Johnson Group Properties PLC
Registered No. 523192

Directors' Report and Financial Statements
For the year ended 31st December 2010

Johnson Group Properties PLC
Directors' Report and Financial Statements
For the Year Ended 31st December 2010

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Johnson Group Properties PLC
Directors and Professional Advisers

DIRECTORS	J A Talbot Y M Monaghan BSc, FCA I J Phillips
COMPANY SECRETARY	Y M Monaghan BSc, FCA
REGISTERED OFFICE	Johnson House Abbots Park Monks Way Preston Brook Cheshire WA7 3GH
BANKERS	Barclays Bank plc 7th Floor 1 Marsden Street Manchester M2 1HW Lloyds TSB Bank plc 40 Spring Gardens Manchester M2 1EN The Royal Bank of Scotland plc 10th Floor, The Plaza 100 Old Hall Street Liverpool L3 9QJ Santander Corporate Banking 298 Deansgate Manchester M3 4HH
LAWYERS	Beachcroft LLP 7 Park Square East Leeds LS1 2LW Hill Dickinson LLP No1 St Paul's Square Liverpool L3 9SJ
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 101 Barbirolli Square Lower Mosley Street Manchester M2 3PW

Johnson Group Properties PLC
Directors' Report
For the year ended 31st December 2010

The Directors present their report and audited financial statements for the year ended 31st December 2010

ACTIVITIES AND BUSINESS REVIEW

The Company operates as the property holding company of Johnson Service Group PLC and owns freehold and leasehold properties principally on behalf of UK trading subsidiaries in the Group No change is envisaged in this activity

Included within the result for the year is £173,083 (2009 £nil) in relation to the loss on disposal of properties

The Directors consider the financial position of the Company at 31st December 2010 to be satisfactory

RESULTS AND DIVIDENDS

The Company's revenue and profit from trading operations for the year were as follows

	2010	2009
	£000	£000
Revenue (net of VAT)	**1,067**	1,272
Operating profit	**456**	892

The Directors have paid a dividend of £4,387,000 during the year (2009 £nil)

The retained profit for the year was £231,000 (2009 profit of £760,000)

DIRECTORS

The Directors of the Company are listed on page 1 These Directors served throughout the year

EMPLOYMENT POLICIES

The employment policies of the Company embody the principles of equal opportunity and are tailored to meet the needs of its business and the local area in which it operates All senior managers undergo diversity training The involvement of employees in the performance of the business is encouraged and efforts are made to give all employees an understanding of the financial position through periodic company newsletters The Parent Company, Johnson Service Group PLC, operates an approved Savings Related Share Option Scheme for eligible employees

The Company is committed to providing adequate training for employees at all levels and is constantly reviewing and improving its procedures

Suitable procedures are in operation to support the Company's policy that disabled persons, whether registered or not, shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities Where members of staff become disabled every effort is made to ensure they are retrained according to their abilities

Johnson Group Properties PLC
Directors' Report (continued)
For the year ended 31 December 2010

HEALTH AND SAFETY
The Board is aware of its responsibilities on all matters relating to health and safety of employees, customers, visitors to Company premises and others affected by the Company's activities A working party advises Directors and senior executives on all relevant issues relating to the compliance with health and safety legislation The Company has clearly defined health and safety policies which follow current best practices and meet or exceed legal requirements In particular, these policies clearly define the Company's aspirations for health and safety affairs, including protecting the health and well being of its employees, and ensuring that the responsibilities of all categories of employees within the Company are made clear to those concerned Health and safety matters are an agenda item at Board meetings

The policy is brought to the attention of all employees and copies of policy documents are available upon request to all interested parties

A clearly defined system is in place to identify, assess and control any significant risks faced by both employees and others This is reviewed regularly by the Company's Health & Safety Manager

The Company has adopted a computer based health and safety management system, which produces a quantified measure of line management control of health and safety This system provides the basis for setting health and safety targets and driving a process of continuous improvement

The Company has arrangements in place to consult employees regarding health and safety matters There are regular meetings of regional and site based committees which are comprised of employee representatives and health and safety representatives where appropriate

AUDITORS
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting

CREDITOR PAYMENT POLICY
The Company fully supports the CBI initiative on payments to suppliers and has continued to apply the Prompt Payment Code in respect of all suppliers The main features of the code are that payment terms are agreed at the outset of a transaction and are adhered to, that there is a clear and consistent policy that bills will be paid in accordance with the contract, and that there are no alterations to payment terms without prior arrangement Copies of the Code can be obtained from the CBI Trade creditor days of the Company for the year ended 31st December 2010 were 106 days (2009 1 day), based on the ratio of Company trade creditors at the end of the period to the amounts invoiced during the period by trade creditors All outstanding trade creditors at the year end are within agreed payment terms

Johnson Group Properties PLC
Directors' Report (continued)
For the year ended 31 December 2010

DIRECTORS' RESPONSIBILITIES STATEMENT
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

