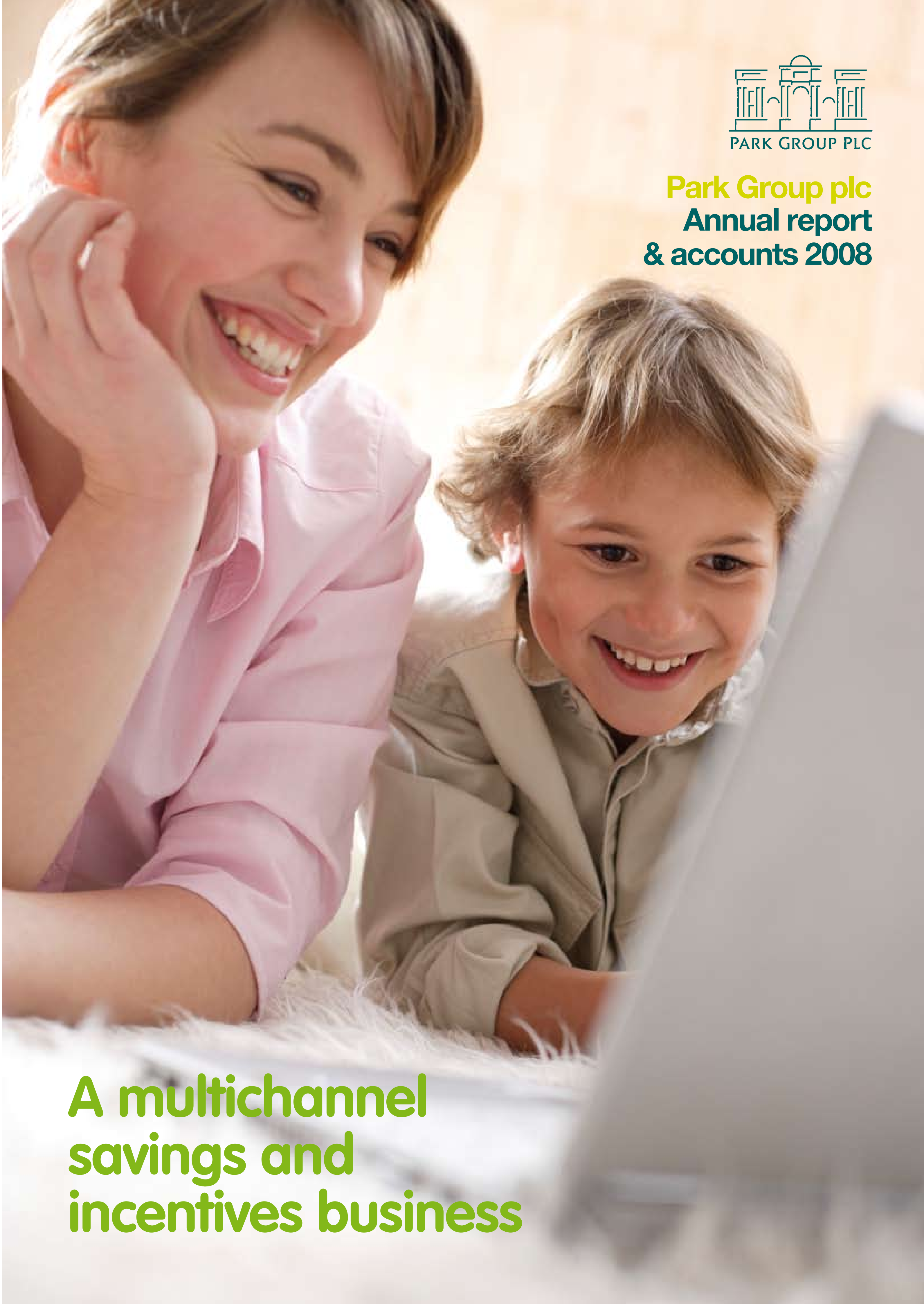


PARK GROUP PLC

Park Group plc Annual report & accounts 2008

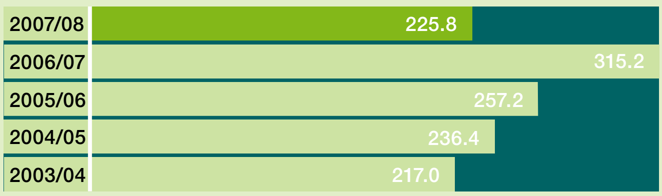
A multichannel savings and incentives business

Contents

Highlights

- → Earnings per share up 10.5% to 2.85p
- → Christmas 2008 orders up 17%
- → Corporate vouchers operating profit up 11% to £3.4m
- → Improved customer protection provided via trust accounts
- → Cash balances strong
- → No group borrowings
- → Dividend for the year maintained

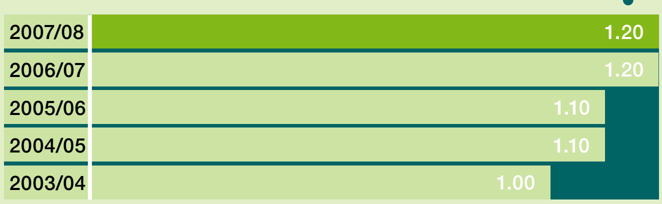
Group revenue (£million) **£225.8m**



Profit before taxation (£million) **£4.5m**

Total basic earnings per share (pence) **2.85p**

Dividends per share (pence) **1.20p**



Chairman's Statement

The saving concept is still very strong and during periods of economic uncertainty and inflationary pressures, our company provides an easy and convenient solution to help families plan for Christmas and avoid debt at an expensive time of year.

I am pleased to report that the group has performed in line with expectations, in this our fortieth year of trading, and we are well placed for our progressive plans for 2008.

During the year we have made substantial progress with web enabling our business and this has been a key area of focus in both the Christmas savings market and corporate voucher sales. Our online community is steadily developing as we add new products and services to our portfolio. Our existing customer database is growing, and our e-mail database is growing rapidly.

The popularity of the web amongst our target audiences is encouraging and is not only changing the way in which we operate, but also opening new markets, allowing us to market new products more effectively and to attract and communicate with new customers.

During the year we re-launched our online voucher shop, www.highstreetvouchers.com, ensuring that it operates with improved functionality and a broader product range. We sell our own High Street Gift Vouchers and a range of third party voucher products as well as an exciting range of 'gift experiences'.

In May 2007 we launched www.myparkmag.co.uk, an online magazine that targets audiences who fit our customers' demographic profile whilst being a vehicle to advertise our own product range. The magazine is attracting more than 325,000 unique visitors per month.

A combination of our television advertising, internet based brand awareness, recruitment campaigns and the introduction of trust arrangements established to enable our customers to save with confidence, has helped to produce the most successful marketing package in the company's 40 year history. We received record numbers of enquiries and catalogue requests during the year, and recruited 47,000 new agents, up 20 per cent on the prior year.

Christmas savings orders for Christmas 2008 have shown a healthy recovery after the disappointing decline last year following the collapse of a major competitor. On 13 August 2007, we acted quickly to restore customer confidence in our product by empowering the Park Prepayments Protection Trust to hold payments received from agents. These trust arrangements established in conjunction with the Department for Business Enterprise and Regulatory Reform, have improved the protection provided for our customers' savings.

Revenue for Christmas 2007 was down compared with the previous year reflecting the well documented loss of confidence in the Christmas savings industry last year. Actions we have taken to improve the protection provided to our customers have clearly been recognised and reflected in the success, to date, of our current Christmas 2008 recruitment campaign where orders for Christmas 2008 have increased by 17 per cent on last year.

Group profit after tax improved by 10.9 per cent to £4.7m (2007 – £4.2m) and earnings per share improved to 2.85 pence from 2.58 pence. Group revenue from continuing operations fell as expected, down by 26.3 per cent to £225.1m. Profit before tax for continuing activities reduced to £5.2m from £10.1m for the prior year.

The directors are recommending an unchanged dividend of 0.80p per share payable on 1 October 2008 to shareholders on the register on 1 August 2008, making a total distribution of 1.20p per share for the year.

Following our exit from lending activities, we are reporting the continuing results of the group under two segments, Christmas savings and corporate vouchers.

The development of our web based activities has continued with a number of successes. This year, 90 per cent of enquiries were received via the web with 29 per cent of all orders being placed via this route. This, along with the successful introduction of new e-mail and telecommunications technology last year, has helped to reduce operational costs whilst providing our agents with a more flexible way of trading with us. As a result, the retention level of existing agents has improved to an impressive 87.13 per cent (2007– 60.1 per cent).

Our online voucher shop, www.highstreetvouchers.com, which sells vouchers direct to customers, has more than doubled its sales year on year to £2.3m, and saw transactions increase by 259 per cent. It is pleasing to note that this positive trend is continuing with sales in the first two periods of 2008/09 again doubling those of the same period last year.

This year, 90 per cent of enquiries were received via the web.

Corporate sales of our High Street Gift Vouchers continued to perform well, with revenue from the incentive market increasing by 14.2 per cent to £53.9m. This growth was offset by changes in the historical business sectors where the recently imposed smoking ban and an increased presence of online providers impacted on the traditional bingo halls, and a change of canvassing strategy in the home collected credit (HCC) industry has also had an adverse impact on sales volumes.

Our sales to other Christmas savings businesses also declined last year as they themselves were impacted by the loss of customer confidence. However, returning confidence has helped their orders for Christmas 2008 to recover which will have a positive impact on our revenue in this financial year. The factors above have resulted in an overall reduction in corporate voucher volumes of 7.7 per cent to £82m. However, operating profit from this segment has improved year on year by 11 per cent to £3.4m.

The conditional contract for the disposal of surplus land situated at Dock Road North, Birkenhead, Merseyside, announced on 26 January 2006, has been terminated. The company continues to market the land which has conditional planning permission for 74 residential units subject only to the completion of a section 106 agreement.

I am also delighted to announce the appointment of John Dembitz to the board as non-executive director on 8 May 2008. John has many years of experience and will be a great asset as we seek to develop the business in 2008 and beyond.

Outlook

Our experience this year demonstrates that there are opportunities to expand our businesses organically and that customers value our products and services. The saving concept is still very strong and during periods of economic uncertainty and inflationary pressures, our company provides an easy and convenient solution to help families plan for Christmas and avoid debt at an expensive time of year. The expansion of our product range offered to corporate voucher customers will provide a cost effective way for our growing customer base to incentivise customers and staff during difficult economic conditions. The use of the internet will not only enable us to communicate more effectively with our existing customers but also reach new customers and open new markets as demonstrated by the success of our online voucher shop, www.highstreetvouchers.com.

The board of Park believes that the outlook for the current year remains encouraging following the success of this year's Christmas savings recruitment campaign and the continued development of our corporate voucher business.

I would like to thank our staff for their continued hard work and commitment.

Peter Johnson
Chairman
23 June 2008

Operational Review

Our online magazine www.myparkmag.co.uk now attracts more than 325,000 unique visitors per month.

Online marketing

The development of our online marketing has been an area of focus in both the Christmas savings market and corporate voucher sales. Our online community is steadily developing as we add new products and services to our portfolio. Our traditional customer base and our e-mail database are now rapidly growing.

During the year we have re-launched our online voucher shop, www.highstreetvouchers.com, ensuring that it now operates with improved functionality and a broader product range. We now sell our own High Street Gift Vouchers and a range of third party voucher products as well as an exciting range of 'gift experiences'.

We are very aware of the importance of maintaining good communication with our customers. This year we have introduced online catalogues which are e-mailed to customers, as well as improving the way we deal with e-mail traffic.

In May 2007 we launched www.myparkmag.co.uk, an online magazine which targets audiences who fit our customers' demographic profile. The magazine, which contains news, gossip, competitions and information about Park Group products, now attracts more than 325,000 unique visitors per month. It is used to advertise our own product range as well as carrying third party advertising.

In the past year we launched our Love2reward website which is aimed at corporate customers. This site is driving enquiries for our field based sales team and enquiries via this method have more than doubled our levels prior to the launch. This month we also launched our Love2choose pre-paid card which provides an improved range of redemption options for corporate incentive customers. The Love2choose card can be used to purchase vouchers or a range of products from our Love2choose website.

We have also converted our travel voucher into a pre-paid card. These cards can now be used to purchase holidays from our call centre based travel agency.

In the incentive market we launched our virtual incentive points (VIP) system. VIP is an online system that enables our customers to operate a points based incentive system by purchasing points which can then be awarded to staff as a reward for good performance. These points can be exchanged for vouchers or a range of selected products.

Our new web based developments have been produced by our own in-house design and marketing team made up of web developers, graphic designers, search engine specialists and our marketing department.

The popularity of the web amongst our target audiences is very encouraging and is not only changing the way we operate but also opening new markets, providing the ability to market new products effectively and to attract and communicate with new customers.

Christmas savings

As expected, revenue for Christmas 2007 was below last year, following the well documented loss of customer confidence in the industry. Total revenue amounted to £143.5m, 33.8 per cent below that which was achieved during the previous year. Operating profit fell from £5.1m to £0.7m, reflecting the reduced levels of activity and the cost of establishing improved protection for customers via trust account arrangements.

Although agent numbers fell to 94,000 from 116,000 for the previous year and customer numbers fell to 398,000 from 612,000, our customer average order value increased by 3.9 per cent to £355.

Revenue in the Christmas savings business continues to be dominated by voucher sales which accounted for 90.5 per cent (2007 – 91.3 per cent) of the total at £114m (2007 – £167m). Hamper revenue at £10.5m (2007 – £13.5m) accounted for 7.6 per cent (2007 – 6.6 per cent) of Christmas savings revenue. Other gift products accounted for 1.9 per cent (2007 – 2.1 per cent) of revenue at £2.6m (2007 – £4.3m).

Web developments continue to benefit the business. www.highstreetvouchers.com continued to provide increased revenue with sales achieving £2.3m, more than double last year's £1m.

We have worked hard during the year to restore customer confidence in the industry and to explore new ways to recruit customers. Customer service is a key focus and we have invested in new outbound telephony systems to help our customer care process. This year we have also enhanced our interactive voice recognition (IVR) systems to allow agents to check account balances and make payments over the telephone.

A combination of our television and internet based brand awareness and recruitment campaign and the introduction of trust account arrangements, has helped to produce the most successful marketing package in the company's 40 year history. We received record numbers of enquiries and catalogue requests during the year and recruited 47,000 new agents, up 20 per cent on the prior year.

Currently we have orders from 102,000 agents with 442,000 customers (2007 – agents 94,000, customers 398,000). Total Christmas orders are currently 17 per cent ahead of last year at this stage.

Corporate vouchers

Although the largest single market for our High Street Gift Vouchers remains the Christmas savings market, our corporate voucher business has continued to make progress during the year.

Revenue for the year at £81.6m was 7.7 per cent below last year's £88.4m. Operating profit improved by 11 per cent to £3.4m from £3.1m the prior year.

Revenue from the incentive market increased by 14.2 per cent to £53.9m. This growth was offset by reductions in other markets. Revenue from third party Christmas savings businesses reduced by £8.1m (49 per cent) following the market issues last year which also impacted on our Christmas business. Sales to the bingo industry reduced by £0.6m (22 per cent), reflecting a decline in activity following the introduction of the smoking ban and the increased popularity of online bingo. A change in canvassing strategy in the HCC industry reduced volumes to this market by £4.8m (17 per cent).

Our corporate customer base has increased by 32 per cent to 3,550 customers. The introduction of new products to support the development of our incentive business such as the online VIP system in addition to the Love2choose and Love2travel pre-paid cards will help to broaden the appeal of our products to a wider range of customers.

Discontinued operations

The exit from the lending business was completed with the closure of the mortgage and secured lending business Imagine Finance in June 2007. During the year we have continued to collect at a satisfactory rate the small residual Park Direct Credit loan book, which had a carrying value of £0.2m as at 31 March 2008.

Risk factors

The group's business, financial condition and/or results of operations could be materially and adversely affected by any of the risks described below. In such cases, the market price of the ordinary shares may decline and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the directors, or that the directors currently deem immaterial, may also have an adverse affect on the group. The directors consider the following risks to be the most significant for investors in the company and all the material risks known to them at this time. The risks listed do not necessarily comprise all those associated with an investment in the company and are not set out in order of priority.

Our online voucher shop www.highstreetvouchers.com has more than doubled its sales year on year.

Operational Review
continued

1. General risk factors

Investment risk
Potential investors should be aware that the value of shares can rise or fall. The ability of an investor to sell ordinary shares will depend on there being a willing buyer for them at an acceptable price. Consequently it might be difficult for an investor to realise their investment in the company and the investor may lose all of their investment.

