

Notes to the financial statements continued

6 Pension costs (continued)

	2002 £'000
Analysis of movement in scheme deficit:	
Opening deficit in the scheme	(6,800)
Current service cost	(988)
Contributions	1,183
Past service costs	-
Net finance charge	(295)
Actuarial losses	(5,907)
Closing deficit in the scheme	(12,807)

If the net pension liability set out above were to be recognised in the financial statements, net assets and profit and loss reserve would be as follows:

	2002 £'000	2001 (restated) £'000
Net assets note:		
Net assets per balance sheet	43,015	40,097
Net pension liability	(8,965)	(4,760)
Net assets including net pension liability	34,050	35,337
Reserves note:		
Profit and loss reserve per balance sheet	23,474	20,537
Pension reserve	(8,965)	(4,760)
Profit and loss reserve including net pension liability	14,509	15,777

7 Net release of onerous lease provisions

	2002 £'000	2001 £'000
Asset created for new onerous lease sublet receivables	6	11
Provision released on exit from onerous leases	437	573
Net release of onerous lease provisions	443	584

There were no new onerous lease obligations incurred during the period (2001: £nil). Additional sublet receivables on existing onerous lease properties gave rise to a credit of £6,000 (2001: credit of £11,000) whilst £437,000 (2001: £573,000) was released on exiting onerous lease obligations on three properties (2001: two properties).

8 Interest receivable and similar income

	2002 £'000	2001 £'000
Interest on bank deposits	126	59
Interest on tax repayments	235	168
Exchange differences and other interest receivable	61	142
Interest receivable and similar income	422	369

9 Interest payable and similar charges

	2002 £'000	2001 £'000
Bank loan and overdraft interest on amounts wholly repayable within one year	260	768
Unsecured loan note interest payable at fixed 7.35%	2,758	2,956
Unsecured loan note interest payable on additional premium (see below)	91	122
Exchange differences and other interest	30	13
Interest on finance lease repayments	579	573
Interest payable and similar charges	3,718	4,432

Following the grading of our loan note issue at a level below initial expectations we have agreed with the subscribers an additional US dollar 0.25% premium on the \$65 million loan note issue, effective from 9 January 2000 until 31 March 2007, which is outside of our currency and interest rate swap arrangements.

10 Taxation

	2002 £'000	2001 (restated) £'000
UK corporation tax at 30% (2001: 30%)	2,605	1,909
Adjustments in respect of previous periods	(2,043)	(449)
Overseas taxation	4	5
Current taxation	566	1,465
Deferred tax (see note 24)	(804)	105
Total taxation	(238)	1,570

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

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	7,114	6,085
Multiplied by standard rate of corporation tax in the UK (30%)	2,134	1,825
<i>Effects of:</i>		
Adjustments in respect of previous periods	(2,043)	(449)
Non-taxable income	(90)	(67)
Expenses not deductible for tax purposes	455	359
Depreciation in excess of capital allowances	347	(133)
Non-taxable profits on sale of fixed assets	(79)	(104)
Other timing differences	(158)	34
Current taxation	566	1,465

Notes to the financial statements continued

11 Group result dealt with in the accounts of the Company

Of the Group profit attributable to shareholders, a profit after tax of £7,312,000 (2001: £4,649,000) has been dealt with in the accounts of the Company.

12 Dividends

	2002 Dividend per share	2001 Dividend per share	2002 £'000	2001 £'000
10 pence ordinary shares:				
Interim paid	1.95p	1.95p	1,282	1,285
Final proposed	4.85p	4.85p	3,153	3,205
Total dividends	6.80p	6.80p	4,435	4,490

The trusts operating the LTIP and 2001 Executive Share Option Scheme have waived all but a nominal sum as dividends on the 1,541,808 (2001: 504,610) shares in their possession at the year-end. As such no dividend has been accrued for these shareholdings although additional amounts have been provided in anticipation of the conversion of share options.

13 Earnings per share

The calculations of earnings per share are based on the following profits after taxation:

	2002 Results £'000	2002 Basic earnings per share	2002 Fully diluted earnings per share	2001 Results (restated) £'000	2001 Basic earnings per share (restated)	2001 Fully diluted earnings per share (restated)
Profit before onerous leases credit	7,042	10.72p	10.62p	4,106	6.22p	6.21p
Onerous leases credit	310	0.47p	0.47p	409	0.62p	0.62p
Profit on ordinary activities	7,352	11.19p	11.09p	4,515	6.84p	6.83p

Weighted average number of shares:

	2002 Number of ordinary shares	2001 Number of ordinary shares
Basic weighted average number of ordinary shares	65,721,596	66,056,697
Dilutive effect from share options*	551,284	89,701
Fully diluted weighted average number of ordinary shares	66,272,880	66,146,398
*Average market price of the Group's shares during the period	£1.0130	£0.8675

14 Prior period adjustments – deferred tax

As explained in 'Changes in financial information' within Accounting Policies, the Group has implemented FRS19 with effect from 30 June 2001 and in accordance with the standard, has restated prior period figures to reflect this. The effects of adopting this new financial reporting standard are summarised below:

	Consolidated profit and loss account £'000	Consolidated balance sheet £'000
Creation of deferred tax provision as at 24 June 2000	–	(9,025)
Deferred tax charge for 53 weeks ended 30 June 2001	(105)	(105)
Cumulative decrease in shareholders' funds	(105)	(9,130)

The current year impact of adopting this standard retrospectively, has been to credit the consolidated profit and loss account with £804,000.