Each of the Directors at the date of this report confirms that

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

By order of the Board

Y M Monaghan
Company Secretary
29th March 2011

Johnson Group Properties PLC
Registered in England and Wales No 523192

Independent Auditors' Report to the Members of Johnson Group Properties PLC
For the year ended 31st December 2010

We have audited the financial statements of Johnson Group Properties PLC for the year ended 31st December 2010 which comprise the Income Statement,,the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Shareholders' Equity, the Statement of Significant Accounting Policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements
- give a true and fair view of the state of the company's affairs as at 31st December 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Nicholas Boden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29th March 2011

Johnson Group Properties PLC
Income Statement
For the year ended 31st December 2010

Note		Year ended 31 December 2010	Year ended 31 December 2009
		£000	£000
	REVENUE	**1,067**	**1,272**
	Other operating expenses		
	- Administration costs	**(438)**	**(380)**
5	Exceptional items		
	- Profit on disposal of property	**(173)**	**-**
1	**OPERATING PROFIT**	**456**	**892**
6	Interest receivable	**48**	**64**
	PROFIT BEFORE TAXATION	**504**	**956**
7	Taxation	**(274)**	**(196)**
	PROFIT FOR THE YEAR	**231**	**760**

All results are derived from continuing operations

The Company has no recognised net income or expense for the period except as reported in the above Income Statement

Johnson Group Properties PLC
Balance Sheet
As at 31st December 2010

Note		As at 31 December 2010	As at 31 December 2009
		£000	**£000**
	ASSETS		
	NON-CURRENT ASSETS		
8	Property, plant and equipment	**8,150**	9,534
9	Trade and other receivables	**3,510**	5,971
12	Deferred tax asset	**98**	102
		11,758	15,607
	CURRENT ASSETS		
9	Trade and other receivables	**34**	70
	Cash and cash equivalents	**107**	275
		141	345
	LIABILITIES		
	CURRENT LIABILITIES		
10	Trade and other payables	**435**	35
	Current income tax liabilities	**523**	-
11	Provisions	**580**	465
		1,538	500
	NET CURRENT LIABILITIES	**(1,397)**	(155)
	NON-CURRENT LIABILITIES		
12	Deferred tax liabilities	**2,182**	2,639
11	Provisions	**1,070**	1,548
		3,252	4,187
	NET ASSETS	**7,109**	11,265
	EQUITY		
	CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS		
15	Share capital	**475**	475
	Share premium	**475**	475
	Retained earnings	**6,159**	10,315
	TOTAL EQUITY	**7,109**	11,265

The notes on pages 15 to 25 are an integral part of these financial statements The financial statements on pages 6 to 25 were approved by the Board of Directors on 29th March 2011 and signed on its behalf by

Y M Monaghan
Director

Johnson Group Properties PLC
Statement of Cash Flows
For the year ending 31st December 2010

Note		Year ended 31 December 2010	Year ended 31 December 2009
		£000	£000
	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit for the year	231	760
	Adjustments for		
6	Finance income and expense	(48)	(64)
7	Income tax charge	274	196
	Depreciation and amortisation	174	176
	Decrease in trade and other receivables	9	52
	(Increase) / decrease in trade and other payables	351	(99)
	Movement in balances with Group Companies	2,291	(2,950)
	Loss on sale of property, plant and equipment	173	-
	Movement on provisions	(363)	(385)
	Net cash flows generated from / (used in) operating activities	3,092	(2,314)
	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of property, plant and equipment	(13)	-
	Proceeds from sale of property, plant and equipment	1,092	-
6	Interest received	48	64
	Net cash generated from investing activities	1,127	64
	CASH FLOWS FROM FINANCING ACTIVITIES		
	Dividends paid to company shareholders	(4,387)	-
	Net Cash used in financing activities	(4,387)	-
	Net decrease in cash and cash equivalents	(168)	(2,250)
	Cash and cash equivalents at beginning of period	275	2,525
	Cash and cash equivalents at end of period	107	275

Johnson Group Properties PLC
Statement of Changes in Shareholders' Equity
For the year ending 31st December 2010

	Share Capital £000	Share Premium £000	Retained Earnings £000	Total Equity £000
Balance at 1st January 2009	475	475	9,555	10,505
Total recognised income and expense for the period	-	-	760	760
Balance at 31st December 2009	475	475	10,315	11,265
Balance at 1st January 2010	**475**	**475**	**10,315**	**11,265**
Total recognised income and expense for the period	**-**	**-**	**231**	**231**
Dividends paid	**-**	**-**	**(4,387)**	**(4,387)**
Balance at 31st December 2010	**475**	**475**	**6,159**	**7,109**

Johnson Group Properties PLC
Statement of Significant Accounting Policies
For the year ended 31st December 2010

BASIS OF PREPARATION
Johnson Group Properties PLC is a company limited by shares, incorporated and domiciled in the United Kingdom The Company's registered number is 523192 The address of its registered office is Johnson House, Abbots Park, Monks Way, Preston Brook, Cheshire, WA7 3GH

The principal accounting policies applied in the preparation of this financial report are set out below These policies have been consistently applied to the information presented, unless otherwise stated