Attraction and retention of key employees
The group depends on its directors and other key personnel. The loss of the services of any directors or other key employees could damage the company's business, financial condition and results of operations.

Economic
General public confidence about the future economic conditions or the performance of the group may impact on the ability/desire to trade with the company or its subsidiaries and result in a downturn in customer demand.

Political
Political risks caused by unrest or uncertainty, activity by public interest groups or extremists can impact on the corporate reputation of the group and could potentially result in a downturn in demand for the group's products and services.

Legislation
The introduction of new laws and regulations in relation to health and safety, employment rights, working time, insurance and other areas related to the business of the continuing group could increase the costs associated with providing the services provided by the continuing group. Such increased costs may not be recoverable from customers in whole or in part.

Taxation
Changes in the current UK taxation legislation including corporate, personal, capital and indirect taxation could have an adverse effect on the company's business, financial condition and results of operations. Such changes may affect the taxation liabilities of ordinary shareholders in relation to the ordinary shares. The effective tax rate paid by the continuing group may be increased by a number of factors including changes in law and accounting standards and the continuing group's overall approach to such matters.

2. Risks relating to the continuing group

Reputation
The company is vulnerable to adverse market perception in respect of its products and services. Adverse commentary in relation to the group could result in a downturn in demand for its products and services.

Disruption to the banking system
Any disruption to the banking system would adversely impact on the company's ability to collect payments from customers and could adversely affect the group's cash position.

Pensions
The group operates two final salary pension schemes. As at 31 March 2008 the deficit in respect of the schemes, calculated on an International Accounting Standards (IAS) 19 Employee Benefits basis was £2.6m. Under UK law, the participating employers in the schemes are required, in effect, to guarantee its liabilities. Although the group has put in place funding

Revenue from the incentive market increased by 14.2 per cent to £53.9m.

arrangements designed to address the deficit on the schemes which is believed to be appropriate, it is possible that the deficit may increase and additional funding may be required.

Business continuity
The company plans and tests its business continuity procedures in preparation for catastrophic events, and for the existence of counterfeit vouchers. This may serve to reduce the impact of any such events, however there remains a risk of a material adverse impact being experienced by the company if an event of this nature occurs.

IT systems
IT systems are essential for the effective operation of the company and its subsidiaries. A sustained failure to maintain the integrity and efficiency of existing systems could adversely affect the continuing group's business, financial condition and results of operations.

Health and safety
A serious health and safety incident which required the closure of the packing and fulfilment site in the peak packing season could adversely impact on the continuing group's business, financial condition and results of operations.

Relationships with high street retailers
The Christmas business is dependent on the success of the High Street Gift Voucher which is dependent on the group's relationships with its high street retail partners. Any factors which adversely impact on relationships with these partners could have an adverse impact on the business, financial condition and results of operations of the continuing group.

Voucher redemption patterns
The major product of the group is the High Street Gift Voucher. The cash flows to the group from this voucher are dependent upon consumer spending patterns. Any changes to these patterns could alter the interest earned arising from these cash balances.

Failure of the distribution network
The failure of the distribution network during the Christmas delivery period, for example a Post Office strike, road network disruption or fuel shortages, could have an adverse effect on the business, financial condition and results of operations of the continuing group.

Park Prepayments Protection Trust
Payments made by agents are held in trust until the date of release to Park in accordance with the terms of the trust deed. Park does not have access to monies held in trust until the date of release as above.

Promotional activity
The success of the group's annual promotional campaign is essential to ensure the continued recruitment of customers. Failure of its annual promotional campaign may result in a loss of custom and subsequent loss of revenues for the group. This group is dependent on the cost effective use of television advertising, an efficient postal service, cost effective fuel and distribution services, and a supply of temporary labour. Increased costs in respect of any of these items which cannot be passed on to customers could adversely affect the continuing group's business, financial condition and results of operations.

Competition
The continuing group faces competition in all of its businesses. To stay competitive it will need to introduce successful new products and may also have to adjust prices of some of its products. The continuing group's business, financial condition and results of operations may suffer if it does not compete effectively.

Key performance indicators
The directors use a number of key performance indicators (KPIs) to monitor the performance of the group against budget, last year and business trends. The KPIs used include:

- Christmas order book
- Agent/customer recruitment
- Agent/customer retention
- Average order value
- Revenue growth
- Internet derived revenue
- Product mix and margins
- Cash flow
- Business unit and group profitability

Commentary on the above can be found within the chairman's statement, operational review and financial review sections of this report.

Financial Review

Cash balances peaked at just under £96m and remained positive throughout the year.

Profit from continuing operations

With the closure of the loan broking business in the first half of the year, the group completed its exit from its cash lending business. Following this, the group's continuing operations have been divided into two new operating segments. The new segments are:

- Christmas savings which represents the group's b2c offering, primarily being the Christmas savings businesses and consumer sales via the internet, and
- Corporate vouchers comprising the group's b2b offering, primarily sales of the Love2shop voucher and other retailer vouchers to businesses for use as staff rewards/incentives, marketing aids and prizes.

Where it is impractical to allocate central costs these have been separately reported.

Operating profit from continuing operations is detailed below:

	2008 £'000	2007 £'000	Change £'000
Christmas savings	**691**	5,116	(4,425)
Corporate vouchers	**3,438**	3,105	333
Unallocated	**(1,638)**	(1,417)	(221)
Operating profit	**2,491**	6,804	(4,313)

Discontinued operations

The loss before tax of £0.7m arose from the loan broking business and Cash Reserve. This business was closed in the first half of the year.

Taxation

The effective tax rate for the year on continuing operations was 28.6 per cent (2007 – 34.5 per cent) of profit before tax.

The high effective tax rate for the prior year reflected a balancing charge arising on the disposal of property.

The credit for the current year reflects the benefit of a previously unrecognised tax loss arising from the now discontinued HCC business, previously not expected to be recovered.

Earnings per share

Basic earnings per share increased to 2.85p (2007 – 2.58p).

Basic earnings per share from continuing operations decreased from 4.02p to 2.23p.

Dividends

The board has recommended a final dividend of 0.80p the same as last year. Upon approval of the final dividend at the annual general meeting (AGM), the total dividend for 2008 will be 1.20p. This represents a dividend yield of 6.7 per cent based on our year-end share price.

Cash flows

Following the start up of the Park Prepayments Protection Trust in August 2007, payments received from agents in respect of orders for delivery the following Christmas are held in the trust. The conditions of the release of this money to the group are detailed in the trust deed, which is available at www.getpark.co.uk. At the end of March 2008 £17.3m was held by the trust and as a result is not included within the group's cash balances. The total amount of cash held by the group combined with the monies held in trust peaked at just under £96m in the year. The group had no bank borrowings in the year.

As a result of this transfer to the trust there was a cash outflow of £6.8m in the year. If the cash balances held in trust had been included in cash balances of the group there would have been a net cash inflow of £10.4m in the year. This inflow follows the increased level of agents' prepayments for Christmas 2008, reversing the reduction in prepayments the previous year following a reduction in consumer confidence arising from the failure of one of our major competitors. This movement is included within the increased amount for trade and other payables at 31 March 2008 when compared with last year. In addition the cessation of lending activity resulted in a reduction of loans and receivables of £1.2m.

Cash balances at 31 March 2008 stood at £5.4m a reduction of £6.8m from prior year reflecting again the transfer of cash into the trust. Cash balances peaked at just under £96m and remained positive throughout the year.

Pensions

The company continues to operate defined benefit schemes where pensions at retirement are based on service and final salary.

Under IAS 19 the group recognises any actuarial gains or losses in each period in the Statement Of Recognised Income and Expense (SORIE). In the year-ended 31 March 2008 the group recognised an actuarial loss in the SORIE of £220,000 (2007 – £293,000) net of tax. The pension deficit based on the valuation performed at 31 March 2008 now amounts to £2.6m, an increase of £0.4m from the deficit of £2.2m at 31 March 2007.

In 2005/06 contributions were increased for the company to 11 per cent of members' pensionable earnings and to 5.5 per cent for employees. This was in response to the actuarial valuation available at the time which indicated a deficit of £0.8m. This actuarial valuation is in the process of being updated and following completion of this exercise contribution rates may change. The basis of calculation of the scheme position for the actuarial valuation is different from the basis used under IAS 19.

We have worked hard to restore customer confidence in the industry. Park Prepayments Protection Trust is now empowered to hold payments received from agents.

Board of Directors

Park Group plc is a long established financial services company and we are proud to offer value products and services, which meet the needs of our customers.

Christopher Baker MBE (56)
was appointed to the board as a non-executive director on 29 March 2001. He has a service agreement with the company entered into on 23 March 2006 which requires 12 months' notice of termination by either party. He has formerly held senior management positions with Littlewoods plc and Hill Samuel Bank Limited, and is currently chairman of Aintree NHS Foundation Trust, non-executive deputy chairman of Jacques Vert plc and a non-executive director of AI Claims Solutions plc and the Training and Development Agency for Schools. Mr Baker is chairman of the group's audit committee, a member of the remuneration and nomination committees, and the group's senior independent non-executive director.

Martin Stewart (48)
was appointed to the board on 1 November 2004. He is a member of the Institute of Chartered Accountants in England and Wales and joined the group from Eddie Stobart Group, where he was group finance director. Prior to this he was with UK Waste Management Limited from 1992 to 2000, from 1997 as finance director, and earlier in his career held financial positions with The Littlewoods Organisation, ICI PLC and Price Waterhouse. He has a service agreement with the company entered into on 1 November 2004 which requires 12 months' notice of termination by either party.

Chris Houghton (49)
was appointed to the board on 11 October 2000 and became group managing director on 4 May 2004. He is a Fellow of the Chartered Institute of Management Accountants and joined the group as group accountant in 1986. He became group financial controller in 1990, finance director of Park Direct Credit in November 1999 and group finance director on 29 March 2001. He has a service agreement with the company entered into on 29 June 2001 which requires 12 months' notice of termination by either party. Mr Houghton, in accordance with the articles of association of the company, retires by rotation and, being eligible, offers himself for re-election.

Peter Johnson (68)
is the company's founder and majority shareholder and has the role of executive chairman. He has a service agreement with the company entered into on 5 September 2006 which requires 12 months' notice of termination by either party. Mr Johnson, in accordance with the articles of association of the company, retires by rotation and, being eligible, offers himself for re-election.

Gary Woods (51)
was appointed to the board on 29 March 2001. He joined the group with the acquisition of Chrisco Hampers in 1980 and has gained wide experience in divisional roles. He is managing director of Park Retail Limited. He has a service agreement with the company entered into on 29 June 2001 which requires 12 months' notice of termination by either party.

George Marcall (58)
was appointed to the board as a non-executive director on 29 March 2001. He has a service agreement with the company entered into on 23 March 2006 which requires 12 months' notice of termination by either party. He has formerly held directorships with Airtours plc and Yates Group plc and is a non-executive director of Aintree NHS Foundation Trust. Mr Marcall is chairman of the group's remuneration committee and a member of the audit and nomination committees.

John Dembitz (58)
was appointed to the board as a non-executive director on 8 May 2008. He has a service agreement with the company entered into on 8 May 2008 which requires 12 months' notice of termination by either party. He has formerly held senior positions with Coffee Point plc and McKinsey & Co and is currently chairman of Titus International plc, CVO Group BV and Tack International Limited. Mr Dembitz is a member of the audit and remuneration committees. Mr Dembitz, who has been appointed since the last AGM, in accordance with the articles of association of the company, and being eligible, offers himself for election.

Directors' Report

The directors submit their report for the year ended 31 March 2008.

Profit and dividend

The group profit for the financial year, after taxation, was £4.707m (2007 – £4.245m).

The directors have declared a dividend as follows:

	£m
Approved interim dividend of 0.40p per share (2007 – 0.40p)	0.660
Proposed final dividend of 0.80p per share (2007 – 0.80p)	1.321
Total ordinary dividend of 1.20p per share (2007 – 1.20p)	1.981

The directors have recommended that the final ordinary dividend be paid on 1 October 2008 to those shareholders on the register on 1 August 2008.

Principal activities

A statement describing the business activities of the company and its subsidiary undertakings is set out on pages 4 to 7 with comments on current developments in the chairman's statement on pages 2 and 3. The principal subsidiary undertakings and their activities are set out in note 10 to the accounts.

Business review

A review of the group's activities over the financial year is contained in the chairman's statement on pages 2 and 3 and in the operational review on pages 4 to 7.

Share capital

Issue of new ordinary shares

No new shares were issued.

Grant of share options

No new share options were granted during the year.

Major shareholders

At the date of this report the following had notified interests in the share capital of the company of 3 per cent or more:

	No of shares	%
Mr P R Johnson	94,649,325	57.34
Schroder Investment Management Limited	15,950,000	9.66
BWSIPP Trustees Limited	16,135,386	9.78
The Johnson Foundation	10,100,000	6.12

Mr P R Johnson has:

- a beneficial interest in 94,648,325 shares held in the 1989 Peter Johnson Settlement Trust in which Allied Irish Banks plc, AIB Worthy Trust Limited and AIB Bank (CI) Limited have notified their interest;
- a beneficial interest in 16,135,386 shares in which BWSIPP Trustees Limited has an interest;
- a beneficial interest in 100,000 shares in which KUS Pension Fund has an interest; and
- a non-beneficial interest, as a member and council member, in The Johnson Foundation, a registered charity with number 518660.

Directors and their interests

The directors who were in office during the year ended 31 March 2008 or have been subsequently appointed are shown on pages 10 and 11.

Details of directors' and connected persons' share interests in the company are shown in the remuneration report on page 20.

Employee involvement

Employees are kept informed of the performance and objectives of the group through personal briefings, regular meetings and e-mail. We encourage involvement of employees in the group's performance through the employees' save as you earn share option scheme (ESOS), membership of which is service related.

Market value of land and buildings

As at 31 March 2008, in the opinion of the directors, the market value and book value of the land and buildings of the group are not significantly different.

Political and charitable contributions

During the year ended 31 March 2008 the group contributed £189 to charity. There were no political contributions.

Creditor payment policy

For all trade creditors, it is the group's policy to:

- agree the terms of payment at the start of business with that supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with its contractual and other legal obligations.

As at 31 March 2008 the number of days of parent company purchases outstanding was 18 days.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Re-appointment of auditors

KPMG Audit Plc have indicated their willingness to continue as auditors and a resolution to re-appoint them will be proposed at the forthcoming AGM.

By order of the board

M R Stewart
Company Secretary
Birkenhead
23 June 2008

Corporate Governance

The board has given consideration to the new Combined Code of Corporate Governance (the Code) issued by the Financial Reporting Council (FRC) in June 2006 and applicable for listed companies for financial periods after 1 November 2006.

Although companies traded on the Alternative Investment Market (AIM) are not required to provide corporate governance disclosure, or follow guidelines in its Code, the directors have chosen to provide certain information on how the company has adopted various principles of the Code.

The board

The group is controlled through its board of directors. The board's main roles are:
- → to provide entrepreneurial leadership of the group;
- → to set the group's strategic objectives and to ensure that the necessary financial and human resources are in place to enable them to meet those objectives;
- → to review management performance;
- → to set the company's standards and values; and
- → to ensure that the company's obligations to its shareholders and others are understood and met.

The board, which meets at least six times a year, has a schedule of matters reserved for its approval. It meets on other occasions as necessary.

The specific responsibilities reserved to the board include:
- → setting group strategy and approving an annual budget and medium-term projections;
- → implementing the strategies and policies of the group;
- → reviewing operational and financial performance;
- → approving major acquisitions, divestments and capital expenditure;
- → reviewing the group's systems of financial control and risk management;
- → ensuring that appropriate management development and succession plans are in place;
- → developing and implementing risk management systems;
- → reviewing the environmental, health and safety performance of the group;
- → approving appointments to the board and the company secretary;
- → approving policies relating to directors' remuneration and the severance of directors' contracts; and
- → ensuring that a satisfactory dialogue takes place with shareholders.

Compliance with the Code

Throughout the year to 31 March 2008, the company complied with the provisions of the Code except for the fact that the non-executive directors and board committees are not subject to evaluation. The board considers its arrangements for appraisal are adequate for the size of the company and its board.

Committees of the board

Nomination committee

During the year the nomination committee comprised Peter Johnson (chairman), Christopher Baker and George Marcall. The committee met twice to consider the appointment of an additional non-executive director.

The nomination committee's terms of reference are available from the company secretary and are displayed on the group's website. The nomination committee will meet if a future vacancy arises or need is identified to alter the mix of skills and experience on the board.

