'000	Cheshire Securities £'000
Net assets acquired:		
Tangible fixed assets	62	230
Stocks	–	4
Debtors	154	433
Creditors	–	(130)
Deferred taxation	–	1
	216	538
Goodwill	527	643
	743	1,181
Satisfied by:		
Cash	743	1,181

Cash of £24,000 was acquired as part of the Cheshire Securities acquisition. All assets were acquired at fair value.

20 Analysis of Changes in Net Funds

	At 31 March 2002 £'000	Cash flow £'000	At 31 March 2003 £'000
Cash and bank balances	5,157	2,737	7,894

21 Related Party Contracts

Home Foods Limited, a company in which Mr Peter Johnson personally and through his beneficial interest in the KUS Pension Fund had a controlling interest, were tenants of a food manufacturing facility owned by Budworth Properties. Having experienced trading difficulties Home Foods Limited was liquidated during the year.

All amounts due to Budworth Properties have been appropriately provided against in the accounts.

22 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 £478,000.

23 Capital Commitments

	2003 £'000	2002 £'000
Group		
For which contracts have been placed	125	214
Company		
For which contracts have been placed	4	–

24 Pensions

The group operates two defined benefit pension schemes, Park Food Group plc Pension Scheme ('PF') and Park Group Pension Scheme ('PG'), 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 the projected unit method. The most recent valuations were at 31 March 2001 for the PG scheme and 31 March 2002 for the PF scheme. The main assumptions used in the valuation of the liabilities for the PF scheme were a real return on investments above the allowance for inflation prior to retirement of 2.4% per annum and a real return above pension increases of 2.6% per annum. The main assumptions for the PG 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 pension charge for the year to 31 March 2003 was £263,000 (2002 – £330,000).

The most recent actuarial valuations showed that the combined market value of the two schemes' assets was £9,905,000, which represented 98% 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.

Under transitional arrangements the company is required to disclose the following information about the scheme and the figures that would have been shown under FRS 17 in the current balance sheet. FRS 17 requires full implementation by the year ended 31 March 2006.

Full actuarial valuations were carried out at 31 March 2002 (of the PF scheme) and at 31 March 2001 (of the PG scheme). Both valuations have been updated to 31 March 2003 by a qualified independent actuary. The major assumptions used by the actuary for the purposes of the FRS 17 figures were:

	31 March 2003	31 March 2002
Discount rate	5.4%	6.0%
Rate of increase in pensionable salaries	2.2%	2.8%
Inflation assumption	2.2%	2.8%
Rate of increase in pensions in payment (where applicable)	2.2%	2.8%

	31 March 2003		31 March 2002	
	Long-term expected rate of return %	Value £'000	Long-term expected rate of return %	Value £'000
Assets				
Equities	8.00	3,645	7.75	5,055
Bonds	4.50	2,620	5.25	3,921
Property	8.00	61	7.50	–
Cash	4.50	896	4.00	857
Total market value of assets		7,222		9,833
Present value of liabilities		(9,345)		(10,202)
Deficit in the scheme		(2,123)		(369)
Related deferred tax liability		637		111
Net pension liability		(1,486)		(258)

Liabilities and corresponding assets arising from Additional Voluntary Contributions have been ignored as the benefit is matched by insurance policies.

Analysis of the amount which would have been charged to operating profit is:

	£'000
Current service cost*	230
Past service cost	–
Total operating charge	230

* This includes death in service benefits, and reflects premiums due where the benefit is insured.

Analysis of the amount which would have been included in other finance charges is:

	£'000
Expected return on pension scheme assets	551
Interest on pension scheme liabilities	(557)
Other finance charges	(6)

Analysis of amount to be recognised in the Statement of Total Recognised Gains and Losses (STRGL):

	£'000
Actual return less expected return on pension scheme assets	(2,020)
Experience gains and losses arising on pension scheme liabilities	448
Changes in assumptions underlying the present value of the scheme liabilities	(209)
Actuarial loss recognised in STRGL	(1,781)

An analysis of the movement in deficit over the period:

	£'000
Deficit in the scheme at 1 April 2002	(369)
Current service cost	(376)
Contributions paid	409
Past service cost	–
Other financing charges	(6)
Settlements and curtailments	–
Actuarial losses	(1,781)
Deficit in the scheme at 31 March 2003	(2,123)

History of experience gains and losses over the period:

	£'000
Difference between the expected and actual return on scheme assets:	
Amount	(2,020)
Value of assets	7,222
Percentage of scheme assets	(28%)
Experience gains and losses on scheme liabilities:	
Amount	448
Present value of liabilities	9,345
Percentage of present value of scheme liabilities	5%
Total amount recognised in Statement of Total Recognised Gains and Losses:	
Amount	(1,781)
Present value of liabilities	9,345
Percentage of present value of scheme liabilities	(19%)

The company has agreed with the Trustees of the Park Group Pension Scheme to pay contributions of 10% of members' scheme salaries to that scheme from 1 April 2003. Previously this contribution was 9%. These rates will be subject to review at the date of the next certification of the MFR schedule of contributions. The benefits to members have also been reduced with effect from 1 April 2003.

From 1 June 2003 the company is contributing £500 per month to the Park Food Group plc Pension Scheme. No contributions were made in the year to 31 March 2003.

NOTICE OF MEETING

Notice is hereby given that the twentieth 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, 23 September 2003, at 12 noon for the following purposes:

- 1 To receive and adopt the report of the directors and the audited financial statements for the year ended 31 March 2003.
- 2 To declare a final dividend.
- 3 To approve the remuneration report of the directors.
- 4 To re-elect G A Woods who retires by rotation and offers himself for re-election.
- 5 To re-elect A Wright who retires by rotation and offers himself for re-election.
- 6 To re-appoint KPMG Audit Plc as auditors and to authorise the directors to agree their remuneration.
- 7 Special Business
To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

‘That the general and unconditional authority for the purpose of section 80 of the Companies Act 1985 to allot, grant options over or otherwise dispose of relevant securities given to the directors under Article 5 of the Articles of Association of the company be renewed for a term of five years expiring on 22 September 2008 and that such authority be limited to a maximum nominal amount of relevant securities equal to the amount of the authorised share capital of the company from time to time unissued during the period of this authority’.

Valley Road
Birkenhead CH41 7ED
18 July 2003

By order of the board
P R Johnson
Chairman

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.



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