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), International Financial Reporting Interpretations Committee (IFRIC) Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the Company's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below in the section entitled 'Critical accounting estimates and assumptions'

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New and amended standards adopted by the Company

The Company has adopted no new or amended IFRSs during the year

(b) New and amended standards and interpretations mandatory for the first time for the financial year beginning 1st January 2010 but not currently materially relevant to the Company (although they may affect the accounting for future transactions and events)

IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27 'Consolidated and separate financial statements', IAS 28 'Investments in associates', and IAS 31 'Interests in joint ventures' (effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after 1 July 2009),IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations', (effective 1st January 2010)
IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations', (effective 1st January 2010)
IAS 1 (amendment), 'Presentation of financial statements', (effective 1st January 2010)
IFRIC 18, 'Transfers of assets from customers', (effective for transfer of assets received on or after 1st July 2009)
IAS 27 (revised), 'Consolidated and separate financial statements', (effective 1st July 2009),
IFRS 2 (amendments), 'Group cash-settled share-based payment transaction', (effective 1st January 2010)
IFRIC 17, 'Distribution of non-cash assets to owners', (effective 1st July 2009)
IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments Recognition and measurement', (effective 1st July 2009)
IFRIC 16, 'Hedges of a net investment in a foreign operation', (effective 1st July 2009)
IAS 38 (amendment), 'Intangible Assets', (effective 1st January 2010)
IAS 36 (amendment), 'Impairment of Assets', (effective 1st January 2010)
IAS 32 (amendment), 'Classification of rights issues', issued in October 2009
IFRIC 19, 'Extinguishing financial liabilities with equity instruments', (effective 1st July 2010)

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards and amendments to existing standards have been published and are mandatory for accounting periods beginning on or after 1st January 2011, or later periods, but have not been early adopted by the Company

IFRS9, 'Financial Instruments', issued in November 2009
IAS 24 (revised), 'Related party disclosures', issued in November 2009
IAS 32 (amendment), 'Classification of rights issues', issued in October 2009
IFRIC 19, 'Extinguishing financial liabilities with equity instruments', (effective 1st July 2010)
IFRIC (amendment), 'Prepayments of a minimum funding requirement', (effective 1st January 2011)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

The Company makes estimates and assumptions concerning the future The resulting accounting estimates will, by definition, seldom equal the related actual results The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

(a) Income taxes
The Company is subject to income taxes Significant judgement is required in determining the provision for income taxes There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made

(e) Environmental costs
The Company makes provision for the anticipated environmental clean up costs The timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites

CASH AND CASH EQUIVALENTS
Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand

Where bank accounts have a right of set off the net position is shown as either a bank overdraft or a cash balance as appropriate Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet

REVENUE RECOGNITION
Revenue represents the fair value of consideration received or receivable for the sale of goods and services supplied in the ordinary course of the Company's activities, and is stated exclusive of VAT, similar taxes, discounts, and rebates The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity

Interest receivable on bank deposits and other items is included within finance income

Johnson Group Properties PLC
Statement of Significant Accounting Policies (continued)
For the year ended 31st December 2010

EXCEPTIONAL ITEMS

Items that are material in size and non-operating or non-recurring in nature are presented as exceptional items in the Income Statement, within the relevant account heading The Directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance Events which may give rise to the classification of items as exceptional include, but are not restricted to, restructuring of businesses and gains or losses on the disposal of or industrial properties From 1st January 2010, expenses incurred on acquiring businesses, where material, will also be treated as exceptional

TAXATION

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred tax is determined using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Deferred income 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

EMPLOYEE BENEFITS

(i) Retirement benefits

The Company is a wholly owned subsidiary of Johnson Service Group PLC which operates various pension schemes The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations Johnson Service Group PLC has both defined benefit and defined contribution schemes The Company accounts for the scheme as a defined contribution scheme as the Company is unable to assess its share of the assets and liabilities of the scheme on a consistent and reasonable basis

(i) Other post-employment obligations

Johnson Service Group PLC also operates an unfunded post-retirement healthcare benefits to some retirees The Company accounts for the scheme as a defined contribution scheme as the Company is unable to assess its share of the assets and liabilities of the scheme on a consistent and reasonable basis

(ii) Share-based compensation

The Parent Company, Johnson Service Group PLC operates a number of equity-settled, share-based compensation plans The economic cost of awarding shares and share options to employees is recognised as an expense in the Income Statement equivalent to the fair value of the benefit awarded The fair value is determined by reference to option pricing models, principally Binomial and Monte Carlo models The fair value of the award is recognised in the Income Statement over the vesting period of the award At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable Any revision to the original estimate is reflected in the Income Statement with a corresponding adjustment to equity immediately to the extent it relates to past service and the remainder over the rest of the vesting period

(iv) Bonus plans
The Company recognises an expense and a liability for bonuses based on the profit attributable to the Company as appropriate and other pre-determined performance criteria The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation

(v) Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits The Company recognises termination benefits when it is demonstrably committed to the termination of the employment of current employees according to a detailed formal plan without possibility of withdrawal