Remuneration committee

During the year the remuneration committee comprised George Marcall (chairman) and Christopher Baker, who are independent non-executive directors. John Dembitz, an independent non-executive director, was appointed to the committee on 8 May 2008. Peter Johnson attended meetings by invitation. The remuneration committee met four times during the year.

The remuneration committee's principal responsibilities are:
- → setting, reviewing and approving individual remuneration packages for executive directors and the chairman including terms and conditions of employment and any changes to the packages;
- → approving the rules, and launch, of any group share, share option or cash based incentive scheme; and
- → the grant, award, allocation or issue of shares, share options or payments under such scheme.

In addition the remuneration committee periodically reviews the group's remuneration policy in relation to:
- → its competitors and industry norms;
- → compensation commitment; and
- → contract periods.

The remuneration for the non-executive directors is determined by the chairman and executive directors.

The remuneration committee's terms of reference are available from the company secretary and are displayed on the group's website. The directors' remuneration report is set out on pages 18 to 21 of the annual report.

Audit committee

During the year the audit committee comprised Christopher Baker (chairman) and George Marcall, who are independent non-executive directors. John Dembtiz, an independent non-executive director, was appointed to the committee on 8 May 2008. Peter Johnson, Chris Houghton and Martin Stewart and the group's external auditors attend meetings of the audit committee by invitation. Christopher Baker has the necessary recent and relevant experience set out in the biographical details on page 10. The audit committee met three times during the year.

The audit committee usually reviews its terms of reference annually and recommends to the board any changes required as a result of the review. No changes were made in the year.

The audit committee's terms of reference are available from the company secretary and are displayed on the group's website.

Corporate Governance continued

In the financial year to 31 March 2008 the audit committee discharged its responsibilities by:

- reviewing the group's draft financial statements and interim results statement prior to board approval and reviewing the external auditors' detailed reports thereon;
- reviewing the appropriateness of the group's accounting policies;
- reviewing regularly the potential impact in the group's financial statements of certain matters;
- reviewing and approving the audit fee and reviewing non-audit fees payable to the group's external auditors;
- reviewing the external auditors' plan for the audit of the group's accounts, which included key areas of extended scope work, key risks on the accounts, confirmations of auditor independence and the proposed audit fee, and approving the terms of engagement for the audit;
- reviewing post-acquisition reports on integration and performance of significant recent acquisitions; and
- reviewing the risks associated with major business programmes.

The audit committee, at least annually, meets the external auditors, without management, to discuss matters relating to its remit and any issues arising from the audit.

Under its terms of reference, the audit committee monitors the integrity of the group's financial statements.

The audit committee is responsible for monitoring the effectiveness of the external audit process and making recommendations to the board in relation to the appointment, re-appointment and remuneration of the external auditor. It is responsible for ensuring that an appropriate relationship between the group and the external auditors is maintained, including reviewing non-audit services and fees.

The audit committee monitors regularly the non-audit services being provided to the group by its external auditors in line with its policy on non-audit work performed by the auditors. The policy prohibits the external auditors from undertaking certain work and provides that other categories of non-audit work must be submitted to the audit committee for approval prior to engagement.

The audit committee keeps under informal review the need for the group to have an internal audit function. Due to the size and scope of the business the audit committee has recommended to the board that it does not currently consider it appropriate for the group to have an internal audit function.

Risk management committee

During the year the risk management committee comprised Chris Houghton (chairman), Gary Woods and Martin Stewart. The risk management committee met five times during the year.

The risk management committee's terms of reference include:

- identification of business risk throughout the group's operations;
- determination of the controls necessary to manage identified risk;
- evaluation of the effectiveness of those controls; and
- continuous assessment and reporting to the board.

The audit committee considers any matters in relation to the principal risks, as determined by the risk management committee.

The following table sets out the number of scheduled meetings of the board and its committees during the year and individual attendance by board members at these meetings. Attendance at the meetings by non-member directors is not shown:

	Group board	Audit committee	Remuneration committee	Nomination committee
Executive directors				
Peter Johnson (chairman)	6			2
Chris Houghton	6			
Martin Stewart	6			
Gary Woods	6			
Non-executive directors				
Christopher Baker	6	3	4	2
George Marcall	6	3	4	2
Scheduled meetings	6	3	4	2

The role of the executive chairman and group managing director

Peter Johnson, as executive chairman, leads the board in the determination of its strategy and in the achievement of its objectives. He is responsible for organising the business of the board, ensuring its effectiveness and setting its agenda. He facilitates the effective contribution of non-executive directors and constructive relations between executive and non-executive directors. He ensures directors receive accurate, timely and clear information and shareholders effective communication.

The group managing director has direct charge of the group on a day to day basis and is accountable to the board for the financial and operational performance of the group.

The board considers that in current circumstances this is an appropriate board structure.

Senior independent director

The board has appointed Christopher Baker as senior independent director. He is always available to meet shareholders on request and to ensure that the board is aware of any shareholder concerns not resolved through the existing mechanisms for investor communication.

Directors and directors' independence

The board currently comprises the executive chairman, three independent non-executive directors and three executive directors. The names of the directors together with their biographical details are set out on pages 10 and 11. All the directors served throughout the period under review, with the exception of John Dembitz who joined the board after the year-end.

The board includes independent non-executive directors who constructively challenge and help develop proposals on strategy and bring independent judgement, knowledge and experience to the board's deliberations. The independent directors are of sufficient calibre and number that their views carry significant weight in the board's decision making. The board considers its non-executive directors to be independent in character and judgement.

The non-executive directors have confirmed that none of them:

- has been an employee of the group within the last five years;
- has, or has had within the last three years, a material business relationship with the group;
- receives remuneration other than a director's fee;
- has close family ties with any of the group's advisers, directors or senior employees;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies, other than those disclosed in the directors' biographical details on pages 10 and 11;
- represents a significant shareholder; or
- has served on the board for more than nine years.

The directors are given access to independent professional advice at the group's expense, when the directors deem it is necessary in order for them to carry out their responsibilities.

The chairman performs a number of pro-bono roles but the board is satisfied that these are not such as to interfere with the discharge of his duties.

Professional development

On appointment, directors take part in an induction programme when they receive information about the structure and practices of the group together with the group's latest financial information. This is supplemented by meetings with key senior executives. Throughout their period in office the directors are continually updated on the group's business, the competitive and regulatory environments in which it operates and other changes affecting the group and the industry it operates in as a whole, by written briefings, meetings with senior executives and attendance at external courses.

Performance evaluation

There is a formal process for the annual evaluation of the executive directors. In addition the remuneration committee considers individual director's performance when it determines their forthcoming annual remuneration. Directors' performance is under continual review and is measured against targets. The non-executive directors are not subject to evaluation. The board considers its arrangements for appraisal are adequate to ensure effective governance given the size of the company and its board.

Re-election

Subject to the company's articles of association, the Companies Acts and satisfactory performance evaluation, non-executive directors are appointed for an initial period of three years. Before the third and sixth anniversary of the non-executive director's first appointment, the director discusses with the board whether it is appropriate for a further three year term to be served.

The company's articles of association require that one third of the members of the board or, if their number is not three or a multiple of three, the number nearest to but not exceeding one third, shall retire by rotation and seek re-election each year. Notwithstanding this, the board is observing the terms of the Code in that each director will seek re-election at regular intervals consisting of no more than three years.

Company secretary

The company secretary is responsible for advising the board through the chairman on all governance matters. The directors have access to the advice and services of the company secretary who is responsible to the board for ensuring board procedures are complied with. The company's articles of association provide that the appointment and removal of the company secretary is a matter for the full board.

Corporate Governance continued

Information
Regular reports and papers are circulated to the directors in a timely manner in preparation for board and committee meetings. These papers are supplemented by information specifically requested by the directors from time to time. All executive directors receive monthly management accounts and regular management reports and information which enable them to scrutinise the group's and management's performance against agreed objectives.

Relations with shareholders
The chairman gives feedback to the board on issues raised with him by major shareholders.

The AGM is normally attended by all directors, and shareholders are invited to ask questions during the meeting and to meet with directors after the formal proceedings have ended.

The group maintains a corporate website containing a wide range of information of interest to investors.

Presentations are made to analysts and institutional investors following announcements to the Stock Exchange of the half-year and full-year results. Other ad hoc meetings are held with interested parties on request.

The senior independent director is available to shareholders if they have concerns which contact through the normal channels of executive chairman and group managing director has failed to resolve or for which such contact is inappropriate.

Risk and internal control
The board is responsible for the group's system of internal control and for reviewing its effectiveness. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the group. These may be strategic, operational, reputational, financial or environmental. It is reviewed regularly by the board and accords with the Code. The directors have continued to review the effectiveness of the group's system of financial, operational and compliance controls against significant risk.

The principal elements of the group's established control systems include:
- a clearly defined organisational structure under which individual responsibilities are monitored by members of the board;
- budgets covering key financial aspects of group activities which are approved by the board;
- monthly comparisons of results against budget and prior year which are considered by the board;
- clearly defined procedures for treasury management and the authorisation of capital expenditure; and
- the appointment of a risk management sub-committee.

The risk management sub-committee's terms of reference are shown on page 14.

As pointed out in the Code, any such system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

This process has been in place for the year under review and up to the date of approval of the annual report and accounts.

Statement of Directors' Responsibilities in respect of the annual report and the financial statements
The directors are responsible for preparing the annual report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable laws and have elected to prepare the parent company financial statements on the same basis.

The group and parent company financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position of the group and the parent company and the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the group and parent company 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 they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors have decided to prepare voluntarily a directors' remuneration report in accordance with Schedule 7A to the Companies Act 1985, as if those requirements were to apply to the company. The directors have also decided to prepare voluntarily a corporate governance statement as if the company were required to comply with the Listing Rules of the Financial Services Authority in relation to those matters.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The directors are of the opinion that the accounts should be prepared on a going concern basis. Based on projected cash flows, the directors believe that the company will be able to generate sufficient cash inflows from its operations to continue to settle its obligations as they fall due.

Remuneration Report

Park Group plc uses, as a guideline for its disclosure in relation to remuneration, the requirements applicable to Listed Companies, as set out in the Directors' Remuneration Report Regulations 2002 (incorporated into the Companies Act 1985).

Unaudited information

Remuneration committee

Details of the remuneration committee are given on page 13.

The committee has access to external advisers if it so wishes. It has not been materially assisted during the year.

Executive remuneration policy

The aim of the group's remuneration policy is to adopt levels of remuneration which should be sufficient to attract, motivate and retain high calibre executives. The policy is to reward directors with competitive salaries and benefit packages which are linked to both individual and business performance. These packages are reviewed each year to ensure that they are supportive of the group's business objectives and the creation of shareholder value.

Details of remuneration

Executive directors are remunerated through the provision of a basic salary, annual bonus (linked to performance), long-term incentives (share options – linked to performance), car allowance, medical and permanent health insurance cover. Certain executive directors are also members of one of the group defined benefit pension schemes and enjoy benefits in kind such as the payment of certain telephone accounts and professional subscriptions.

Basic salaries

Basic salaries for executive directors are reviewed each year.

Performance related payments

Executive directors can earn up to 60 per cent of salary in performance related bonus payments, subject to the achievement of predetermined business unit and group profit targets. Bonuses do not form part of pensionable earnings.

Share options

The directors' participation in the group's approved executive share option scheme (AESOS) and unapproved executive share option scheme (UESOS) is shown below. Exercise of the options for all directors is subject to the following criteria:

Share options issued to 31 March 2006:
- → no option can be exercised unless the market value of a share is at least 50p; and
- → no option can be exercised unless the earnings per share of the company is at least 4.3p per share.

Share options issued in the year to 31 March 2007:
- → the middle market share price must be at least 30p for a period of 20 trading days prior to the date of exercise.

No options were issued in the year to 31 March 2008.

Directors are also eligible to participate in the ESOS, details of which are also shown below.

Contracts

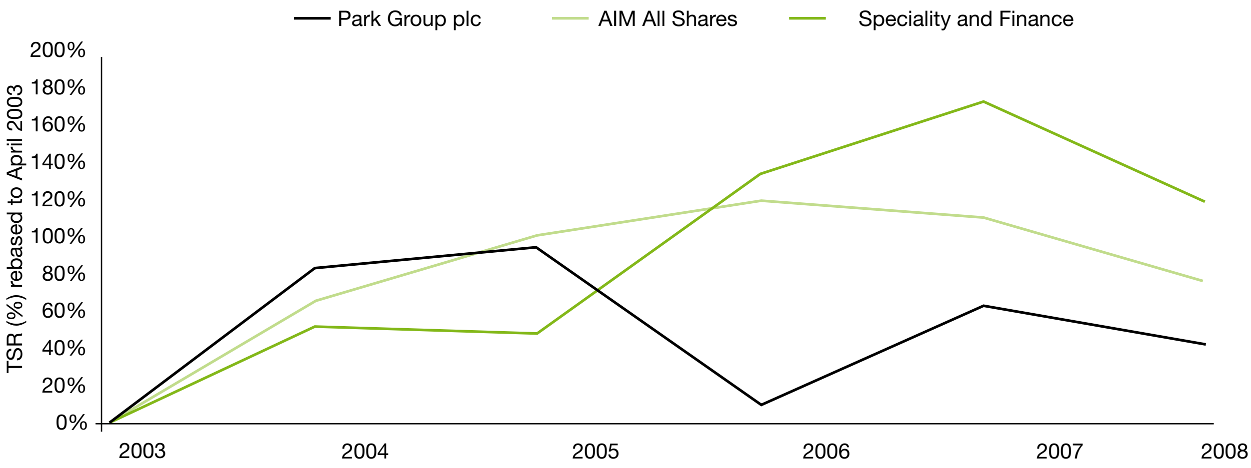
Details of executive directors' service contracts are given on pages 10 and 11. At the date of this report all contracts had an unexpired term of 12 months. No contract provides for compensation payments on loss of office.

Non-executive directors

The independent non-executive directors receive fees as directors which are determined by the whole board, each director abstaining from decisions affecting his own remuneration.

Total shareholder return (TSR)

The following graph charts the total cumulative shareholder return of the company since 1 April 2003, compared with the AIM all share index and the speciality and other financial share index. The company feels that these are the most appropriate indices to use as the first shows a broad average equity share performance and the second shows the share performance for the industry sector in which the company operates.



Source: Hemscott

Audited information

Directors' emoluments

The emoluments of directors for the year ended 31 March 2008 were:

	Salary or fees £'000	Performance related payments £'000	Benefits £'000	Total 2008 £'000	Total 2007 £'000	Pension costs 2008 £'000	Pension costs 2007 £'000
Executive							
P R Johnson	259	91	36	**386**	336	**–**	–
C Houghton	181	63	14	**258**	234	**20**	19
M R Stewart	140	49	14	**203**	186	**15**	15
G A Woods	151	52	14	**217**	212	**17**	16
	731	255	78	**1,064**	968	**52**	50
Non-executive							
C J Baker	35	–	–	**35**	40	**–**	–
R G Marcall	35	–	–	**35**	40	**–**	–
	70	–	–	**70**	80	**–**	–
	801	255	78	**1,134**	1,048	**52**	50

Remuneration Report continued

Directors' share interests

The beneficial interests in the share capital of the company of the directors in office at 31 March 2008 were as follows:

	Beneficial shareholding	
	31 March 2008	31 March 2007
P R Johnson	**110,884,711**	110,884,711
C Houghton	**147,139**	107,139
M R Stewart	**100,000**	–
G A Woods	**42,953**	42,953
C J Baker	**10,000**	10,000
R G Marcall	**10,000**	10,000

	AESOS – options over ordinary shares				
	31 March 2008	31 March 2007	Exercise price	Date exercisable	Expiry date
C Houghton	**137,425**	137,425	21.83p	17.01.06**	16.01.13
G A Woods	**137,425**	137,425	21.83p	17.01.06**	16.01.13
M R Stewart	**141,710**	141,710	21.17p	29.01.10*	28.01.17

	UESOS – options over ordinary shares				
	31 March 2008	31 March 2007	Exercise price	Date exercisable	Expiry date
C Houghton	**500,000**	500,000	11.00p	03.09.04**	02.09.11
	112,575	112,575	21.83p	17.01.06**	16.01.13
	250,000	250,000	29.00p	15.07.07**	14.07.14
	1,000,000	1,000,000	21.17p	29.01.10*	28.01.17
G A Woods	**500,000**	500,000	11.00p	03.09.04**	02.09.11
	112,575	112,575	21.83p	17.01.06**	16.01.13
	250,000	250,000	29.00p	15.07.07**	14.07.14
	750,000	750,000	21.17p	29.01.10*	28.01.17
M R Stewart	**608,290**	608,290	21.17p	29.01.10*	28.01.17

* subject to performance criteria as set out in scheme rules, options issued in the year to 31 March 2007

** subject to performance criteria as set out in scheme rules, options issued prior to 31 March 2006

Share price information is given in note 24a to the accounts.

