

**JARVIS PORTER (PROPERTY HOLDINGS)  
LIMITED**

**Report and Financial Statements**

**28 February 2006**

THURSDAY



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COMPANIES HOUSE

**Deloitte & Touche LLP  
Leeds**

# JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

## REPORT AND FINANCIAL STATEMENTS 2006

| <b>CONTENTS</b>                                    | <b>Page</b> |
|--|-------------|
| Officers and professional advisers                 | 1           |
| Directors' report                                  | 2           |
| Statement of directors' responsibilities           | 3           |
| Independent auditors' report                       | 4           |
| Profit and loss account                            | 5           |
| Statement of total recognised gains and losses     | 5           |
| Reconciliation of movements in shareholders' funds | 5           |
| Balance sheet                                      | 6           |
| Notes to the financial statements                  | 7           |

# JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

## REPORT AND FINANCIAL STATEMENTS 2006

### OFFICERS AND PROFESSIONAL ADVISERS

#### DIRECTORS

S J Bannister (resigned 29 June 2006)  
P Corke  
C H B Mills (appointed 15 June 2006)  
R P Baber (appointed 15 June 2006, resigned 30 November 2006)

#### SECRETARY

S J Bannister (resigned 10 August 2006)  
R T Cooper (appointed 10 August 2006)

#### REGISTERED OFFICE

Darby House  
Sunningdale Road  
Scunthorpe  
North Lincs  
DN17 2SS

#### BANKERS

Royal Bank of Scotland  
Corporate Banking - East Midlands  
P O Box 7895  
Cumberland Place  
Nottingham  
NG1 7ZS

#### SOLICITORS

Addleshaw Booth & Co  
Sovereign House  
Sovereign Street  
Leeds  
LS1 1HQ

#### AUDITORS

Deloitte & Touche LLP  
Leeds

# JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 February 2006.

### ACTIVITIES

The company acts as the property owning company for its parent company, Jarvis Porter Group PLC.

### REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company have agreed settlement of the onerous lease for early termination. Management have determined that the provision which stood at £2 million at 28 February 2005, should be reduced to £912,000 as an agreement has been reached with the lessor to allow for early termination of the lease in 12 months, as the site has been granted planning permission. Therefore the provision has been reduced to £912,000 representing the final settlement figure agreed after the year end.

Going forward the company will be seeking new opportunities to hold property and generate income for the group.

### DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2005: £Nil) and the profit for the financial year of £1,177,852 (2005: loss of £130,096) has been transferred from reserves.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year are shown on page 1.

Mr S J Bannister and Mr P Corke also served as a director of the ultimate parent company, Jarvis Porter Group PLC and their interests in the shares of other group companies are disclosed in that company's financial statements.

The directors do not have any interests in the shares of the company.

### AUDITORS

By elective resolution the directors have dispensed with the appointment of auditors annually.

Approved by the Board of Directors  
and signed on behalf of the Board



R Cooper

Secretary

21 December 2006

# JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JARVIS PORTER (PROPERTY HOLDINGS) LIMITED**

We have audited the financial statements of Jarvis Porter (Property Holdings) Limited for the year ended 28 February 2006 which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds, the balance sheet, and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Emphasis of matter - Going concern**

In arriving at our conclusion, we draw your attention to the disclosures made in note 1 of the financial statements concerning the company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern as it is not practicable to determine or quantify them.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2006 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985;

*Deloitte + Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

Leeds

21 December 2006

# JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 28 February 2006

|   | Note | 2006<br>£                 | 2005<br>£                 |
|---|------|---------------------------|---------------------------|
| <b>TURNOVER</b>   | 2    | 406,589                   | 533,241                   |
| Administrative income/(expenses)                            |      | <u>195,278</u>            | <u>(961,454)</u>          |
| <b>OPERATING PROFIT/(LOSS)</b>                              |      | 601,867                   | (428,213)                 |
| Profit on disposal of fixed assets                          |      | <u>575,985</u>            | <u>-</u>                  |
| <b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b> | 4    | 1,177,852                 | (428,213)                 |
| Tax on profit/(loss) on ordinary activities                 | 5    | <u>-</u>                  | <u>298,117</u>            |
| <b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>                  |      | 1,177,852                 | (130,096)                 |
| <b>Retained loss brought forward</b>                        |      | <u>(3,423,877)</u>        | <u>(3,293,781)</u>        |
| <b>Retained loss carried forward</b>                        |      | <u><u>(2,246,025)</u></u> | <u><u>(3,423,877)</u></u> |

All activities relate to continuing operations.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

There are no movements in shareholders' funds other than the loss in both the current and preceding financial years.

# JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

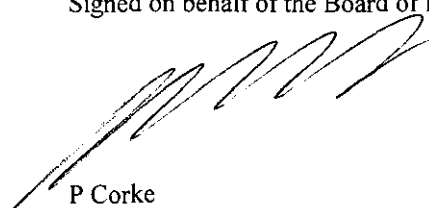
## BALANCE SHEET

28 February 2006

|   | Note | 2006<br>£   | 2005<br>£   |
|---|------|-------------|-------------|
| <b>FIXED ASSETS</b>                                   |      |             |             |
| Tangible assets                                       | 6    | -           | 1,727,948   |
| <b>CURRENT ASSETS</b>                                 |      |             |             |
| Debtors   | 7    | 512,038     | 57,828      |
|   |      | 512,038     | 57,828      |
| <b>CREDITORS: amounts falling due within one year</b> | 8    | (504,904)   | (1,868,736) |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>               |      | 7,134       | (1,810,908) |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      | 7,134       | (82,960)    |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>         | 9    | (912,242)   | (2,000,000) |
| <b>NET LIABILITIES</b>                                |      | (905,108)   | (2,082,960) |
| <b>CAPITAL AND RESERVES</b>                           |      |             |             |
| Called up share capital                               | 10   | 1,340,917   | 1,340,917   |
| Profit and loss account                               |      | (2,246,025) | (3,423,877) |
| <b>EQUITY SHAREHOLDERS' LIABILITIES</b>               |      | (905,108)   | (2,082,960) |

These financial statements were approved by the Board of Directors on 21 December 2006

Signed on behalf of the Board of Directors



P Corke

Director

# JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2006

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below and applied consistently in both the current and prior period.

#### Going concern

The company is reliant on group support. Following the cash outflows in relation to the settlement of an onerous lease noted in the Directors report, and the losses incurred in the period the Group Board of Directors ("the Board") have reviewed the Group's borrowing requirements. The ability to secure these borrowings, for instance against the significant property and debtor assets held by the Group, could be restricted by the significant event rules which require the Board to obtain clearance from the Pension Regulator due to a defined benefit pension scheme liability in another group company.

The Board have been in discussions with the Pensions Regulator and obtained permission to borrow against a Company owned property held at Hoylake Road in Scunthorpe. A short term overdraft of £490,000 for three months has been obtained, which expires in January 2007. Given the security offered on the overdraft the Board expect to be able to renew this temporary measure on a more long term basis before it expires.

Over the next twelve months the benefits of restructuring the Darby business, through the closure of the Gloucester site and the reorganisation of the Scunthorpe site, are expected to reduce the cash outflows of the group in order to operate within these new facilities. However a further deterioration in market conditions, or an increase in requirements of funding payments to the defined benefit pension scheme held by the Group (with the new payment cycle to be agreed from May 2007) could lead to further borrowings being required, which if not obtained would lead to a material uncertainty regarding the Group's ability to operate as a going concern, and realise its assets and discharge its liabilities in the normal course of business.

The Board have prepared projected cash flow information for the period ending 12 months from the date of approval of these accounts. These include the assumptions that the overdraft facility will remain in place, payment terms to the defined benefit pension scheme will remain in line with previous practice, and that current market conditions will not deteriorate. Based on these assumptions the Directors have concluded that the preparation of the financial statements on a going concern basis is appropriate.

#### Accounting convention

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

#### Vacant property provision

Provision is made for the estimated liability for the residual lease commitments on vacant lease properties by estimating the period the company is expected to be unable to sub-let these properties over the remaining lease terms.

#### Taxation

Current tax, including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and law as that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Fixed assets

The company does not revalue any of its fixed assets. Upon acquisition, differing useful lives are ascribed to major components of an asset where applicable.

# JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2006

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

|                    |          |
|--------------------|----------|
| Freehold buildings | 40 years |
|--------------------|----------|

#### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

#### Leases

Assets held under hire purchase contracts and finance leases are capitalised in the balance sheets and are depreciated over their useful lives. Interest is charged to the profit and loss account in proportion to the capital repayments outstanding. Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

### 2. TURNOVER

All turnover arises in the United Kingdom and is in respect of rentals receivable during the year from operating leases.

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

#### Directors' emoluments

No director received any remuneration during the year or the preceding year. The company had no employees other than the directors of the company during the year and the preceding year.

Both Directors serving during the year ended 28 February 2006 also served as directors of the parent company Jarvis Porter Group PLC. Their total remuneration for the year ended 28 February 2006 was £160,000 (2005: £180,000), and S J Bannister received £16,000 (2005: £16,000) as a contribution to a defined contribution pension scheme. In the case of these directors in the year ended 28 February 2006 it is not practicable to allocate their total remuneration to individual group companies.

### 4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

|   | 2006      | 2005    |
|---|-----------|---------|
| Loss on ordinary activities before taxation is after charging:  | £         | £       |
| Depreciation of owned assets  | 43,933    | 58,577  |
| Rentals under operating leases – other assets   | 256,589   | 318,902 |
| (Release of provision)/provision for properties now vacant following close of group businesses (note 9) | (450,000) | 627,360 |

Auditors' remuneration has been borne by the parent company in the current and prior years.

# JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 28 February 2006

### 5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

|   | 2006<br>£ | 2005<br>£      |
|---|-----------|----------------|
| United Kingdom corporation tax at 30% (2005: 30%) | -         | -              |
| Deferred taxation                                 |           |                |
| Adjustments in respect of prior years             | -         | 298,117        |
|   | <u>-</u>  | <u>298,117</u> |

#### Factors affecting tax charge for the current period

The tax assessed for the period is different to that resulting from applying the standard rate of corporation tax in the UK (30%) (2005: 30%). The differences are explained below:

|   | 2006<br>£ | 2005<br>£ |
|---|-----------|-----------|
| Profit/(loss) on ordinary activities before taxation            | 1,177,852 | (428,213) |
| Tax at 30% thereon  | 353,356   | 128,464   |
| Depreciation in excess of capital allowances                    | 14,391    | -         |
| Unprovided tax movement   | 84,684    | (128,464) |
| Deferred tax credit arising on transfer to fellow group company | (454,551) | -         |
| Expenses not deductible   | 2,120     | -         |
|   | <u>-</u>  | <u>-</u>  |
| Current tax charge for period                                   | -         | -         |

### 6. TANGIBLE FIXED ASSETS

|  | Freehold<br>land and<br>buildings<br>£ |
|--|--|
| <b>Cost</b>                              |  |
| At 1 March 2005                          | 2,716,363                              |
| Disposal to fellow group undertaking     | <u>(2,716,363)</u>                     |
| At 28 February 2006                      | -                                      |
| <b>Accumulated depreciation</b>          |  |
| At 1 March 2005                          | 988,415                                |
| Charge for year                          | 43,933                                 |
| Disposal to fellow group undertaking     | <u>(1,032,349)</u>                     |
| At 28 February 2006                      | -                                      |
| <b>Net book value</b>                    |  |
| At 28 February 2006                      | -                                      |
| At 28 February 2005                      | <u>1,727,948</u>                       |
|  | 2006<br>£                              |
| Cost of land not subject to depreciation | <u>-</u>                               |
|  | 2005<br>£                              |
|  | <u>334,000</u>                         |

# JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2006

### 7. DEBTORS

|                                     | 2006<br>£      | 2005<br>£     |
|-------------------------------------|----------------|---------------|
| Trade debtors                       | 440            | -             |
| Other debtors                       | 3,206          | 3,982         |
| Prepayments and accrued income      | 53,846         | 53,846        |
| Amounts due from group undertakings | 454,546        | -             |
|                                     | <u>512,038</u> | <u>57,828</u> |