TANGIBLE FIXED ASSETS
Property, Plant and Equipment
Property, plant and equipment is stated at cost, less depreciation which is calculated to write off these assets, by equal annual instalments, over their estimated useful lives Cost includes expenditure which is directly attributable to the acquisition of the asset The estimated life of plant and fixtures is two to fifteen years and of vehicles (included within plant and equipment) four to five years Improvements to short leasehold properties are amortised over the shorter of the terms of the leases and their useful life The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date

Freehold and long leasehold buildings are depreciated over their estimated remaining useful life not exceeding 50 years commencing on 26th December 1999 or, if later, date of purchase Land is not depreciated The Group has not adopted a policy of revaluation but the carrying amounts of freehold and long leasehold properties reflect previous valuations In the event of an impairment in property value the deficit below cost is charged to the Income Statement

The fitting out costs of new freehold or long leasehold industrial buildings are depreciated, in equal annual instalments, over their expected useful lives which range from ten to twenty five years from the date on which the assets are fully commissioned

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably The carrying amount of the replaced part is derecognised All other repairs and maintenance costs are charged to the Income Statement during the financial period in which they are incurred

No depreciation is provided for assets under the course of construction until they are completed and put in use as management intended

Property, plant and equipment bought through acquisition of other businesses are accounted for as if they had been owned by the Company since new

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within the Income Statement

LEASED ASSETS
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases Rentals payable in respect of operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the lease term

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Income Statement within 'administration costs' When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables Subsequent recoveries of amounts previously written off are credited against 'administration costs' in the Income Statement

TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

Trade payables are not interest bearing

PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation Provision is not made for future operating losses

Property

Provision is made for the anticipated dilapidations and environmental clean up costs Liabilities for environmental costs are recognised as a property provision when environmental assessments or cleanups are probable and the associated costs can be reliably estimated Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites The provision will be utilised by the payment of annual costs, environmental clean up operations and dilapidations

DIVIDEND DISTRIBUTION

Dividends to holders of equity instruments declared after the balance sheet date are not recognised as a liability as at the balance sheet date Final dividend distributions to the Company's Shareholders are recognised in the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders Interim dividends are recognised when paid

SHARE CAPITAL

Ordinary shares are classified as equity Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

Johnson Group Properties PLC
Notes to the Financial Statements
For the Year Ended 31st December 2010

1 EXPENSES BY FUNCTION

	2010 £000	2009 £000
Revenue	**1,067**	1,272
Employee benefit expense	**(92)**	(72)
Depreciation expense	**(174)**	(176)
Other	**(172)**	(132)
Profit on disposal of property	**(173)**	-
Operating profit	**456**	892

OPERATING PROFIT

	2010 £000	2009 £000
Operating profit is stated after charging		
Depreciation of tangible fixed assets		
-owned property, plant and equipment	**174**	176
Operating lease payments		
-buildings	**52**	48

2 AUDITORS' REMUNERATION

	2010 £000	2009 £000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	12	9

In 2010 Auditors' remuneration was borne by Johnson Service Group PLC, the Parent Company of Johnson Group Properties PLC

3 EMPLOYEE BENEFIT EXPENSE

	2010 £000	2009 £000
Staff costs during the year were as follows		
Wages and salaries	**66**	47
Social security costs	**14**	13
Pension costs - defined benefit plans (Note 13)	**12**	12
Total	**92**	72

The average number of persons employed by the Company during the year was

	No.	No
Full time	**1**	1

4 KEY MANAGEMENT EMOLUMENTS

Key management personnel is represented by the Board of Directors and their aggregate emoluments

	2010 £000	2009 £000
Aggregate emoluments	**66**	47
	66	47

The number of Directors, other than Directors of the Parent Company, who exercised share options during the year was nil (2009 nil)

Retirement benefits are accruing to two Directors under a defined benefit scheme (2009 2)

5 EXCEPTIONAL ITEMS

	2010 £000	2009 £000
Loss on disposal of properties	**(173)**	-
	(173)	-

6 FINANCE INCOME AND COSTS

	2010 £000	2009 £000
Interest receivable on loan with Parent Company	**48**	64
Net finance income	**48**	64

7 TAXATION

	2010 £000	2009 £000
Current tax		
UK Corporation Tax charge for the year	**210**	274
Adjustment in relation to previous years	**517**	(113)
Current tax charge for the year	**727**	161
Deferred tax		
Origination and reversal of temporary differences	**(427)**	(7)
Adjustment in relation to previous years	**(26)**	42
Deferred tax (credit) / charge for the year	**(453)**	35
Total charge for taxation included in the Income Statement	**274**	196

The tax for the period is higher (2009 lower) than the standard rate of Corporation Tax in the UK The differences are explained below

Johnson Group Properties PLC
Notes to the Financial Statements (continued)
For the Year Ended 31st December 2010