There were no changes to directors' interests in shares between 31 March 2008 and the date of this report.

Directors' pension entitlements
Set out below are details of the pension benefits, payable on retirement, to which each of the executive directors is entitled at 31 March 2008. The accrued benefits include any benefits earned as an employee prior to becoming a director, as well as those earned for qualifying services after becoming a director.

	Increase in accrued benefits earned in the year (excluding inflation) £'000 pa	Total accrued benefits £'000 pa	Transfer value of increase in accrued benefits, less director's contributions £'000
C Houghton	8	60	56
G A Woods	4	55	32
M R Stewart	2	7	10

The accrued pension benefit shown is the amount that would be paid each year to the director in the form of a pension if he retired at the end of the year. This pension is calculated based on the total period of service with the company, both before and after becoming a director. The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11.

Schedule 7A disclosures
Set out below are details of the pension benefits to which each of the executive directors is entitled in respect of qualifying services.

	Additional accrued benefits earned in the year (including inflation) £'000 pa	Total accrued benefits £'000 pa	Transfer value at 31.03.07 £'000	Transfer value at 31.03.08 £'000	Increase in transfer value £'000	Increase in transfer value, less director's contributions £'000
C Houghton	10	60	398	448	50	40
G A Woods	6	55	407	434	27	19
M R Stewart	2	7	44	60	16	9

The accrued pension benefit shown is the amount that would be paid each year to the director in the form of a pension, from his pensionable age, if he retired at the end of the year. The transfer values have been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11.

On behalf of the board

R G Marcall
Chairman of the Remuneration Committee
Birkenhead
23 June 2008

Independent Auditors' Report to the Members of Park Group plc

We have audited the group and parent company financial statements (the 'financial statements') of Park Group plc for the year ended 31 March 2008 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

In addition to our audit of the financial statements, the directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the directors have decided to prepare (in addition to that required to be prepared) as if the company were required to comply with the requirements of Schedule 7A to the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 and, in respect of the separate opinion in relation to Directors' Remuneration Report and reporting on corporate governance, on terms that have been agreed. 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 auditor's report and, in respect of the separate opinion in relation to Directors' Remuneration Report and reporting on corporate governance, those matters that we have agreed to state to them in our 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 16.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) and, under the terms of our engagement letter, to audit the part of the Directors' Remuneration Report that is described as having been audited.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

In addition to our audit of the financial statements, the directors have engaged us to review their Corporate Governance Statement as if the company were required to comply with the Listing Rules of the Financial Services Authority in relation to those matters. We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by those rules, and we report if it does not. We are not required by the terms of our engagement to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 and the part of the Directors' Remuneration Report to be audited. 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 group's and 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 and the part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the state of the group's affairs as at 31 March 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRS as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Directors' Report is consistent with the financial statements; and
- the part of the Directors' Remuneration Report which we were engaged to audit has been properly prepared in accordance with Schedule 7A to the Companies Act 1985, as if those requirements were to apply to the company.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
23 June 2008

Consolidated Income Statement
For the year to 31 March 2008

	Notes	2008 £'000	2007 £'000
Continuing operations			
Revenue	1	**225,069**	305,216
Cost of sales		**(211,205)**	(287,430)
Gross profit		**13,864**	17,786
Distribution costs		**(2,409)**	(2,993)
Administrative expenses		**(8,964)**	(7,989)
Operating profit		**2,491**	6,804
Finance income	3	**2,688**	3,319
Finance costs	3	**(18)**	(3)
Profit before taxation	1,2	**5,161**	10,120
Taxation	4	**(1,475)**	(3,491)
Profit from continuing operations		**3,686**	6,629
Discontinued operations			
Profit/(loss) from discontinued operations	1	**1,021**	(2,384)
Profit for the period attributable to equity holders of the parent	25	**4,707**	4,245
Earnings per share	6		
– basic – continuing operations		**2.23p**	4.02p
– basic – total		**2.85p**	2.58p
– diluted – continuing operations		**2.22p**	4.00p
– diluted – total		**2.84p**	2.56p

Consolidated Statement Of Recognised Income and Expense

For the year to 31 March 2008

	Group		Company	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000
Profit/(loss) for the period	**4,707**	4,245	**(1,968)**	(898)
Actuarial losses on defined benefit pension schemes	**(306)**	(419)	**(306)**	(419)
Deferred tax on actuarial losses on defined benefit pension schemes	**86**	126	**86**	126
Net losses not recognised in income statement	**(220)**	(293)	**(220)**	(293)
Total recognised income/(expense) for the period attributable to equity holders of the parent	**4,487**	3,952	**(2,188)**	(1,191)

Balance Sheets
As at 31 March 2008

	Notes	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Assets					
Non-current assets					
Goodwill	7	**1,513**	1,513	**–**	–
Other intangible assets	9	**1,079**	1,639	**84**	314
Investments	10	**2**	2	**6,966**	6,966
Investment property	11	**279**	–	**–**	–
Property, plant and equipment	12	**4,324**	4,823	**451**	464
Deferred tax assets	13	**1,248**	1,835	**1,020**	830
		8,445	9,812	**8,521**	8,574
Current assets					
Inventories	15	**1,028**	447	**–**	–
Loans and receivables	14	**187**	1,382	**–**	–
Trade and other receivables	16	**6,115**	5,917	**3,410**	5,582
Current tax assets		**673**	–	**831**	350
Cash and cash equivalents	17	**5,430**	12,192	**6,888**	1,670
Monies held in trust	18	**17,336**	–	**–**	–
Assets held for sale	19	**700**	815	**–**	–
		31,469	20,753	**11,129**	7,602
Total assets		**39,914**	30,565	**19,650**	16,176
Liabilities					
Current liabilities					
Trade and other payables	20	**(44,526)**	(39,395)	**(1,614)**	(1,152)
Current tax liabilities		**–**	(350)	**–**	–
Provisions	21	**(23,708)**	(22,077)	**–**	–
		(68,234)	(61,822)	**(1,614)**	(1,152)
Non–current liabilities					
Retirement benefit obligation	22	**(2,623)**	(2,246)	**(2,623)**	(2,246)
		(2,623)	(2,246)	**(2,623)**	(2,246)
Total liabilities		**(70,857)**	(64,068)	**(4,237)**	(3,398)
Net (liabilities)/assets		**(30,943)**	(33,503)	**15,413**	12,778
Shareholders' equity					
Share capital	24a,25	**3,301**	3,301	**3,301**	3,301
Share premium account	25	**1,070**	1,070	**1,070**	1,070
Retained earnings	25	**(35,314)**	(37,874)	**11,042**	8,407
Total equity attributable to equity holders of the parent	25	**(30,943)**	(33,503)	**15,413**	12,778

Approved by the board of directors and signed on its behalf on 23 June 2008.

P R Johnson
Chairman

Cash Flow Statements

For the year ended 31 March 2008

	Notes	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Cash flows from operating activities					
Cash (used in)/generated from operations	27	**(6,944)**	(6,710)	**6,943**	(8,501)
Interest received		**2,614**	3,323	**590**	3,200
Interest paid		**(18)**	(3)	**(3)**	(1)
Tax paid		**(98)**	(186)	**(97)**	(186)
Net cash (used in)/generated from operating activities		**(4,446)**	(3,576)	**7,433**	(5,488)
Cash flows from investing activities					
Net proceeds from sale of home collected credit business		**–**	6,136	**–**	–
Proceeds from sale of non-core property		**128**	1,571	**–**	–
Proceeds from sale of property, plant and equipment		**11**	1	**11**	–
Purchase of property, plant and equipment		**(376)**	(365)	**(239)**	(28)
Purchase of other intangible assets		**(98)**	(808)	**(6)**	(3)
Cash acquired from business combinations		**–**	878	**–**	–
Net cash (used in)/generated from investing activities		**(335)**	7,413	**(234)**	(31)
Cash flows from financing activities					
Net proceeds from issue of ordinary share capital		**–**	62	**–**	62
Dividends paid to shareholders		**(1,981)**	(1,811)	**(1,981)**	(1,811)
Net cash used in financing activities		**(1,981)**	(1,749)	**(1,981)**	(1,749)
Net (decrease)/increase in cash and cash equivalents		**(6,762)**	2,088	**5,218**	(7,268)
Cash and cash equivalents at beginning of period		**12,192**	10,104	**1,670**	8,938
Cash and cash equivalents at end of period		**5,430**	12,192	**6,888**	1,670
Cash and cash equivalents comprise:					
Cash	17	**5,430**	12,192	**6,888**	1,670

Accounting Policies

(1) Basis of preparation
The group and company financial statements have been prepared and approved by the directors in accordance with the International Financial Reporting Standards as adopted by the EU (Adopted IFRS).

The company has elected to prepare its parent company financial statements for the first time under Adopted IFRS. The disclosures required by IFRS 1 First-time Adoption of International Financial Reporting Standards concerning the transition from UK GAAP to IFRS are given in note 33. The date of transition to IFRS for the parent company is 1 April 2006.

The directors are of the opinion that the accounts should be prepared on a going concern basis. Based on projected cash flows, the directors believe that the company will be able to generate sufficient cash inflows from its operations to continue to settle its obligations as they fall due.

The financial statements have been prepared under the historical cost convention, as modified by the accounting for financial instruments at fair value. The accounting policies set out below have been applied consistently to all periods and by all group entities.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

(2) Changes to International Financial Reporting Standards
During the year the group has adopted IFRS 7 Financial Instruments: Disclosures and the related amendments to IAS 1 Presentation of Financial Statements.

The following standards and interpretations have been adopted by the EU but are not yet effective for the year ended 31 March 2008 and have not been applied in preparing the financial statements:
→ IFRS 8 Operating Segments was issued in November 2007 and is effective for accounting periods beginning on or after 1 January 2009. This new standard replaces IAS 14 Segmental Reporting and requires segmental information to be presented on the same basis that management uses to evaluate performance of its reporting segments in its management reporting. The adoption of IFRS 8 will have no impact upon the results or net assets of the group.

The following are not expected to have any effect on the financial statements:
→ International Financial Reporting Interpretations Committee (IFRIC) 9 Reassessment of Embedded Derivatives – effective for periods beginning on or after 1 June 2007
→ IFRIC 12 Service Concession Arrangements – effective for periods beginning on or after 1 January 2008 (if endorsed for use in the EU)
→ IFRIC 14 (IAS 19 The Limit on a Defined Benefit Asset Minimum Funding Requirements and their interaction) – effective for periods beginning on or after 1 January 2008 (if endorsed for use in the EU)

The following are under review as to their effect on the group:
→ IFRIC 11 Scope of IFRS 2 – Group and Treasury Share Transactions – effective for periods beginning on or after 1 March 2007
→ IFRIC 13 Customer Loyalty programmes – effective for periods beginning on or after 1 July 2008 (if endorsed for use in the EU)

(3) Accounting policies
Basis of consolidation
The group accounts consolidate the accounts of the company and its subsidiary undertakings up to the relevant period end.

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than 50 per cent of the voting rights. The results of a subsidiary undertaking are included in the consolidated financial statements from the date that control commences until the date that control ceases. All subsidiaries share the same reporting date, 31 March, as Park Group plc.

Inter-group income, expenses, balances and unrealised gains or losses on transactions between group companies are eliminated on consolidation.

As permitted by section 230 of the Companies Act 1985, the income statement of the parent company has not been separately presented. The profit of the parent company is shown in note 25.

Business combinations
A business combination is recognised where separate entities or businesses have been acquired by the group.

The purchase method of accounting is used to account for the business combinations made by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination.

Identifiable assets, liabilities and contingent liabilities acquired in the business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is credited to the income statement in the period of acquisition.

Discontinued operation
Where a business component representing a major line of business is closed, disposed of, or held for sale, it is classified as a discontinued operation. The post-tax profit or loss of the discontinued operation is shown as a single amount on the face of the income statement, separate from the other results of the group.

Segmental reporting
Following the closure of cash lending businesses comprising our Cash Reserve and Imagine Finance operations, the group was left with one segment. For the first time the former cash savings business has been subdivided into two new segments, Christmas savings and corporate vouchers. A business segment is a distinguishable component of an entity that is engaged in providing products or services which are subject to different risks and returns to other segments.

As the group operates in one geographical segment it does not have a secondary segment.

Income recognition
Continuing operations
Revenue is based on values invoiced to external customers for goods and services and is recorded net of value added tax, rebates and discounts after eliminating inter-group sales.

Revenue is recognised when the significant risk and rewards have passed to the customer. This is usually the date on which items are received by customers. This is normally shortly after despatch.

For vouchers, at the point of revenue recognition, a provision is made for the redemption liability arising.

Discontinued operations
Customers' accounts receivable balances are classified as loans and receivables and these balances were held at amortised cost using the effective interest method, prior to this current year. This method allocates the interest income arising from a loan over its expected life, or contractual life if shorter. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flow payments or receipts through the expected life of the loan to its net carrying amount. When calculating the EIR, all cash flows arising from the contractual terms of the loan, such as early settlement options, need to be considered.

The EIR calculation includes all direct and incremental fees and costs. Any acceptance fees or commissions earned on the sale of payment protection insurance are included in the EIR calculation and are effectively recognised over the expected term of the loan.

The application of the EIR method has the effect of recognising income to give a constant rate of return on the amount outstanding from the customer over the period of the loan.

Brokerage business
The group receives commission from third party insurers for the brokering of the sale of insurance products and from third party lenders for the introduction of loans to third parties. The group does not bear any underlying insurance risk on these products and the commission is recognised and credited to the income statement when the brokerage service has been provided.

Finance income and finance costs
Finance income comprises the returns generated on cash and cash equivalents and is recognised as it accrues. Finance costs comprise the interest on external borrowings and are recognised as they accrue.

Goodwill
Goodwill arising on acquisition represents the difference between the consideration and the fair value of net assets acquired. Goodwill is not amortised, but is reviewed annually for impairment and whenever events or changes in circumstances indicate that the carrying value of the goodwill may not be receivable. Goodwill is carried in the balance sheet as deemed cost at 1 April 2004, the date of transition to IFRS for the group, less accumulated impairment losses.

Accounting Policies continued

(3) Accounting policies continued

Impairment of property, plant and equipment, and intangibles

An impairment loss is recognised to the extent that the carrying amount of the property, plant and equipment exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is calculated using cash flows derived from budgets and projections approved by the board which are discounted at the group's risk adjusted weighted cost of capital calculated from equity market data and borrowing rates. For the purpose of impairment testing, goodwill is allocated to cash generating units (CGUs). Each CGU is consistent with the group's primary reporting segments. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

Other intangible assets

Computer software

Acquired software licences are capitalised at cost and are amortised on a straight-line basis over their anticipated useful life which is generally five years.

Costs that are directly associated with the creation of identifiable software, which meet the development asset recognition criteria as laid out in IAS 38 Intangible Assets, are recognised as intangible assets. Direct costs include the employment costs of internal software developers and external consultancy fees.

All other software development and maintenance costs are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised over their anticipated useful lives on a systematic straight-line basis.

Customer lists

Customer lists acquired are included at the lower of cost and net realisable value. They are amortised over their useful life of up to 10 years based on the pattern of forecast cash flows to be generated. On an annual basis, management review the expected cash flows to be generated and make appropriate provision for impairment.

Investments

Investments are stated at cost less any provision for impairment in their value. Impairment is calculated based on lower of cost or recoverable amount, determined with reference to market value wherever possible or discounted cash flows.

Investment property

Properties are classified as investment properties where they are held by the group to earn rentals or for capital appreciation. Investment properties are carried at cost and are depreciated through the income statement over 50 years on a straight-line basis so as to spread the difference between the cost and residual value over the anticipated useful life of properties. The properties' residual values are reviewed, and adjusted if appropriate, at each balance sheet date. A property's carrying amount is written down immediately to its recoverable amount if its carrying value is greater than its recoverable amount.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost represents expenditure that is directly attributable to the purchase of the asset. At the date of transition to IFRS on 1 April 2004, land and buildings previously held at cost under UK GAAP less accumulated depreciation were revalued and the fair values derived have been taken as their deemed cost as at that date in accordance with the exemption available under IFRS 1. The parent company's date of transition to IFRS was 1 April 2006, however it did not revalue its land and buildings at that date.