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                    | 2006<br>£      | 2005<br>£        |
|------------------------------------|----------------|------------------|
| Bank overdraft                     | 479,361        | 96,857           |
| Trade creditors                    | 9,005          | 5,995            |
| Other creditors                    | 16,538         | 16,540           |
| Amounts owed to group undertakings | -              | 1,749,344        |
|                                    | <u>504,904</u> | <u>1,868,736</u> |

# JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2006

### 9. PROVISIONS FOR LIABILITIES AND CHARGES

|  | Vacant<br>property<br>provision<br>2006<br>£ | Vacant<br>property<br>provision<br>2005<br>£ |
|--|--|--|
| <b>Vacant property provision</b>               |  |  |
| At 1 March 2005                                | 2,000,000                                    | 2,000,000                                    |
| (Credit)/charge to the profit and loss account | (450,000)                                    | 627,360                                      |
| Utilised in year                               | (637,758)                                    | (627,360)                                    |
| At 28 February 2006                            | <u>912,242</u>                               | <u>2,000,000</u>                             |

During the three years to the year ended 28 February 2002, the Jarvis Porter Group closed a number of businesses, which resulted in some of the company's leased properties becoming vacant. The credit to the profit and loss account this year relates to lease commitments on the closed factory at Hinckley. The company have agreed settlement of the onerous lease for early termination. Management have determined that the provision which stood at £2 million at 28 February 2005, should be reduced to £912,242 as an agreement has been reached with the lessor to allow for early termination of the lease in 12 months, as the site has been granted planning permission. Therefore the provision has been reduced to £912,242 representing the final settlement figure.

#### Deferred taxation:

|                                       | 2006<br>£      | 2005<br>£        |
|---------------------------------------|----------------|------------------|
| At 1 March 2005                       | -              | 298,117          |
| Credit to the profit and loss account | -              | (298,117)        |
| At 28 February 2006                   | <u>-</u>       | <u>-</u>         |
| <b>Total provisions</b>               | <u>912,242</u> | <u>2,000,000</u> |

#### Deferred taxation comprises:

|  | 2006<br>£ | 2005<br>£ |
|--|-----------|-----------|
| Losses                                       | -         | (280,543) |
| Capital allowances in excess of depreciation | -         | 280,543   |
|  | <u>-</u>  | <u>-</u>  |

A deferred tax asset of £nil (2005: £280,543) has been recognised in respect of losses incurred in the year, to the extent of the deferred tax liability arising on accelerated capital allowances.

A deferred tax asset of £603,429 (2005: £518,746) has not been recognised as there is insufficient evidence that the asset will be recovered. The recoverability of the deferred tax asset is dependent on future taxable profits in excess of those arising from deferred tax liabilities.

### 10. CALLED UP SHARE CAPITAL

|  | 2006<br>£        | 2005<br>£        |
|--|------------------|------------------|
| <b>Authorised:</b>                         |                  |                  |
| 1,450,000 Ordinary shares of £1 each       | <u>1,450,000</u> | <u>1,450,000</u> |
| <b>Called up, allotted and fully paid:</b> |                  |                  |
| 1,340,917 Ordinary shares of £1 each       | <u>1,340,917</u> | <u>1,340,917</u> |

# JARVIS PORTER (PROPERTY HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2006

### 11. FINANCIAL COMMITMENTS

#### Operating lease commitments

At 28 February 2006, the company was committed to the following annual payments in respect of non-cancellable operating leases:

|                      | Land and buildings |         |
|----------------------|--------------------|---------|
|                      | 2006               | 2005    |
|                      | £                  | £       |
| Leases which expire: |                    |         |
| After 5 years        | 700,000            | 700,000 |

The lease was subsequently surrendered as highlighted in the Directors' report.

### 12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in FRS8 not to disclose details of related party transactions with other group companies as it is a wholly owned subsidiary of Jarvis Porter Group PLC.

### 13. ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent company is Jarvis Porter Group PLC a company incorporated in Great Britain and registered in England and Wales. Jarvis Porter Group PLC is the only company that prepares group accounts that include the results of the company. The accounts of Jarvis Porter Group PLC can be obtained from the Company Secretary, Darby House, Sunningdale Road, Scunthorpe, DN17 2SS.