7 TAXATION (continued)

	2010 £000	2009 £000
Profit before taxation per the Income Statement	**504**	956
Profit before taxation multiplied by the standard rate of Corporation Tax in the UK of 28% (2009 28%)	**141**	267
Factors affecting charge for the year		
Reduction in deferred tax due to rate change	**(78)**	-
Property and asset disposal related adjustments	**(280)**	-
Adjustments to tax in respect of prior periods	**491**	(71)
Total tax charge for the year	**274**	196

8 PROPERTY, PLANT AND EQUIPMENT

	Properties		
	Freehold £000	Long Leasehold £000	Total £000
Cost			
At 31st December 2008	7,444	5,036	12,480
Disposals	(145)	-	(145)
Reclassification	370	(370)	-
At 31st December 2009	7,669	4,666	12,335
Additions	**13**	**-**	**13**
Disposals	**(1,300)**	**-**	**(1,300)**
At 31st December 2010	**6,382**	**4,666**	**11,048**
Accumulated depreciation and impairment			
At 31st December 2008	1,513	1,132	2,645
Charged during the year	132	44	176
Eliminated on disposals	(20)	-	(20)
Reclassification	(155)	155	-
At 31st December 2009	1,470	1,331	2,801
Charged during the year	**130**	**44**	**174**
Eliminated on disposals	**(77)**	**-**	**(77)**
At 31st December 2010	**1,523**	**1,375**	**2,898**
Carrying amount			
At 31st December 2008	5,931	3,904	9,835
At 31st December 2009	6,199	3,335	9,534
At 31st December 2010	**4,859**	**3,291**	**8,150**

9 TRADE AND OTHER RECEIVABLES

	2010 £000	2009 £000
Receivables from subsidiaries	**7**	34
Other receivables	**7**	16
Prepayments and accrued income	**20**	20
	34	70
Amounts falling due after more than one year		
Receivables from Parent Company	**3,510**	5,971
	3,544	6,041

Amounts due from the Parent Company are unsecured, have no fixed date of repayment and are not considered impaired At the balance sheet date the balance was interest bearing, at rates linked to LIBOR and is not expected to be repaid within one year

10 TRADE AND OTHER PAYABLES

	2010 £000	2009 £000
Trade Payables	**159**	1
Payables to Parent Company	**22**	10
Payables to other Group Companies	**-**	5
Other payables	**42**	10
Other taxation and social security liabilities	**168**	-
Accruals	**44**	9
	435	35

Amounts payable to Group Companies are unsecured, are repayable on demand and are not interest bearing

11 PROVISIONS

	Property £000
At 31st December 2008	2,398
Additional provision in year	39
Utilised during the year	(424)
At 31st December 2009	2,013
Utilised during the year	**(363)**
At 31st December 2010	**1,650**

	2010 £000	2009 £000
Analysis of total provisions		
Current	**580**	465
Non-current	**1,070**	1,548
	1,650	2,013

Property
The property provision includes the estimated clean up costs of property where an environmental problem has been identified and a course of action has been determined Further, the Company has a programme to dispose of vacant properties and an appropriate provision is included above in respect of this

12 DEFERRED TAXATION

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 27% (2009 28%)

	Deferred tax liabilities	
	2010	2009
	£000	£000
Recognised deferred tax balances in respect of		
Accelerated capital allowances	**2,182**	2,639
Other	**(98)**	(102)
	2,084	2,537

The following provides a reconciliation of the movement in each of the major deferred tax assets and liabilities

	Accelerated capital allowances £000	Other £000	Total £000
At 31st December 2008	2,643	(141)	2,502
(Credit) / Charge to income	(4)	39	35
At 31st December 2009	2,639	(102)	2,537
(Credit) / Charge to income	(457)	4	(453)
At 31st December 2010	**2,182**	**(98)**	**(2,084)**

13 RETIREMENT BENEFITS

Pensions

Defined benefit scheme

The Company is a wholly owned subsidiary of Johnson Service Group PLC which operates pension schemes of both the funded defined benefit and the defined contribution type on behalf of eligible employees In addition, Johnson Service Group PLC also operates an unfunded defined benefit private healthcare scheme for eligible retirees

The Company accounts for the scheme as a defined contribution scheme as the Company is unable to assess its share of the assets and liabilities of the scheme on a consistent and reasonable basis The contribution for the year, payable by the company, was £12,337 (2009 £12,110)

The disclosures below are taken from the Johnson Service Group PLC 2010 Annual Report, and reflect all schemes operated by Johnson Service Group PLC

Defined benefit pension schemes

	Date of Utilised Valuation
Johnson Group Staff Pension Scheme	5th April 2007
Semara Augmented Pension Plan	5th April 2007
WML Final Salary Pension Scheme	5th April 2008
Prudential Platinum Pension Scheme	31st December 2008

The full actuarial valuations of the pension schemes disclosed above (other than the Prudential Platinum Scheme) have been updated to 31st December 2010 by an independent qualified Actuary Full actuarial valuations as at 5th April 2010 were signed off by the actuary of the JGSPS and SAPP at the beginning of March 2011