Depreciation is charged on a straight-line basis spreading the difference between cost and residual value over the anticipated useful life of assets as follows:

Freehold land	Nil
Freehold buildings	2–2.5%
Short leasehold	over unexpired term of lease
Fixtures and equipment	10–20%
Motor vehicles	25%

The assets' residual values and economic lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than its recoverable amount.

Loans and receivables
Loans and receivables comprise amounts due from customers of the former cash lending business. At 31 March 2008 they are carried in the balance sheet at net realisable value, based on estimated future cash flows. Prior to this they were carried in the balance sheet at amortised cost using the effective interest method. If it became evident that a loan needed to be impaired the amount of the impairment provision was measured as the difference between the loan's carrying amount on the balance sheet and the present value of the estimated future cash flows discounted by the loan's original EIR.

Inventories
Inventories are stated 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 includes attributable production overheads. Net realisable value is based on estimated selling price in the ordinary course of the business less cost of disposal having regard to the age, saleability and condition of the inventory.

Trade and other receivables
Trade receivables
Trade receivables are recognised initially at the fair value of the amount receivable and subsequently reduced by any provision for impairment. A provision for impairment is established when there is objective evidence that there is a difference between the carrying value and the recoverable amount.

Prepayments
Season specific catalogue and agents' stationery costs are charged against the income of the season to which they relate. Television advertising and other advertising expenditure is expensed as incurred in accordance with IAS 38.

Monies held in trust
On 13 August 2007 a declaration of trust constituted Park Prepayments Protection Trust to hold agents' prepayments. Park Prepayments Trustee Company Limited, as trustee of the trust, holds this money on behalf of agents. The conditions of the release of this money to the group are detailed in the trust deed, which is available at www.getpark.co.uk.

Monies held under the declaration of trust with the Park Prepayments Protection Trust on behalf of customers is recognised on the balance sheet as the group has access to the interest on these monies and can, having met certain conditions, withdraw the funds. However, given the restrictions over these monies, the amounts held in trust are not included in cash and cash equivalents for the purposes of the cash flow statement.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand and deposits held with banks with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. Cash balances and overdrafts are offset where the group has the ability and intention to settle these balances on a net basis. For cash flow purposes, bank overdrafts are shown within cash and cash equivalents.

Assets held for sale
Assets held for sale are carried in current assets at the lower of their previous balance sheet carrying value and their expected realisable value. The expected realisable value is the fair value less costs to sell. These assets are not depreciated.

Assets are classified as held for sale when they satisfy the following criteria:
- the item is available for immediate sale in its present condition;
- senior management are committed to a plan to sell the asset or disposal group;
- an active programme to locate a buyer and complete the plan has been initiated;
- the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current value; and
- the sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

Provisions
Unredeemed vouchers
Unredeemed vouchers are included at their fair value at the date of initial recognition. This comprises the anticipated amounts payable to retailers on redemption, after applying an appropriate discount rate to take into account the expected timing of payments. Anticipated payments to retailers are assessed by reference to historical data as to voucher redemption patterns. The key estimates used in deriving the provision includes discounts provided by retailers, interest rates used for discounting and the timing of the future redemption of vouchers.

Accounting Policies continued

(3) Accounting policies continued

Employee benefits

Retirement benefit obligation

The group has both defined benefit and defined contribution pension plans. The assets of the defined benefit pension plans are held in separate trustee administered funds.

The present value of the defined benefit obligation less the fair value of the plan assets is recognised in the balance sheet as the retirement benefit obligation.

Regular valuations are prepared by independent professionally qualified actuaries on the projected unit credit method. The valuations are carried out every three years and updated on a half yearly basis for accounting purposes. These determine the level of contribution required to fund the benefits set out in the rules of the plans and allow for the periodic increase of pensions in payment.

The regular service cost of providing retirement benefits to employees during the year is charged to operating profit in the year. Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period, in which case the past service costs are spread over that period.

A credit representing the expected return on the assets of the retirement benefit schemes during the year is included within administrative expenses. This is based on the market value of the assets of the schemes at the start of the financial year. A charge is also made within administrative expenses representing the expected increase in the liabilities of the retirement benefit schemes during the year. This arises from the liabilities of the schemes being one year closer to payment.

The difference between the market value of the assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet.

Differences between actual and expected returns on assets during the year are recognised in the SORIE, together with differences arising from changes in actuarial assumptions.

For defined contribution plans, the group pays contributions to privately administered pension plans on a contractual basis. The contributions are recognised as an employee benefit expense as they fall due.

Holiday pay

Provision is made for any holiday pay accrued by employees to the extent that the holiday entitlements accrued have not been taken at the period end.

Share-based payments

The group operates a number of equity-settled share-based payment plans.

An expense is recognised in respect of the fair value of the share options at the date of grant. This is calculated using the binomial method. A corresponding amount is recorded as an increase in equity. This expense is spread on a straight-line basis over any relevant vesting period and is adjusted on a prospective basis at each period end for any changes in assumptions or estimates that relate to non-market conditions, taking into account the conditions existing at each balance sheet date. IFRS 2 Share-based Payments applies to options granted on or after 7 November 2002.

Leases

Operating lease rentals are charged to the income statement on a straight-line basis over the period of the lease.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes.

Current tax is the expected tax payable on the taxable result for the year using tax rules enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Dividends

In accordance with IAS 10 Events After the Balance Sheet Date dividends are recognised in the financial statements in the period in which they are approved or paid, whichever is earlier.

Key assumptions and estimates

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. In applying the accounting policies set out above, the group make significant estimates and assumptions that affect the reported amounts of assets and liabilities as follows:

Income taxes (£1.25m deferred tax asset, current tax asset £0.67m)

The tax treatment of certain items cannot be determined precisely until tax audits or enquiries have been completed by the tax authorities, which in some instances can be some years after the item has been first reflected in the financial statements. The group recognises assets/liabilities for anticipated tax audits and enquiry issues based on an assessment of whether such assets/liabilities are likely to arise. If the outcome of such audits is that a final asset/liability is different to the amount originally estimated, such differences will be recognised in the period in which the audit or enquiry is determined. Any differences may necessitate a material adjustment to the level of tax assets held in the balance sheet.

Provisions (£23.71m)

A provision is made in respect of unredeemed vouchers. The provision is calculated by estimating anticipated amounts payable to retailers on redemption and the expected timing of payments. Historical data over a number of years and current trends are regularly reviewed and are used to prepare the estimates detailed above. Any differences to the above estimates may necessitate a material adjustment to the level of the provision held in the balance sheet. Management have considered the sensitivities of the key estimates and do not foresee that any likely change in these estimates will have a material impact on the size of the provision.

Monies held in trust (£17.34m) and trade and other payables (£44.53m)

The group includes within monies held in trust and trade and other payables, amounts received from customers in respect of savings for Christmas 2008. The group is entitled to receive amounts from the trust provided the group meets the conditions specified in the trust deed.

Goodwill (£1.51m)

Goodwill arising on acquisition represents the difference between the consideration and the fair value of net assets acquired. Goodwill is not amortised, but is reviewed annually for impairment and whenever events or changes in circumstances indicate that the carrying value of the goodwill may not be receivable. The impairment review relies on a number of assumptions (see note 7 for details). Any differences to the assumptions made may necessitate a material adjustment to the level of goodwill held in the balance sheet.

Notes to the Accounts

1 Segmental reporting

Following the closure of cash lending businesses comprising our Cash Reserve and Imagine Finance operations, the group was left with one segment, cash savings. For the first time the former cash savings business has been subdivided into two new segments, Christmas savings and corporate vouchers, as discussed within the business review part of the directors' report. As a result of this change in segments, and of the additional elements now included within discontinued operations for the first time, the prior year's figures have been restated.

The amount included within the elimination column reflects vouchers sold by the corporate vouchers segment to the Christmas savings segment. They have been included in elimination so as to show the total revenue for both segments.

Unallocated costs consist primarily of central costs relating to the corporate activities of the group which it was felt could not be reasonably allocated to either business segment. Within segment assets and liabilities, unallocated also includes the residual assets and liabilities of the discontinued operations previously reported within the cash lending segment.

2008	Christmas savings £'000	Corporate vouchers £'000	Unallocated £'000	Elimination £'000	Group £'000
Continuing operations					
Revenue					
External revenue	**143,450**	**81,619**	**–**	**–**	**225,069**
Inter-segment revenue	**–**	**101,846**	**–**	**(101,846)**	**–**
Total revenue	**143,450**	**183,465**	**–**	**(101,846)**	**225,069**
Results					
Segment operating profit/(loss)	**691**	**3,438**	**(1,638)**	**–**	**2,491**
Finance income					**2,688**
Finance costs					**(18)**
Profit before taxation					**5,161**
Taxation					**(1,475)**
Profit from continuing operations					**3,686**
Discontinued operations					
Total revenue	**–**	**–**	**708**	**–**	**708**
Results					
Segment result	**–**	**–**	**(707)**	**–**	**(707)**
Loss before taxation					**(707)**
Taxation					**1,728**
Profit from discontinued operations					**1,021**

	Christmas savings £'000	Corporate vouchers £'000	Unallocated £'000	Group £'000
Segment assets	**24,497**	**4,110**	**11,307**	**39,914**
Segment liabilities	**36,329**	**30,046**	**4,482**	**70,857**
Other segment items				
Capital expenditure	**290**	**88**	**–**	**378**
Depreciation	**408**	**179**	**–**	**587**
Other intangible asset additions	**96**	**2**	**–**	**98**
Amortisation of other intangible assets	**546**	**112**	**–**	**658**

2007	Christmas savings £'000	Corporate vouchers £'000	Unallocated £'000	Elimination £'000	Restated Group £'000
Continuing operations					
Revenue					
External revenue	216,791	88,425	–	–	305,216
Inter-segment revenue	53	150,056	–	(150,109)	–
Total revenue	216,844	238,481	–	(150,109)	305,216
Results					
Segment operating profit/(loss)	5,116	3,105	(1,417)	–	6,804
Finance income					3,319
Finance costs					(3)
Profit before taxation					10,120
Taxation					(3,491)
Profit from continuing operations					6,629
Discontinued operations					
Total revenue	–	–	9,984	–	9,984
Results					
Segment result	–	–	(3,933)	–	(3,933)
Loss before taxation					(3,933)
Taxation					1,549
Loss from discontinued operations					(2,384)

Notes to the Accounts continued

1 Segmental reporting continued

	Christmas savings £'000	Corporate vouchers £'000	Unallocated £'000	Restated Group £'000
Segment assets	19,600	3,309	7,656	30,565
Segment liabilities	30,269	29,193	4,606	64,068
Other segment items				
Capital expenditure	160	205	–	365
Depreciation	352	103	–	455
Impairment of goodwill	326	133	–	459
Other intangible asset acquisitions through business combinations	332	–	–	332
Other intangible asset additions	345	131	–	476
Amortisation of other intangible assets	754	144	–	898

As the company operates in only one geographical segment, secondary segmental information is not appropriate.

2 Profit before taxation

The following items, relating to continuing operations only, have been included in arriving at profit before taxation:

	2008 £'000	2007 £'000
Staff costs	**8,159**	7,736
Cost of inventories recognised as an expense (included in cost of sales)	**24,655**	33,447
Depreciation of property, plant and equipment	**567**	342
Amortisation of other intangibles (included in cost of sales)	**596**	663
Other operating leases payable		
– plant and machinery	**200**	211
– property	**509**	443
Repairs and maintenance on property, plant and equipment	**241**	516

Services provided by the group's auditors

During the year the group obtained the following services from the group's auditor at costs as detailed below:

	2008 £'000	2007 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	**34**	30
Fees payable to the company's auditor and its associates for other services:		
– audit of subsidiaries and associates pursuant to legislation	**83**	74
– other services pursuant to legislation	**16**	15
– actuarial services	**82**	76
– all other services	**50**	3
	265	198

The comparative figures have been restated to take account of the change in discontinued operations this year. See note 5 for details.

Fees paid for non-audit services to the company itself are not disclosed in the individual accounts of Park Group plc because the company's consolidated accounts are required to disclose such fees on a consolidated basis.

3 Finance income and costs

	2008 £'000	2007 £'000
Finance income:		
Bank interest receivable	**2,651**	3,273
Other interest receivable	**37**	46
	2,688	3,319
Finance costs:		
Bank interest payable	**3**	1
Other interest payable	**15**	2
	18	3

4 Taxation

	2008 £'000	**2008 £'000**	2007 £'000	2007 £'000
Analysis of charge/(credit) in period				
Continuing operations				
– current tax	**431**		3,362	
– adjustments to current tax in respect of prior periods	**257**		345	
		688		3,707
– deferred tax	**1,302**		(4)	
– adjustments to deferred tax in respect of prior periods	**(515)**		(212)	
		787		(216)
Taxation charge in respect of continuing operations		**1,475**		3,491
Discontinued operations				
– current tax	**(355)**		(2,360)	
– adjustments to current tax in respect of prior periods	**(1,259)**		(345)	
		(1,614)		(2,705)
– deferred tax	**143**		(9)	
– adjustments to deferred tax in respect of prior periods	**(257)**		1,165	
		(114)		1,156
Taxation credit in respect of discontinued operations		**(1,728)**		(1,549)
Taxation		**(253)**		1,942
Tax on items charged to equity				
Deferred tax on actuarial losses on defined benefit pension schemes		**(86)**		(126)

All of the tax credit in respect of discontinued operations relates to ordinary activities. There was no tax on a gain or loss on disposal.

Notes to the Accounts continued

4 Taxation continued

The tax for the period is lower (2007 – higher) than the standard rate of corporation tax in the UK (30 per cent).

The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	**5,161**	10,120
Expected tax charge at 30 per cent	**1,548**	3,036
Effects of:		
Adjustments to tax in respect of prior period	**(258)**	133
Change in corporation tax rate	**97**	–
Expenses not deductible for tax purposes	**88**	99
Balancing charge on industrial building	**–**	223
Total taxation (continuing operations)	**1,475**	3,491

5 Discontinued operations

	2008 £'000	Original 2007 £'000	Cash Reserve 2007 £'000	Imagine Finance 2007 £'000	Restated 2007 £'000
Revenue	**708**	4,513	1,352	4,119	9,984
Expenses	**(1,415)**	(3,765)	(1,737)	(8,415)	(13,917)
(Loss)/profit before taxation	**(707)**	748	(385)	(4,296)	(3,933)
Taxation	**1,728**	(13)	1,240	322	1,549
Profit/(loss) from discontinued operations	**1,021**	735	855	(3,974)	(2,384)

Discontinued operations comprise the result of our Cash Reserve and Imagine Finance businesses. We announced in June 2007 that both businesses were experiencing operational difficulties and as a result both operations were to close. As it was not disposed of there was no gain or loss on disposal.

The prior year figures have been restated to include both Cash Reserve and Imagine Finance. Previously these figures included only the HCC part of the former cash lending business which was sold in July 2006, and the write-off of stock partially provided for in connection with the sale of Link Brand Solutions which was disposed of in a prior year.

Of the group cash flows generated from operating activities, investing activities and financing activities set out on page 27, the following amounts were (utilised in)/generated from discontinued operations.

Cash flows from discontinued operations

	2008 £'000	Original 2007 £'000	Cash Reserve 2007 £'000	Imagine Finance 2007 £'000	Restated 2007 £'000
Net cash flows from operating activities	**(160)**	–	(509)	(2,993)	(3,502)
Net cash flows from investing activities	**–**	6,136	(422)	(49)	5,665
Net cash flows from financing activities	**–**	–	–	–	–
	(160)	6,136	(931)	(3,042)	2,163

6 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The calculation of basic and diluted earnings per share is based on the following figures:

	2008 £'000	2007 £'000
Earnings		
Earnings after tax – continuing operations	**3,686**	6,629
Earnings/(loss) from discontinued operations	**1,021**	(2,384)
Total earnings for period	**4,707**	4,245

	2008	2007
Weighted average number of shares		
Basic eps – weighted average number of shares	**165,064,410**	164,787,370
Diluting effect of employee share options	**622,260**	883,734
Diluted eps – weighted average number of shares	**165,686,670**	165,671,104

	2008	2007
Basic earnings/(loss) per share		
Weighted average number of ordinary shares in issue	**165,064,410**	164,787,370
Continuing operations (pence)	**2.23**	4.02
Discontinued operations (pence)	**0.62**	(1.44)
Total (pence)	**2.85**	2.58

	2008	2007
Diluted earnings/(loss) per share		
Weighted average number of ordinary shares in issue	**165,686,670**	165,671,104
Continuing operations (pence)	**2.22**	4.00
Discontinued operations (pence)	**0.62**	(1.44)
Total (pence)	**2.84**	2.56

7 Goodwill

Group

	£'000
Deemed cost	
At 31 March 2007 and 2008	**4,166**
Impairment	
At 31 March 2007 and 2008	**2,653**
Net book amount	
At 31 March 2007 and 2008	**1,513**

	£'000
Deemed cost	
At 31 March 2006 and 2007	4,166
Impairment	
At 1 April 2006	2,194
Impairment	459
At 31 March 2007	2,653
Net book amount	
At 31 March 2007	1,513
At 31 March 2006	1,972

Notes to the Accounts continued

7 Goodwill continued

Goodwill allocation to CGUs

The allocation of goodwill to CGUs is shown below:

CGUs	Goodwill at 1 April 2007 £'000	Impairment £'000	**Goodwill at 31 March 2008 £'000**
Christmas savings	1,513	–	**1,513**
Corporate vouchers	–	–	**–**
Net book amount	1,513	–	**1,513**

All goodwill acquired prior to the current financial year was tested for impairment during the year in accordance with IAS 36 Impairment of Assets.

In performing the impairment tests all recoverable amounts were measured on their value in use.

Christmas savings – Family (£1,173,000) and Country Hampers Franchisee (£340,000)

The key assumptions in the value in use calculations were as follows:

- The order position for the forthcoming Christmas.
- The budgeted gross margins. These are based on the average achieved in the last 12 month period. These margins are forecast to be maintained going forward.
- Average agent retentions forecast. These are based on historical performance of agent retention achieved. Historically, such forecasts have been materially correct.
- Budgeted revenue. This is based on average historical order value and average agent retention rates which have been extrapolated forward 10 years post acquisition. No revenue growth has been factored into the data used in the calculation.

The resulting cash flows were discounted using a pre-tax discount rate that is consistent with market rate for similar assets.

Following the tests, no impairment was identified.

8 Acquisitions

	2008 £'000	2007 £'000 Home Farm
Net assets acquired:		
Other intangible assets	**–**	332
Cash and cash equivalents	**–**	878
Trade and other payables	**–**	(878)
Net identifiable assets	**–**	332
Goodwill	**–**	–
	–	332
Satisfied by:		
Cash	**–**	332

No acquisitions were made during the year.

The prior year acquisition was in respect of the Home Farm business, acquired from Findel PLC on 7 March 2007. An agency customer list of 7,500 agents nationwide was included within the acquisition and this is shown in other intangible assets.

9 Other intangible assets

Group

	Computer software £'000	Agency customer list £'000	Loan broking leads £'000	Total £'000
Cost				
At 1 April 2007	2,552	1,258	226	4,036
Additions	98	–	–	98
At 31 March 2008	**2,650**	**1,258**	**226**	**4,134**
Amortisation and impairment				
At 1 April 2007	1,899	313	185	2,397
Amortisation charge for the year	373	244	41	658
At 31 March 2008	**2,272**	**557**	**226**	**3,055**
Net book amount				
At 31 March 2008	**378**	**701**	**–**	**1,079**
At 31 March 2007	653	945	41	1,639
Cost				
At 1 April 2006	2,781	926	185	3,892
Additions	435	–	41	476
Acquisitions through business combinations	–	332	–	332
Disposals	(664)	–	–	(664)
At 31 March 2007	2,552	1,258	226	4,036
Amortisation and impairment				
At 1 April 2006	1,862	–	–	1,862
Amortisation charge for the year	400	313	185	898
Disposals	(363)	–	–	(363)
At 31 March 2007	1,899	313	185	2,397
Net book amount				
At 31 March 2007	653	945	41	1,639
At 31 March 2006	919	926	185	2,030

Of the total amortisation costs of £658,000, £62,000 has been recognised in discontinued operations, with the balance in operating expenses.

The agency customer list relates to a list of 30,000 agents nationwide acquired from FHSC Limited on 15 February 2006 and 7,500 agents nationwide acquired from Findel PLC on 7 March 2007. Customer lists are amortised over their useful life of up to 10 years based on the pattern of forecast cash flows expected to be generated. On an annual basis, management review the expected cash flows to be generated and make appropriate provision for impairment.

The loan broking leads were potential customer details purchased from third parties in the year ending 31 March 2007 which were yet to be utilised as at 31 March 2007 and have since been expensed through the income statement in the financial year ending 31 March 2008. Leads were valued at cost less any impairment.

Notes to the Accounts continued

9 Other intangible assets continued
Company

	Computer software £'000	Total £'000
Cost		
At 1 April 2007	1,873	1,873
Additions	6	6
Group transfers	8	8
At 31 March 2008	**1,887**	**1,887**
Amortisation and impairment		
At 1 April 2007	1,559	1,559
Amortisation charge for the year	242	242
Group transfers	2	2
At 31 March 2008	**1,803**	**1,803**
Net book amount		
At 31 March 2008	**84**	**84**
At 31 March 2007	314	314
Cost		
At 1 April 2006	1,870	1,870
Additions	3	3
At 31 March 2007	1,873	1,873
Amortisation and impairment		
At 1 April 2006	1,311	1,311
Amortisation charge for the year	248	248
At 31 March 2007	1,559	1,559
Net book amount		
At 31 March 2007	314	314
At 31 March 2006	559	559

10 Investments
Group

	Other investments £'000
Cost	
At 31 March 2007 and 2008	**2**
Provisions	
At 31 March 2007 and 2008	**–**
Net book amount	
At 31 March 2007 and 2008	**2**

Company

	Shares in subsidiary undertakings £'000	Other investments £'000	Total £'000
Cost			
At 31 March 2007 and 2008	**7,984**	**2**	**7,986**
Provisions			
At 31 March 2007 and 2008	**1,020**	**–**	**1,020**
Net book amount			
At 31 March 2007 and 2008	**6,964**	**2**	**6,966**

The other investment relates to a single investment in ordinary share capital of a third party.

At 31 March 2008 the parent company's principal subsidiary undertakings included in the consolidation were:

Name of company	Nature of business
Park Group (UK) Limited	Holding company
Park Retail Limited	Mail order and cash savings operations
Park Christmas Savings Club Limited	Mail order agency cash savings
Country Christmas Savings Club Limited	Mail order agency cash savings
Family Christmas Savings Club Limited	Mail order agency cash savings
Home Farm Hampers Limited	Mail order agency cash savings
Handling Solutions Limited	Contract packing
High Street Vouchers Limited	Voucher sales
Budworth Properties Limited	Property management
Park Direct Credit Limited	Cash lending and debt collection services
Park Travel Service Limited	Travel agency
Park Financial Services Limited	Secured loan broking and insurance broking services

Park Group (UK) Limited is a wholly owned subsidiary undertaking of Park Group plc. All the other companies above were directly held, wholly owned, subsidiary undertakings of Park Group (UK) Limited.

All the above companies are registered in England.

11 Investment property

Group

	£'000
Cost	
At 1 April 2007	–
Transfer from property, plant and equipment	296
At 31 March 2008	**296**
Accumulated depreciation	
At 1 April 2007	–
Transfer from property, plant and equipment	17
At 31 March 2008	**17**
Net book amount	
At 31 March 2008	**279**
At 31 March 2007	–

Notes to the Accounts continued

11 Investment property continued

Two properties, one in Walton and one in Bishop Auckland, formerly used in the HCC business have been transferred to investment property as they are now being rented out to a third party.

Included in revenue is £24,000 (2007 – £nil) of rental income generated from investment properties.

Direct operating expenses arising on the investment property in the period amounted to £6,000 (2007 – £nil).

Under the provisions of IFRS 1, the group adopted a valuation as deemed cost on the date of transition for freehold land and buildings. The group's freehold properties were revalued in July 2005 by independent qualified valuers, Knight Frank LLP, a firm of independent Chartered Surveyors using observable prices in active markets to determine valuation.

12 Property, plant and equipment

Group

	Land and buildings £'000	Plant and equipment £'000	Vehicles £'000	Total £'000
Cost or valuation				
At 1 April 2007	10,959	4,403	24	15,386
Additions at cost	5	373	–	378
Disposals	–	(58)	(2)	(60)
Transfer to investment property	(296)	–	–	(296)
At 31 March 2008	**10,668**	**4,718**	**22**	**15,408**
Accumulated depreciation				
At 1 April 2007	7,050	3,507	6	10,563
Charge in year	179	403	5	587
Disposals	–	(49)	–	(49)
Transfer to investment property	(17)	–	–	(17)
At 31 March 2008	**7,212**	**3,861**	**11**	**11,084**
Net book amount				
At 31 March 2008	**3,456**	**857**	**11**	**4,324**
At 31 March 2007	3,909	896	18	4,823
Cost or valuation				
At 1 April 2006	10,923	5,299	27	16,249
Additions at cost	159	182	24	365
Disposals	–	(1,078)	(27)	(1,105)
Transfer to assets held for sale	(123)	–	–	(123)
At 31 March 2007	10,959	4,403	24	15,386
Accumulated depreciation				
At 1 April 2006	6,888	4,174	27	11,089
Charge in year	170	279	6	455
Disposals	–	(946)	(27)	(973)
Transfer to assets held for sale	(8)	–	–	(8)
At 31 March 2007	7,050	3,507	6	10,563
Net book amount				
At 31 March 2007	3,909	896	18	4,823
At 31 March 2006	4,035	1,125	–	5,160

The land and buildings transferred to investment property relates to the properties in Walton and Bishop Auckland which are now rented out. For further details see note 11.

Of the depreciation charge for the year of £587,000, £20,000 has been recognised in discontinued operations, with the balance in operating expenses.

Under the provisions of IFRS 1, the group adopted a valuation as deemed cost on the date of transition for freehold land and buildings. The group's freehold properties were revalued in July 2005 by independent qualified valuers, Knight Frank LLP, a firm of independent Chartered Surveyors using observable prices in active markets to determine valuation. At the date of transition for the group, 1 April 2004, this gave rise to an increase of £1.7m against the previous carrying value of these properties of which £0.6m was taken to retained earnings as the reversal of a previous impairment. The balance was taken to other reserves, which are not distributable under UK law.

Company

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 1 April 2007	30	2,752	2,782
Additions at cost	5	234	239
Disposals	–	(19)	(19)
Group transfers	–	29	29
At 31 March 2008	**35**	**2,996**	**3,031**
Accumulated depreciation			
At 1 April 2007	21	2,297	2,318
Charge in year	4	245	249
Disposals	–	(12)	(12)
Group transfers	–	25	25
At 31 March 2008	**25**	**2,555**	**2,580**
Net book amount			
At 31 March 2008	**10**	**441**	**451**
At 31 March 2007	9	455	464
Cost or valuation			
At 1 April 2006	30	2,750	2,780
Additions at cost	–	28	28
Group transfers	–	(26)	(26)
At 31 March 2007	30	2,752	2,782
Accumulated depreciation			
At 1 April 2006	17	2,042	2,059
Charge in year	4	265	269
Group transfers	–	(10)	(10)
At 31 March 2007	21	2,297	2,318
Net book amount			
At 31 March 2007	9	455	464
At 31 March 2006	13	708	721

No adjustments were made to the valuation of the company fixed assets on the company's transition to IFRS.

Notes to the Accounts continued

13 Deferred tax

Group

	2008 £'000	2007 £'000
Deferred tax asset	**1,248**	1,892
Deferred tax liability	**–**	(57)
Net deferred tax asset	**1,248**	1,835

IAS 12 Income Taxes permits deferred tax balances within the same tax jurisdiction to be offset. All deferred tax liabilities were available for offset against deferred tax assets.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28 per cent (2007 – 30 per cent).

The movement on the deferred tax account is shown below:

	2008 £'000	2007 £'000
At 1 April	**1,835**	2,649
Income statement charge	**(673)**	(940)
Amounts credited to equity	**86**	126
At 31 March	**1,248**	1,835

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered. Deferred tax assets have not been provided on trading losses of £20,406,000 and on capital losses of £3,871,000.

The movements in deferred tax assets and liabilities are shown below:

Deferred tax assets	Loans and receivables £'000	Retirement benefit obligation £'000	Property, plant and equipment £'000	Tax losses £'000	Promotional costs £'000	Share options £'000	Total £'000
At 1 April 2007	24	674	(57)	35	1,084	75	1,835
(Charged)/credited to income statement	(24)	(26)	500	(35)	(1,084)	(4)	(673)
Credited to equity	–	86	–	–	–	–	86
At 31 March 2008	**–**	**734**	**443**	**–**	**–**	**71**	**1,248**
At 1 April 2006	697	544	(270)	596	1,040	42	2,649
(Charged)/credited to income statement	(673)	4	213	(561)	44	33	(940)
Credited to equity	–	126	–	–	–	–	126
At 31 March 2007	24	674	(57)	35	1,084	75	1,835

The deferred income tax credited to equity during the year is as follows:

	2008 £'000	2007 £'000
Deferred tax on actuarial losses	**86**	126

Company

	2008 £'000	2007 £'000
Deferred tax asset	**1,020**	830
Deferred tax liability	**–**	–
Net deferred tax asset	**1,020**	830

IAS 12 permits deferred tax balances within the same tax jurisdiction to be offset. All deferred tax liabilities were available for offset against deferred tax assets.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28 per cent (2007 – 30 per cent).

The movement on the deferred tax account is shown below:

	2008 £'000	2007 £'000
At 1 April	**830**	563
Income statement credit	**104**	141
Amounts credited to equity	**86**	126
At 31 March	**1,020**	830

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered. Deferred tax assets have not been provided on capital losses of £440,000.

The movements in deferred tax assets and liabilities are shown below:

Deferred tax assets	Retirement benefit obligation £'000	Property, plant and equipment £'000	Share options £'000	Total £'000
At 1 April 2007	674	81	75	830
(Charged)/credited to income statement	(26)	134	(4)	104
Credited to equity	86	–	–	86
At 31 March 2008	**734**	**215**	**71**	**1,020**
At 1 April 2006	544	(23)	42	563
Credited to income statement	4	104	33	141
Credited to equity	126	–	–	126
At 31 March 2007	674	81	75	830

The deferred income tax credited to equity during the year is as follows:

	2008 £'000	2007 £'000
Deferred tax on actuarial losses	**86**	126

14 Loans and receivables

Group

	2008 £'000	2007 £'000
Loans and receivables	**187**	1,382

The loans and receivables balance arising from the Cash Reserve and Fast Cash Loan products issued by the former cash lending division are included at net realisable value.

No new loans are being issued as this business has been discontinued.

Notes to the Accounts continued

14 Loans and receivables continued

All loans and receivables balances have been impaired at March 2008. The remaining net balance is expected to be realised within one year.

The movement in the allowance for doubtful debts in respect of loans and receivables is as follows:

	2008 £'000	2007 £'000
At 1 April	**(1,348)**	(1,338)
Additional provisions	**(684)**	(1,350)
Amounts used	**1,838**	1,340
At 31 March	**(194)**	(1,348)

15 Inventories

Group

	2008 £'000	2007 £'000
Raw materials	**315**	68
Finished goods	**713**	379
	1,028	447

The cost of inventories recognised as an expense in the year is £24,655,365 (2007 – £33,447,177).

During the period, the write-down of inventories was reduced by £63,465. This was due to inventories being disposed of that had been previously written down. This amount has been credited to cost of sales in the income statement (2007 – write-down of inventories recognised as an expense in the period £126,512).

16 Trade and other receivables

Group

	2008 £'000	2007 £'000
Trade receivables	**3,925**	4,065
Less: Provision for impairment of receivables	**(324)**	(757)
Trade receivables – net	**3,601**	3,308
Other receivables	**1,044**	851
Prepayments	**1,470**	1,758
	6,115	5,917

Of the trade receivables – net balance above, £3,438,000 is due within one month, with the remaining £163,000 falling due in more than one but less than three months. Other receivables are due within one month.

Credit quality of trade receivables	2008 £'000	2007 £'000
Neither past due nor impaired	**3,026**	2,955
Past due but not impaired	**575**	353
Impaired	**324**	757
Total	**3,925**	4,065

The group has charged £26,973 in respect of the provision for impairment of receivables during the year (2007 – £17,330).

The movement in the provision for impairment of trade receivables is as follows:

	2008 £'000	2007 £'000
At 1 April	**(757)**	(784)
Additional provisions	**(61)**	(38)
Amounts used	**460**	44
Amounts reversed	**34**	21
At 31 March	**(324)**	(757)

Company

	2008 £'000	2007 £'000
Receivables from related parties	**2,863**	4,999
Other receivables	**305**	471
Prepayments	**242**	112
	3,410	5,582

Other receivables are due within one month. An analysis of the arrears status of this balance has not been presented as the amount concerned is not significant.