13 RETIREMENT BENEFITS (continued)

Johnson Group Staff Pension Scheme (JGSPS)
The updated actuarial valuation at 31st December 2010 showed a deficit of £15 4 million (2009 deficit of £18 2 million) During the period, employer contributions to the JGSPS were at 13% of Pensionable Salaries Following the finalisation of the 5th April 2010 valuation employer contributions will reduce to 9 4% of Pensionable Salaries from 1st March 2011

Additional contributions of £1 3 million were made during 2010, increasing by 7% in July 2011 and by an incremental additional 1% in each July thereafter These payments, which are made under the schedule of contributions signed in 2008 and are unchanged in the new Schedule of Contributions signed in March 2011 other than the deficit payments between July 2016 and June 2022 remain at a constant £2 3 million per annum

Semara Augmented Pension Plan (SAPP)
The updated actuarial valuation at 31st December 2010 showed a surplus of £0 1 million (2009 nil) Contributions to the SAPP during 2010 were equal to the individual funding rates for each active member

No additional contributions were paid during 2010, nor are any payable during 2011

WML Final Salary Pension Scheme (WML)
The updated actuarial valuation at 31st December 2010 showed a deficit of £0 1 million (2009 £0 8 million) Employer contributions to the WML scheme were 13% of pensionable salaries

Additional contributions of £0 3 million were made during 2010, these contributions increase by 5% compound each April

Prudential Platinum Pension Scheme (PPPS)
The last full valuation has not been updated at 31st December 2010 as the net assets and liabilities of the scheme are not considered material

Employer contributions during the year to the PPPS were at a rate of 38 2% of Pensionable Salaries, plus a further payment of £21,000 per annum until April 2010 Employer contributions from April 2010 were 33 6% of Pensionable Salaries

Financial assumptions used in calculating the IAS 19 liability

	2010 £m	2009 £m
Retail price inflation (RPI)	**3 50%**	3 60%
Consumer price inflation (CPI)	**2 80%**	n/a
Rate of increase in pensionable salaries	**0.00%**	0 00%
Rate of increase of pensions in payment (5 0% RPI linked)	**3.45%**	3 55%
Rate of increase of pensions in payment (2 5% RPI linked)	**2.40%**	2 40%
Rate of increase of pensions in payment (2 5% CPI linked)	**2.20%**	n/a
Rate of increase of pensions in deferment	**2.40%**	3 60%
Rate used to discount scheme liabilities	**5 45%**	5 80%

Life expectancy at age 65 for current pensioners is assumed to be 21 0 years (2009 21 0 years) Life expectancy at age 65 for future pensioners is assumed to be 22 1 years (2009 22 1 years) "S1PA year of birth medium cohort 1% underpin (males) and 0 5% underpin (females)" have been used to derive this mortality rate (2009 same source)

It is assumed that 75% of non-retired members of defined benefit pension schemes will commute 25% of their pension at retirement (2009 75% of members will commute 25% of pension)

It has been assumed that 66% of future pensioners at retirement will take up the pension increase exchange offer

13 RETIREMENT BENEFITS (continued)

Future pensıonable salary ıncreases are assumed to be nıl from 1st Aprıl 2010 In addıtıon, allowance has also been made for the potentıal ıncrease ın lıabılıty that wıll arıse ıf employees leave actıve servıce before theır retırement (because theır benefits would then receıve statutory deferred revaluatıon) It ıs assumed that 10% of the actıve lıabılıty wıll wıthdraw at a unıform rate over the remaınıng future workıng lıfetıme

Pensions – Defined Contrıbutıons
The JSG Pensıon Plan ıs a defıned contrıbutıon scheme The total cost for the year was £1 3 mıllıon (2009 £1 4 mıllıon), none of whıch related to dıscontınued operatıons (2009 £0 1 mıllıon related to dıscontınued operatıons)

The SGP Property Servıces Group Pensıon Plan ıs a defıned contrıbutıon scheme The cost for the year was £0 1 mıllıon (2009 £0 1 mıllıon), all of whıch relates to contınuıng operatıons

Private Healthcare
The Group operates an unfunded defıned benefıt prıvate healthcare scheme for elıgıble retırees The Company accounted for a current servıce cost of £nıl and an ınterest cost of £81,000 ın the Income Statement (2009 £1,000 and £79,000 respectıvely) and expects thıs to remaın unchanged ın 2011

The scheme ıs subject to a perıodıc ındependent actuarıal revıew whıch assesses the cost of provıdıng benefıts for current and future elıgıble retırees The latest formal revıew was undertaken as at 31st December 2009

The last actuarıal revıew ın 2009 was performed usıng the Project Unıt Credıt Method, and a dıscount rate of 5 8% The maın long term actuarıal assumptıons used ın the revıew were that the retırement age of elıgıble employees wıll be 62 for females and males and the rate of ıncrease ın medıcal costs ıs to be 9 5% for 2010, reducıng over the next 4 years to 4 5% There have been no materıal changes ın cırcumstances sınce the last formal revıew

At the tıme of last formal revıew an ıncrease of 1% ın the medıcal cost trend would ıncrease the scheme lıabılıtıes by £0 1 mıllıon and the aggregate of the servıce cost and ınterest cost by £8,000 A decrease of 1% ın the medıcal cost trend would reduce the scheme lıabılıtıes by £0 1 mıllıon and the aggregate of the servıce cost and ınterest cost by £7,000