17 Cash and cash equivalents

Group

	2008 £'000	2007 £'000
Cash at bank and in hand	**5,430**	12,192

All cash held at bank at March 2008 had a maturity date of less than one month. The weighted average EIR on the group's cash balances was 5.69 per cent (2007 – 4.89 per cent).

Company

	2008 £'000	2007 £'000
Cash at bank and in hand	**6,888**	1,670

All cash held at bank at March 2008 had a maturity date of less than one month. The weighted average EIR on the company's cash balances was 5.77 per cent (2007 – 4.89 per cent).

18 Monies held in trust

Group

	2008 £'000	2007 £'000
Monies held in trust	**17,336**	–

On 13 August 2007 a declaration of trust constituted Park Prepayments Protection Trust to hold agents' prepayments. Park Prepayments Trustee Company Limited, as trustee of the trust, holds this money on behalf of the agents. The conditions of the release of this money to the group are detailed in the trust deed, which is available at www.getpark.co.uk.

All monies held in trust have a maturity date of less than one month. The timing of the release of the monies to the group is as detailed above.

The weighted average EIR on the trust balance was 5.69 per cent.

19 Assets held for sale

Group

	2008 £'000	2007 £'000
Property	**700**	815

Notes to the Accounts continued

19 Assets held for sale continued

The property balance for the current period relates to one property held at the lower of its carrying amount and fair value less costs to sell. The property was previously utilised within the business.

The property is located in Merseyside and had a conditional sale agreement in place which has now been terminated. The site is being actively marketed. The site is valued at a deemed cost of £700,000 (revaluation value at the date of transition to IFRS) in the accounts. This reflects a valuation of land for industrial use which is consistent with the land being available for immediate sale and in its present condition.

One property in Stockport, held for sale at 31 March 2007, was sold for £130,000 in June 2007 with associated costs of £2,000. This property was previously used by the HCC business. This property had a book value of £115,000.

20 Trade and other payables

Group

	2008 £'000	2007 £'000
Trade payables	**40,575**	36,303
Other taxes and social security payable	**718**	372
Other payables	**659**	307
Accruals and deferred income	**1,914**	1,753
Dividends payable	**660**	660
	44,526	39,395

Trade payables fall due as follows:

	£'000
Not later than one month	**40,475**
Later than one month and not later than three months	**100**
	40,575

Trade payables include agents' prepayments for products that will be supplied prior to Christmas 2008.

Other taxes and social security payable, other payables and dividends payable are due within one month.

Company

	2008 £'000	2007 £'000
Trade payables	**141**	202
Other taxes and social security payable	**300**	55
Other payables	**131**	43
Accruals and deferred income	**382**	192
Dividends payable	**660**	660
	1,614	1,152

Trade payables, other taxes and social security payable, other payables and dividends payable are due within one month.

21 Provisions

Group

	£'000
At 1 April 2007	22,077
Utilised in the period	(20,343)
	1,734
Increase in the period	21,974
At 31 March 2008	**23,708**

The above provision is all due within one year.

The provision is made in respect of unredeemed vouchers which are included at their fair value at the date of initial recognition. This comprises the anticipated amounts payable to retailers on redemption after applying an appropriate discount rate to take into account the expected timing of payments. The anticipated amounts payable to retailers are arrived at by reference to historical data as to voucher redemption patterns.

22 Retirement benefit obligation

Group and company

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.

The group also makes contributions to a defined contribution stakeholder pension plan, insured with Clerical Medical, for employees who are not eligible to join the defined benefit schemes.

The total pension charge for the year to 31 March 2008 was £355,000 (2007 – £349,000). At 31 March 2008, contributions of £22,000 (2007 – £22,000) were outstanding in respect of the defined benefit schemes, which represented the charge for the month of March.

The group has applied IAS 19 (Revised 2004) to both schemes and the following disclosures relate to this standard. The group recognises any differences between the actual and expected return on assets and differences arising from the changes in actuarial assumptions in each period in the SORIE.

Full actuarial valuations were carried out at 31 March 2005 (of the PF Scheme) and at 31 March 2007 (of the PG Scheme). Both valuations have been updated to 31 March 2008 by a qualified independent actuary.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2008 %	2007 %
Discount rate	**5.90**	5.35
Future salary increases	**3.60**	3.20
Future pension increases	**3.40**	3.20
Life expectancy at age 65 for:		
Males (PG)	**85.6**	85.2
Females (PG)	**88.5**	88.1
Males (PF)	**85.6**	85.2
Females (PF)	**88.5**	88.1

The post-retirement mortality assumptions used are based on 'PA 92' standard tables with some allowance for future mortality improvements.

The expected rates of return for each asset class, gross of scheme expenses, were:

	2008 %	2007 %
Equities	**8.50**	7.75
Bonds	**5.50**	5.25
Property	**7.00**	7.75
Cash	**5.25**	5.25
Gilts	**4.50**	n/a

Notes to the Accounts continued

22 Retirement benefit obligation continued

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2008 %	2007 %
Equities	**44.1**	48.9
Bonds	**4.8**	45.5
Property	**1.9**	2.3
Cash	**4.1**	3.3
Gilts	**45.1**	–

Where investments are held in bonds and cash, the expected long term rate of return is taken to be the yields generally prevailing on such assets at the balance sheet date. A higher rate of return is expected on equity investments, which is based more on realistic future expectations than on returns that have been available historically. The overall expected long term rate of return on assets is then the average of these rates taking into account the underlying asset portfolio of the pension plan.

The amounts recognised in the balance sheets are as follows:

	2008 £'000	2007 £'000	2006* £'000	2005* £'000
Present value of pension obligation	**14,631**	14,500	13,385	10,991
Fair value of scheme assets	**(12,008)**	(12,254)	(11,570)	(9,368)
Net liability	**2,623**	2,246	1,815	1,623

The amounts recognised in the income statement are as follows:

	2008 £'000	2007 £'000
Current service cost	**337**	385
Interest on obligation	**777**	667
Expected return on scheme assets	**(770)**	(709)
Total included in administrative expenses	**344**	343
Actual return on scheme assets	**(216)**	590

Changes in the present value of the defined benefit obligation are as follows:

	2008 £'000	2007 £'000
Opening defined benefit obligation	**14,500**	13,385
Service cost	**337**	385
Employee contributions	**129**	159
Interest cost	**777**	667
Actuarial losses	**190**	–
Benefits paid	**(432)**	(396)
Changes in assumptions	**(870)**	300
Closing defined benefit obligation	**14,631**	14,500

Change in the fair value of scheme assets:

	2008 £'000	2007 £'000
Opening fair value of scheme assets	**12,254**	11,570
Expected return	**770**	709
Actuarial losses	**(986)**	(119)
Contributions by employer	**273**	331
Contributions by employees	**129**	159
Benefits paid	**(432)**	(396)
Closing assets at fair value	**12,008**	12,254

None of the schemes' assets were invested in Park Group plc or property occupied by Park Group plc.

The group expects to contribute in the year to 31 March 2009 regular monthly contributions (inclusive of life assurance premiums) of 11 per cent of pensionable salaries (based on the current schedule of contributions) to the PG scheme. However, an actuarial valuation is in the process of being completed and so this contribution requirement may be amended during the next financial year. Contributions to the PF scheme are to be paid at a rate of £1,210 per calendar month following completion of the actuarial valuation as at 31 March 2005.

Analysis of amount to be recognised in the SORIE:

	2008 £'000	2007 £'000
Actual return less expected return on pension scheme assets	**(986)**	(119)
Actuarial losses arising on pension scheme liabilities	**(190)**	–
Changes in assumptions underlying the present value of the scheme liabilities	**870**	(300)
Total amount of actuarial losses recognised in the SORIE in the year:	**(306)**	(419)
Cumulative amount of actuarial (losses)/gains recognised in the SORIE at year end:	**(300)**	6

History of experience gains and losses over the years:

	2008 £'000	2007 £'000	2006* £'000	2005* £'000
Difference between the expected and actual return on scheme assets:				
Amount	**(986)**	(119)	1,313	110
Value of assets	**12,008**	12,254	11,570	9,368
Percentage of scheme assets	**(8%)**	(1%)	11%	1%
Experience gains and losses on scheme liabilities:				
Amount	**(190)**	–	(179)	570
Present value of liabilities	**14,631**	14,500	13,385	10,991
Percentage of present value of scheme liabilities	**(1%)**	–	(1%)	5%
Total amount recognised in SORIE:				
Amount	**(306)**	(419)	(291)	716
Present value of liabilities	**14,631**	14,500	13,385	10,991
Percentage of present value of scheme liabilities	**(2%)**	(3%)	(2%)	7%

* As the date of transition to IFRS for the parent company was 1 April 2006, figures in columns for 2006 and 2005 relate to the group only.

Notes to the Accounts continued

23 Employees and directors

Group

Employee benefit expense for the group during the year (including discontinued operations)

	2008 £'000	2007 £'000
Wages and salaries	**7,643**	10,431
Social security costs	**705**	912
Other pension costs	**355**	349
Share-based payments	**54**	49
Other benefits	**43**	52
	8,800	11,793

Of the total employee costs of £8.8m (2007 – £11.8m), discontinued operations account for £0.6m (2007 – £4.1m), with these costs being included in discontinued operations in the income statement.

Average monthly number of people (including executive directors) employed

	2008 Number	2007 Number
Christmas savings	**265**	282
Corporate vouchers	**52**	42
Unallocated	**8**	11
Discontinued operations	**23**	165
Average number employed	**348**	500

Key management compensation

	2008 £'000	2007 £'000
Salaries and short term employee benefits	**1,134**	1,117
Post-employment benefits	**52**	56
Share-based payments	**24**	20
	1,210	1,193

Key management are deemed to be the group's executive and non-executive directors.

Details of directors' emoluments, including those of the highest paid, can be found in the remuneration report.

Company
Employee benefit expense for the company during the year

	2008 £'000	2007 £'000
Wages and salaries	**1,722**	1,585
Social security costs	**198**	149
Other pension costs	**101**	96
Share-based payments	**54**	49
Other benefits	**13**	15
	2,088	1,894

There were on average 29 (2007 – 29) people employed in the parent company during the period.

Key management compensation

	2008 £'000	2007 £'000
Salaries and short term employee benefits	**917**	839
Post-employment benefits	**35**	34
Share-based payments	**24**	20
	976	893

Key management are deemed to be the group's executive and non-executive directors.

Details of directors' emoluments, including those of the highest paid, can be found in the remuneration report.

24a Share capital
Group and company

	No of shares	£'000
Authorised: ordinary shares of 2p each		
At 31 March 2007 and 2008	**195,000,000**	**3,900**
Allotted, called up and fully paid		
At 31 March 2007 and 2008	**165,064,410**	**3,301**

Options over ordinary shares in the company have been granted and dealt with as follows as at 31 March 2008:

	Options over ordinary shares						
			Exercised				
Date of grant	Granted	Lapsed	Prior years	This year	Outstanding	Exercise price	Latest exercise date
03.09.01	4,150,000	(2,750,000)	–	–	1,400,000	11.00p	02.09.11
06.08.02	254,870	(252,120)	(2,750)	–	–	20.00p	31.03.08
17.01.03	2,650,000	(1,150,000)	–	–	1,500,000	21.83p	16.01.13
06.08.03	175,466	(89,944)	–	–	85,522	21.60p	31.03.09
15.07.04	1,800,000	(775,000)	–	–	1,025,000	29.00p	14.07.14
04.08.04	562,589	(562,589)	–	–	–	26.10p	31.03.08
04.08.04	45,100	(30,067)	–	–	15,033	26.10p	31.03.10
29.01.07	3,250,000	–	–	–	3,250,000	21.17p	28.01.17

The market price of the shares at 31 March 2008 was 18.00p with a range in the year of 15.00p to 26.00p.

Notes to the Accounts continued

24b Share-based payments

The group operates three share schemes: UESOS, AESOS and ESOS.

For the purposes of assessing the income statement charge under IFRS 2, the options under the schemes were valued using the binomial option pricing model.

The group recognised a total charge of £54,000 (2007 – £49,000) related to equity-settled share-based transactions during the year ended 31 March 2008.

This charge was split across the schemes as follows:

	2008 £'000	2007 £'000
UESOS	**28**	16
AESOS	**6**	11
ESOS	**20**	22
	54	49

The fair value per option granted and the assumptions used in the calculation are as follows:

	UESOS	AESOS	ESOS	UESOS	ESOS	ESOS	UESOS	AESOS
Grant date	17.01.03	17.01.03	06.08.03	15.07.04	04.08.04	04.08.04	29.01.07	29.01.07
Share price at grant date	21.83p	21.83p	26.19p	29.00p	30.25p	30.25p	21.00p	21.00p
Exercise price	21.83p	21.83p	21.60p	29.00p	26.10p	26.10p	21.17p	21.17p
Number of shares under option	463,475	2,186,525	175,466	1,800,000	562,589	45,100	2,966,580	283,420
Option life (years)	10	10	5	10	3	5	10	10
Expected volatility	45%	45%	45%	45%	45%	45%	45%	45%
Risk free rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.89%	4.89%
Expected dividend yield	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
Forfeiture rate	25%	30%	25%	25%	25%	25%	10%	10%
Fair value per option	4.32p	4.03p	7.43p	6.10p	7.38p	8.33p	4.60p	4.60p

The table above excludes all options issued prior to 1 November 2002.

The expected volatility of share price has been estimated using the logarithmic share price returns approach, based on share price performance over recent years.

The risk free interest rate is based on the yield available on zero coupon UK Government bonds of a term consistent with the assumed option life.

Projected dividend yield is based on dividend yield over the last 10 years.

Forfeiture rates are based on historical leaver information and depend on length of vesting period and category of employee.

A reconciliation of option movements during the year is shown below:

	2008		2007	
	Number	**Weighted average exercise price (pence)**	Number	Weighted average exercise price (pence)
Outstanding at 1 April	**7,484,038**	**20.58**	6,655,807	19.11
Granted	**–**	**–**	3,250,000	21.17
Expired	**(208,483)**	**24.55**	(1,888,404)	18.92
Exercised	**–**	**–**	(533,365)	11.69
Outstanding at 31 March	**7,275,555**	**20.47**	7,484,038	20.58

	2008		2007	
	Weighted average share price at date of exercise	**Number of shares**	Weighted average share price at date of exercise	Number of shares
Share options exercised in the financial period	**–**	**–**	18.27p	533,365

	2008	2007
Share options outstanding at end of period		
Weighted average remaining contractual life	**6.5 years**	7.3 years

Notes to the Accounts continued

UESOS
Options are granted at the discretion of directors. Options can only be exercised during the option exercise period, being the period commencing on the third anniversary of the date of the grant of the option and ending on the day before the tenth such anniversary.

Schemes with a grant date prior to 2007
No option can be exercised unless the market value of a share is at least 50p.

No option can be exercised unless the earnings per share of the company is at least 4.3p per share.

Scheme granted 29 January 2007
No option can be exercised unless the middle market value of a share is more than 30p for 20 trading days before exercise.

The requirement for the market value of a share to be a certain price is a market condition and has thus been reflected in the fair value of the options at the date of grant.

The requirement for earnings per share to be at least 4.3p per share is a non-market condition. The fair value calculations do not incorporate the effects of non-market conditions.

Options lapse if an individual leaves the company by resigning.

AESOS
Options are granted at the discretion of directors. Options can only be exercised during the option exercise period, being the period commencing on the third anniversary of the date of the grant of the option and ending on the day before the tenth such anniversary.

Schemes with a grant date prior to 2007
No option can be exercised unless the market value of a share is at least 50p.

No option can be exercised unless the earnings per share of the company is at least 4.3p per share.

Scheme granted 29 January 2007
No option can be exercised unless the middle market value of a share is more than 30p for 20 trading days before exercise.

The requirement for the market value of a share to be a certain price is a market condition and has thus been reflected in the fair value of the options at the date of grant.

The requirement for earnings per share to be at least 4.3p per share is a non-market condition. The fair value calculations do not incorporate the effects of non-market conditions.

Options lapse if an individual leaves the company by resigning.

ESOS
This is open to all employees having 12 months service at date of invitation. Employees can enter into either a three or a five year savings contract and agree to save a regular amount each month between £5 and £250. Options are granted at a discount to the share price. For those options granted after 7 November 2002 the discount was set at 10 per cent to the closing share price over an average of three consecutive days.

Options lapse if an individual leaves the company by resigning or if they choose to stop paying into their savings account. In either instance they can withdraw their money they have already saved but cannot exercise their options. Options must be exercised within six months after the end of the three or five year savings period.