Retirement benefit disclosures
The assets ın the schemes and the expected rates of return were

	UK Pensıon Schemes		Post Retırement Healthcare		
DECEMBER 2010	Long Term Rate of Return	Value £m	Long Term Rate of Return	Value £m	Total Plans £m
Equıtıes	**8.15%**	**81.4**	-	-	**81 4**
Alternatıve return seekıng assets	**8.15%**	**17.1**	-	-	**17.1**
Bonds	**4.75%**	**71 0**	-	-	**71.0**
Other	**4.75%**	**2 8**	-	-	**2.8**
Total market value of assets		**172 3**		-	**172.3**
Present value of scheme lıabılıtıes		**(187 7)**		**(1 4)**	**(189 1)**
Lıabılıty recognısed ın the Balance Sheet		**(15.4)**		**(1.4)**	**(16.8)**

13 RETIREMENT BENEFITS (continued)

	UK Pension Schemes		Post Retirement Healthcare		
DECEMBER 2009	Long Term Rate of Return	Value £m	Long Term Rate of Return	Value £m	Total Plans £m
Equities	8 95%	76 5	-	-	76 5
Alternative return seeking assets	8 95%	12 3	-	-	12 3
Bonds	4 80%	71 3	-	-	71 3
Other	4 80%	0 8	-	-	0 8
Total market value of assets		160 9		-	160 9
Present value of scheme liabilities		(179 9)		(1 4)	(181 3)
Liability recognised in the Balance Sheet		(19 0)		(1 4)	(20 4)

	UK Pension Schemes		Post Retirement Healthcare		
DECEMBER 2008	Long Term Rate of Return	Value £m	Long Term Rate of Return	Value £m	Total Plans £m
Equities	8 95%	72 2	-	-	72 2
Bonds	8 95%	7 2	-	-	7 2
Other	4 75%	61 2	-	-	61 2
Total market value of assets	4 75%	4 7	-	-	4 7
Present value of scheme liabilities		145 3		-	145 3
Liability recognised in the Balance Sheet		(164 7)		(1 2)	(165 9)
		(19 4)		(1 2)	(20 6)

	UK Pension Schemes		Post Retirement Healthcare		
DECEMBER 2007	Long Term Rate of Return	Value £m	Long Term Rate of Return	Value £m	Total Plans £m
Equities	7 9%	104 1	-	-	104 1
Bonds	4 9%	67 5	-	-	67 5
Other	5 5%	0 5	-	-	0 5
Total market value of assets		172 1		-	172 1
Present value of scheme liabilities		(186 4)		(1 5)	(187 9)
Liability recognised in the Balance Sheet		(14 3)		(1 5)	(15 8)

	UK Pension Schemes		Post Retirement Healthcare		
DECEMBER 2006	Long Term Rate of Return	Value £m	Long Term Rate of Return	Value £m	Total Plans £m
Equities	7 6%	101 2	-	-	101 2
Bonds	4 7%	64 1	-	-	64 1
Other	5 0%	2 2	-	-	2 2
Total market value of assets		167 5		-	167 5
Present value of scheme liabilities		(196 8)		(1 4)	(198 2)
Liability recognised in the Balance Sheet		(29 3)		(1 4)	(30 7)

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy Expected yields on fixed interest investments reflect long-term real rates of return experienced in the respective markets

Johnson Group Properties PLC
Notes to the Financial Statements (continued)
For the Year Ended 31st December 2010

13 RETIREMENT BENEFITS (continued)

Movements in the fair value of scheme assets were as follows

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Fair value of scheme assets at beginning of the year	160 9	145 3	172 1	167 5	156 9
Expected return on scheme assets	**11.1**	10 0	11 5	10 7	9 5
Actuarial gains / (losses)	**6.7**	12 3	(36 0)	(4 4)	2 2
Employer contributions (including benefits paid and reimbursed)	**2.5**	2 5	5 8	5 0	6 3
Members' contributions	**0.4**	0 4	0 5	0 6	0 5
Benefits paid	**(9 3)**	(9 6)	(8 6)	(7 3)	(7 9)
Fair value of scheme assets at end of the year	**172.3**	160 9	145 3	172 1	167 5

The actual return on scheme assets was as follows

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Actual return / (loss) on scheme assets	**17.8**	22 3	(24 5)	6 3	11 7

Movements in the defined benefit obligations were as follows

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
At beginning of year	(181 3)	(165 9)	(187 9)	(198 2)	(207 3)
Current service cost	**(0 5)**	(0 5)	(0 8)	(1 1)	(1 4)
Past service cost	**-**	-	-	(0 2)	-
Members' contributions	**(0.4)**	(0 4)	(0 5)	(0 6)	(0 5)
Interest cost	**(10 3)**	(10 7)	(10 8)	(9 9)	(10 0)
Actuarial (losses) / gains	**(8.2)**	(25 9)	25 0	14 8	12 5
Past service gains	**2.5**	2 5	-	-	0 6
Pension curtailment gain	**-**	9 9	-	-	-
Utilisation of healthcare provision	**0.1**	0 1	0 5	-	-
Benefits paid	**9.3**	9 6	8 6	7 3	7 9
At end of year	**(189 1)**	(181 3)	(165 9)	(187 9)	(198 2)

The amounts charged to the consolidated Income Statement are set out below

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Current service cost	**0.5**	0 5	0 8	1 1	1 4
Past service cost	**-**	-	-	0 2	-
Past service credits	**-**	-	-	-	(0 6)
Amounts charged to administrative expenses	**0.5**	0 5	0 8	1 3	0 8
Past service credits (net of expenses)	**(2.2)**	(2 2)	-	-	-
Pension curtailment gain (net of expenses)	**-**	(9 8)	-	-	-
Amounts credited as an exceptional item	**(2.2)**	(12 0)	-	-	-
Interest on scheme liabilities	**10.3**	10 7	10 8	9 9	10 0
Expected return on scheme assets	**(11.1)**	(10 0)	(11 5)	(10 7)	(9 5)
Amounts (credited) / charged to finance costs	**(0.8)**	0 7	(0 7)	(0 8)	0 5

Johnson Group Properties PLC
Notes to the Financial Statements (continued)
For the Year Ended 31st December 2010

13 RETIREMENT BENEFITS (continued)

Current service cost, past service cost and past service gains are charged to the Income Statement in arriving at operating profit before intangibles amortisation and impairment (excluding software) and exceptional items, except where stated The expected return on scheme assets and the interest on scheme liabilities are included within finance costs

In addition, the following amounts have been recognised in the Statement of Comprehensive Income

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Difference between actual and expected return on scheme assets	**6 7**	12 3	(36 0)	(4 4)	2 2
Experience gains on scheme liabilities	**-**	-	0 4	3 3	-
Changes in actuarial assumptions	**(8.2)**	(25 9)	24 6	11 5	12 5
	(1 5)	(13 6)	(11 0)	10 4	14 7

	2010 % of Scheme Assets	2009 % of Scheme Assets	2008 % of Scheme Assets	2007 % of Scheme Assets	2006 % of Scheme Assets
Difference between actual and expected return on scheme assets	**3 9**	7 6	(24 8)	(2 6)	1 3
Experience gains on scheme liabilities	**-**	-	0 3	1 9	-
Changes in actuarial assumptions	**(4.8)**	(16 1)	16 9	6 7	7 4
	(0.9)	(8 5)	(7 6)	6 0	8 7

14 CONTINGENT LIABILITIES

At 31st December 2010 there were no contingent liabilities except for those arising from the ordinary course of the Company's business (2009 nil)

The Company has guaranteed the banking facilities of Johnson Service Group PLC and certain of its subsidiary undertakings under a cross guarantee arrangement No losses are expected to result from this arrangement

On 18th December 2009, the Company entered into security agreements in respect of the loan and pension scheme obligations of Johnson Service Group PLC As part of these agreements the loan holders and pension scheme Trustee have security over the assets of the Company

15 SHARE CAPITAL

		2010 £000		2009 £000
Authorised				
475,000 (2009 475,000) Ordinary shares of £1 each		**475**		475
Issued and fully paid	**Shares**	**£000**	Shares	£000
Ordinary shares of £1 each				
At start and end of year	**475,000**	**475**	475,000	475

16 FINANCIAL COMMITMENTS

Capital expenditure

No contracts have been placed for future financial expenditure which are not provided for in the financial statements (2009 £nil)

Revenue expenditure

Total future minimum lease payments under non-cancellable operating leases are as follows

	2010 £000	2009 £000
Land and buildings		
- within one year	**49**	49
- between two and five years	**196**	196
- in five years or more	**3,616**	3,665
	3,861	3,910

The total of future minimum sublease payments to be received under non-cancellable leases at the balance sheet date is £nil (2009 £nil)

17 RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its Parent Company, other Group Undertakings and with its directors and executive officers Transactions during the year, and year end balances, between these related parties are disclosed below

	2010 £000	2009 £000
Transactions with Parent Company		
Costs recharged from Parent Company	**140**	139
Interest receivable	**46**	64
Balances with Parent Company		
Amounts due from Parent Company	**3,173**	5,971
Amounts due to Parent Company	**22**	10
Transactions with other Group Undertakings		
Sales to other Group Undertakings	**1,115**	1,124
Balances with other Group Undertakings		
Amounts due from other Group Undertakings	**4**	34
Amounts due to other Group Undertakings	**-**	5

18 ULTIMATE PARENT COMPANY

The Company's immediate and ultimate parent undertaking, which is the parent undertaking of the smallest and largest group to consolidate these financial statements and controlling party is Johnson Service Group PLC Copies of the parent's consolidated Financial Statements may be obtained from The Company Secretary, Johnson Service Group PLC, Johnson House, Abbots Park, Monks Way, Preston Brook, Cheshire, WA7 3GH