25 Statement of changes in equity

Group

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 April 2007	3,301	1,070	(37,874)	(33,503)
Profit after tax	–	–	4,707	4,707
Share options				
– value of employee services	–	–	54	54
Dividends	–	–	(1,981)	(1,981)
Actuarial losses on pension schemes (net of deferred tax)	–	–	(220)	(220)
At 31 March 2008	**3,301**	**1,070**	**(35,314)**	**(30,943)**
At 1 April 2006	3,291	1,018	(39,997)	(35,688)
Profit after tax	–	–	4,245	4,245
Share options				
– proceeds of shares issued	10	52	–	62
– value of employee services	–	–	49	49
Dividends	–	–	(1,878)	(1,878)
Actuarial losses on pension schemes (net of deferred tax)	–	–	(293)	(293)
At 31 March 2007	3,301	1,070	(37,874)	(33,503)

Company

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 April 2007	3,301	1,070	8,407	12,778
Profit after tax	–	–	4,782	4,782
Share options				
– value of employee services	–	–	54	54
Dividends	–	–	(1,981)	(1,981)
Actuarial losses on pension schemes (net of deferred tax)	–	–	(220)	(220)
At 31 March 2008	**3,301**	**1,070**	**11,042**	**15,413**
At 1 April 2006	3,291	1,018	11,427	15,736
Loss after tax	–	–	(898)	(898)
Share options				
– proceeds of shares issued	10	52	–	62
– value of employee services	–	–	49	49
Dividends	–	–	(1,878)	(1,878)
Actuarial losses on pension schemes (net of deferred tax)	–	–	(293)	(293)
At 31 March 2007	3,301	1,070	8,407	12,778

Notes to the Accounts continued

26 Dividends

Amounts recognised as distributed to equity holders in the year:

	2008 £'000	2007 £'000
Interim dividend for the year ended 31 March 2008 of 0.40p (2007 – 0.40p)	**660**	660
Final dividend for the year ended 31 March 2007 of 0.80p (2006 – 0.74p)	**1,321**	1,218

In addition, the directors are proposing a final dividend in respect of the financial year ending 31 March 2008 of 0.80p per share which will absorb an estimated £1,321,000 of shareholders' funds.

The final dividend will be paid on 1 October 2008 to shareholders who are on the register of members at the close of business on 1 August 2008.

27 Reconciliation of net profit/(loss) to net cash (outflow)/inflow from operating activities

	Group		Company	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000
Net profit/(loss) for the period attributable to equity holders of the parent	**4,707**	4,245	**(1,968)**	(898)
Adjustments for:				
Tax on continuing operations	**1,475**	3,491	**(1,010)**	(115)
Tax on discontinued operations	**(1,728)**	(1,549)	**–**	–
Interest income	**(2,688)**	(3,319)	**(586)**	(3,204)
Interest expense	**18**	3	**3**	1
Dividend from related party	**–**	–	**6,750**	–
Depreciation and amortisation	**1,245**	1,353	**491**	517
Impairment of goodwill	**–**	459	**–**	–
Profit on sale of other assets held for sale	**(13)**	(96)	**–**	–
Profit on sale of property, plant and equipment	**(1)**	–	**(4)**	–
Decrease/(increase) in loans and receivables	**1,195**	(720)	**–**	–
(Increase)/decrease in inventories	**(581)**	528	**–**	–
(Increase)/decrease in trade and other receivables	**(124)**	862	**32**	(15)
Increase/(decrease) in trade and other payables	**5,131**	(14,769)	**462**	(190)
Movement in balances with related parties	**–**	–	**2,648**	(4,658)
Increase in provisions	**1,631**	2,741	**–**	–
(Increase) in monies held in trust	**(17,336)**	–	**–**	–
Increase in retirement benefit obligation	**71**	12	**71**	12
Share-based payments	**54**	49	**54**	49
Net cash (outflows)/inflows from operating activities	**(6,944)**	(6,710)	**6,943**	(8,501)

28 Contingent liabilities

The group has an obligation under a contract with a Country Christmas Savings Club franchisee to buy back the franchise once notice has been given of a desire to surrender by the franchisee. The cost to the group if notice were to be given is presently estimated to be £244,000 (2007 – £257,000).

29 Operating lease commitments – minimum lease payments

Group

	2008 Property £'000	2008 Vehicles, plant and equipment £'000	2007 Property £'000	2007 Vehicles, plant and equipment £'000
Commitments under non-cancellable operating leases expiring:				
Within one year	**20**	**18**	253	4
Later than one year and less than five years	**221**	**101**	820	67
After five years	**5,693**	**–**	199	–
	5,934	**119**	1,272	71

The group leases various branch premises and warehouses under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The group also leases plant and machinery under non-cancellable operating lease agreements.

30 Capital and other financial commitments

Group

	2008 £'000	2007 £'000
Contracts placed for future capital expenditure not provided in the financial statements	**15**	49

31 Related party transactions

Group

Transactions between the group's subsidiaries, which are related party transactions, have been eliminated on consolidation and are therefore not disclosed in this note.

There are no transactions with key management personnel other than those disclosed in the directors' remuneration report.

The ultimate controlling party of the group is Mr P R Johnson. He directly holds 57.4 per cent of the share capital of Park Group plc and has a beneficial interest in 9.78 per cent of shares held by BWSIPP Trustees Limited. He also has a beneficial interest in 100,000 shares in which KUS Pension Fund has an interest.

Company

The following transactions with subsidiaries occurred in the year:

	2008 £'000	2007 £'000
Dividends received	**6,750**	–

No purchases or sales transactions were entered into between the company and subsidiary companies.

Year end balances arising from transactions with subsidiaries

	2008 £'000	2007 £'000
Receivables from subsidiaries (note 16)	**2,863**	4,999

The receivables from subsidiaries consist of the balance of the dividend still to be settled through the group loan account.

Notes to the Accounts continued

32 Financial instruments

Credit risk

Management has a policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers. The majority of trade receivables are subject to credit insurance, which further reduces credit risk.

At the balance sheet date there were no significant concentrations of risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The financial assets and financial liabilities of the group are detailed below:

	Notes	**Carrying amount and fair value 2008 £'000**	Carrying amount and fair value 2007 £'000
Financial assets			
Cash and cash equivalents	17	**5,430**	12,192
Monies held in trust	18	**17,336**	–
Trade receivables	16	**3,601**	3,308
Other receivables	16	**1,044**	851
Prepayments	16	**1,470**	1,758
Loans and receivables	14	**187**	1,382
		29,068	19,491
Financial liabilities			
Trade payables	20	**40,575**	36,303
Other taxes and social security payable	20	**718**	372
Other payables	20	**659**	307
Accruals and deferred income	20	**1,914**	1,753
Dividends payable	20	**660**	660
		44,526	39,395

For further details of each of the financial assets and financial liabilities, see note numbers as detailed above.

Loans and receivables balances are carried in the balance sheet at net realisable value as these products have now been discontinued.

Due to their relatively short maturity, the carrying amounts of all other financial assets and financial liabilities approximate to their fair values.

The provision for unredeemed vouchers is not a financial liability and is therefore excluded from the table above.

Interest rate risk

In relation to income earning financial assets and interest bearing financial liabilities, the group does not have any interest rate risk exposure.

A 0.5% movement in the interest rate applied to cash and cash equivalents and monies held in trust would not have a material impact on the group's profit before taxation.

Loan agreements are fixed rate agreements where the customer is committed to pay interest at a rate fixed at the commencement of the agreement for the agreement term. Consequently the group does not have any significant exposure to interest rate risk.

Liquidity risk

The group manages liquidity risk by continuously monitoring actual and forecast cash flows, by matching the maturity profiles of financial assets and liabilities and by maintaining adequate banking facilities.

Capital risk

The group's objectives in managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The group is not subject to any external capital requirements (regulatory or funding). Park Financial Services Limited, a group subsidiary offering insurance broking services, is subject to Financial Services Authority (FSA) capital requirements. Park Financial Services Limited reports twice annually to the FSA on the level of regulatory capital it holds.

The group's capital base includes share capital, share premium account and retained earnings.

Capital is reported monthly as part of the internal management accounts and is also included in budgeting and forecasting exercises.

33 Reconciliation between IFRS and UK GAAP

Reconciliation of profit for the year to 31 March 2007

	Previously reported UK GAAP figures in IAS 1 format £'000	IFRS adjustments		Total effect of the transition to IFRS £'000	Restated balances in IAS 1 format £'000
		IAS 19 Employee Benefits £'000	IAS 12 Income Tax £'000		
Loss for the period attributable to equity holders	(889)	(12)	3	(9)	(898)

Notes to the Accounts continued

33 Reconciliation between IFRS and UK GAAP continued

Reconciliation of equity at 1 April 2006

	Previously reported UK GAAP figures in IAS 1 format £'000	IFRS adjustments IAS 19 Employee Benefits £'000	IAS 38 Computer Software £'000	IAS 12 Income Tax £'000	Total effect of the transition to IFRS £'000	Restated balances in IAS 1 format £'000
Assets						
Non-current assets						
Other intangible assets	–	–	560	–	560	560
Investments	6,966	–	–	–	–	6,966
Property, plant and equipment	1,245	–	(560)	–	(560)	685
Deferred tax assets	17	–	–	545	545	562
	8,228	–	–	545	545	8,773
Current assets						
Trade and other receivables	565	–	–	–	–	565
Current tax assets	549	–	–	–	–	549
Cash and cash equivalents	8,938	–	–	–	–	8,938
	10,052	–	–	–	–	10,052
Total assets	18,280	–	–	545	545	18,825
Liabilities						
Current liabilities						
Trade and other payables	(1,274)	–	–	–	–	(1,274)
	(1,274)	–	–	–	–	(1,274)
Non-current liabilities						
Retirement benefit obligation	–	(1,815)	–	–	(1,815)	(1,815)
	–	(1,815)	–	–	(1,815)	(1,815)
Total liabilities	(1,274)	(1,815)	–	–	(1,815)	(3,089)
Net assets/(liabilities)	17,006	(1,815)	–	545	(1,270)	15,736
Shareholders' equity						
Share capital	3,291	–	–	–	–	3,291
Share premium account	1,018	–	–	–	–	1,018
Retained earnings	12,697	(1,815)	–	545	(1,270)	11,427
Total equity attributable to equity holders of the parent	17,006	(1,815)	–	545	(1,270)	15,736

Reconciliation of equity at 31 March 2007

	Previously reported UK GAAP figures in IAS 1 format £'000	IFRS adjustments IAS 19 Employee Benefits £'000	IAS 38 Computer Software £'000	IAS 12 Income Tax £'000	Total effect of the transition to IFRS £'000	Restated balances in IAS 1 format £'000
Assets						
Non-current assets						
Other intangible assets	–	–	314	–	314	314
Investments	6,966	–	–	–	–	6,966
Property, plant and equipment	778	–	(314)	–	(314)	464
Deferred tax assets	156	–	–	674	674	830
	7,900	–	–	674	674	8,574
Current assets						
Trade and other receivables	5,582	–	–	–	–	5,582
Current tax assets	350	–	–	–	–	350
Cash and cash equivalents	1,670	–	–	–	–	1,670
	7,602	–	–	–	–	7,602
Total assets	15,502	–	–	674	674	16,176
Liabilities						
Current liabilities						
Trade and other payables	(1,152)	–	–	–	–	(1,152)
	(1,152)	–	–	–	–	(1,152)
Non-current liabilities						
Retirement benefit obligation	–	(2,246)	–	–	(2,246)	(2,246)
	–	(2,246)	–	–	(2,246)	(2,246)
Total liabilities	(1,152)	(2,246)	–	–	(2,246)	(3,398)
Net assets/(liabilities)	14,350	(2,246)	–	674	(1,572)	12,778
Shareholders' equity						
Share capital	3,301	–	–	–	–	3,301
Share premium account	1,070	–	–	–	–	1,070
Retained earnings	9,979	(2,246)	–	674	(1,572)	8,407
Total equity attributable to equity holders of the parent	14,350	(2,246)	–	674	(1,572)	12,778

Notes to the Accounts continued

Principal differences between UK GAAP and IFRS which affect the company

(A) IAS 19 – Employee Benefits: pension scheme adjustments

Under UK GAAP the company accounted for the defined benefit pension schemes under Financial Reporting Standard (FRS) 17 Retirement Benefits. The company recognised all pension and similar costs in the profit and loss account within operating profit, but did not recognise the net surplus or deficit in its defined benefit schemes in the company's balance sheet. Under FRS 17, the company was permitted to account for the schemes as if they were defined contribution schemes as it was unable to identify its share of the underlying assets and liabilities of the schemes.

In accordance with IAS 19, the net surplus or deficit arising on the defined benefit pension schemes has been recognised in the financial statements of the company, which is the sponsoring employer, as there is no agreement with the other group companies on how the deficit should be funded. Pension service costs continue to be included within operating profit, whilst finance income and costs associated with the schemes are presented as a component of interest. The finance income and costs represent the difference on expected return on scheme assets and the interest charge arising from the unwinding of the discount applied to the scheme liabilities. Actuarial gains and losses are recorded in the SORIE, as permitted by the International Accounting Standards Board's (IASB) amendment to IAS 19. The company continues to account for the pension schemes as if they were defined contribution schemes.

(B) IAS 12 – Income Tax, corporation tax and deferred tax

Current taxes are accounted for under IFRS under the same basis as UK GAAP.

There are no significant differences between accounting for deferred tax under IFRS and UK GAAP which affect the company. A deferred tax asset has been provided on the recognition of, and any movement in, the retirement benefit obligation.

(C) IAS 38 – Intangible Assets

Under UK GAAP, all capitalised software, software development and website development costs are included within tangible fixed assets. IAS 38 requires that where such costs are not an integral part of the associated hardware, they should be classified as intangible assets. There is no impact to the income statement as a result of this reclassification.

Notice of Meeting

Notice is hereby given that the twenty fifth annual general meeting of Park Group plc will be held in The Vice Presidents Room, Tranmere Rovers Football Club Limited, Prenton Park, Prenton Road West, Birkenhead CH42 9PN on Tuesday 23 September 2008, at 12 noon for the following purposes:

1 To receive and adopt the company's annual accounts for the financial year ended 31 March 2008, together with the last directors' report and the auditors' report on those accounts.

2 To declare a final dividend for the financial year ended 31 March 2008.

3 To approve the remuneration report of the directors for the financial year ended 31 March 2008.

4 To re-elect Peter Johnson who retires by rotation and offers himself for re-election.

5 To re-elect Chris Houghton who retires by rotation and offers himself for re-election.

6 To elect John Dembitz who has been appointed since the last annual general meeting and offers himself for election.

7 To re-appoint KPMG Audit Plc as auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the company and to authorise the directors to agree their remuneration.

8 **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 15 of the Articles of Association of the company be renewed for a term of five years expiring on 22 September 2013 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.'

By order of the board

M R Stewart
Company Secretary
Valley Road
Birkenhead CH41 7ED
11 August 2008

Note:
1 A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote, on a poll, instead of him/her. A proxy need not be a member of the company. A form of proxy is enclosed for use by shareholders.

Directors and Advisers

Directors
P R Johnson (Chairman) §
C Houghton
M R Stewart
G A Woods
C J Baker (Non-executive) * † §
R G Marcall (Non-executive) * † §
J Dembitz (Non-executive) * †

* Member of the audit committee
† Member of the remuneration committee
§ Member of the nomination committee

Secretary
M R Stewart

Registered Office
Valley Road
Birkenhead
CH41 7ED
Registered in England No 1711939

Nominated Adviser
Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
London
W1S 4JU

Merchant Bankers
N M Rothschild & Sons Limited
82 King Street
Manchester
M2 4WQ

Auditors
KPMG Audit Plc
8 Princes Parade
Liverpool
L3 1QH

Stockbrokers
Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
London
W1S 4JU

Landsbanki Securities (UK) Limited
Beaufort House
15 St Botolph Street
London
EC3A 7QR

Bankers
Barclays Bank PLC
1 Marsden Street
Manchester
M2 1HW

Registrars
Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol
BS99 7NH

Designed and produced by **Emperor Design Consultants Ltd**
Telephone **+44 (0)20 7729 9090 www.emperordesign.co.uk**

PARK GROUP PLC

www.parkgroup.co.uk

www.getpark.co.uk
www.getcountry.co.uk
www.familyhampers.co.uk
www.myparkmag.co.uk
www.highstreetvouchers.com
www.love2reward.co.uk
www.love2travel.org.uk
www.parktravel.co.uk