

Registration number 2292443

Martin Services Ltd

Directors' Report and Financial Statements
for the Year Ended 31 August 2006



MGI Watson Buckle
CHARTERED ACCOUNTANTS

Martin Services Ltd

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Martin Services Ltd
Officers and Advisers

Directors	M O Calvert C A Griffin
Secretary	C A Griffin
Registered office	Thorpe Underwood Hall Ouseburn York YO26 9SS
Bankers	Lloyds TSB Bank PLC 8 - 11 Cambridge Crescent Harrogate HG1 1PQ
Auditors	MGI Watson Buckle LLP Chartered Accountants & Registered Auditors York House Cottingley Business Park Bradford BD16 1PE

Martin Services Ltd
Directors' Report for the Year Ended 31 August 2006

The directors present their report and the audited financial statements for the year ended 31 August 2006

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on a 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 enable them to ensure the 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 company and to prevent and detect fraud and other irregularities.

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity

The principal activity of the company is the management and leasing of property.

Directors and their interests

The directors who held office during the year were as follows

- M O Calvert
- C A Griffin

None of the directors had an interest in the shares of the company at any time during the year.

The interests of directors who were also directors of Care and Recreation Holdings Limited, the company's immediate parent undertaking, are disclosed in that company's financial statements.

Auditors

On 1 October 2006, the MGI Watson Buckle partnership transferred its business to a limited liability partnership, MGI Watson Buckle LLP. Under Section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to MGI Watson Buckle LLP from 1 October 2006. MGI Watson Buckle LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

Small company provisions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Martin Services Ltd
Directors' Report for the Year Ended 31 August 2006

continued

Approved by the Board on 23 May 2007 and signed on its behalf by

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by 'A' and 'Griffin'.

C A Griffin
Company Secretary

Independent Auditors' Report to the Members of Martin Services Ltd

We have audited the financial statements of Martin Services Ltd for the year ended 31 August 2006 set out on pages 6 to 13. These financial statements have been prepared in accordance with 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 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 on page 2, the company's directors are responsible for the preparation of 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 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 and are 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. 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 an 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.

**Independent Auditors' Report to the Members of
Martin Services Ltd**

continued

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 31 August 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

MGI Watson Buckle LLP

MGI Watson Buckle LLP
Chartered Accountants & Registered Auditors
Bradford

23 May 2007

Martin Services Ltd
Profit and Loss Account for the Year Ended 31 August 2006

	Note	2006 £	2005 £
Turnover		182,000	127,728
Administrative expenses		(95,064)	(40,806)
Operating profit	2	<u>86,936</u>	<u>86,922</u>
Other interest receivable and similar income		2,349	985
Interest payable and similar charges	4	-	(82,000)
Profit on ordinary activities before taxation		<u>89,285</u>	<u>5,907</u>
Tax on profit on ordinary activities	5	(23,600)	(1,000)
Profit for the financial year		<u><u>65,685</u></u>	<u><u>4,907</u></u>

Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

There is no material difference between the result reported above and the result on an unmodified historical cost basis

The notes on pages 8 to 13 form an integral part of these financial statements

Martin Services Ltd
Balance Sheet as at 31 August 2006

		2006		2005	
	Note	£	£	£	£
Fixed assets					
Tangible assets	6		-		1,000,000
Current assets					
Debtors	7	343,837		-	
Cash at bank and in hand		15,085		6,799	
		<u>358,922</u>		<u>6,799</u>	
Creditors: Amounts falling due within one year	8	<u>(5,200)</u>		<u>(718,262)</u>	
Net current assets/(liabilities)			<u>353,722</u>		<u>(711,463)</u>
Total assets less current liabilities			353,722		288,537
Provisions for liabilities	9		<u>3,700</u>		<u>3,200</u>
Net assets			<u>357,422</u>		<u>291,737</u>
Capital and reserves					
Called up share capital	10		600,100		600,100
Profit and loss reserve	11		<u>(242,678)</u>		<u>(308,363)</u>
Equity shareholders' funds	12		<u>357,422</u>		<u>291,737</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies, section 246(8)

Approved by the Board on 23 May 2007 and signed on its behalf by



C A Griffin
Director

The notes on pages 8 to 13 form an integral part of these financial statements

Martin Services Ltd

Notes to the Financial Statements for the Year Ended 31 August 2006

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention

Cash flow statement

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement

Going concern

These financial statements have been prepared on a going concern basis which assumes that ongoing support will be provided by other companies in the group and accordingly do not take account of adjustments, if any, which may be necessary if the company is unable to continue as a going concern

Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers

Impairment

The buildings shown in note 6 were subject to a 99 year ground lease FRS11 "Impairment of Fixed Assets and Goodwill" requires fixed assets to be written down where their recoverable amount falls below their carrying value The standard defines the recoverable amount of an asset as the higher of its value in use to the business and net realisable value The standard does not allow consideration of whether the deficit is temporary or permanent

Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet 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 or expenditure in tax computations in periods different from those in which they are included in the financial statements Deferred tax assets and liabilities are not discounted

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Capital instruments

Shares are included in shareholders' funds Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount

Martin Services Ltd
Notes to the Financial Statements for the Year Ended 31 August 2006

continued

2 Operating profit

Operating profit is stated after charging

	2006 £	2005 £
Rent	4,250	4,250
Auditors' remuneration - audit services	3,000	3,000
	<u> </u>	<u> </u>

3 Directors' emoluments

No emoluments were paid to the directors during the year (2005 - £nil)

4 Interest payable and similar charges

	2006 £	2005 £
Loan interest	-	82,000
	<u> </u>	<u> </u>

Martin Services Ltd

Notes to the Financial Statements for the Year Ended 31 August 2006

continued

5 Taxation

Analysis of current period tax charge

	2006 £	2005 £
Current tax		
Corporation tax charge	5,200	-
Group relief payable/(receivable)	18,900	-
UK Corporation tax	24,100	-
Deferred tax		
Origination and reversal of timing differences	850	1,000
Effect of changes in tax rates	(1,350)	-
Total deferred tax	(500)	1,000
Total tax on profit on ordinary activities	23,600	1,000

Factors affecting current period tax charge

The tax assessed on the profit on ordinary activities for the year is lower than (2005 - lower than) the standard rate of corporation tax in the UK of 30.00% (2005 - 19.00%)

The differences are reconciled below

	2006 £	2005 £
Profit on ordinary activities before taxation	89,285	5,907
Standard rate corporation tax charge	26,786	1,122
Accelerated capital allowances	(1,236)	(1,000)
Roundings and marginal rates	(1,450)	(122)
Total current tax for the year	24,100	-

Martin Services Ltd

Notes to the Financial Statements for the Year Ended 31 August 2006

continued

6 Tangible fixed assets

	Short leasehold £
Cost	
As at 1 September 2005	1,513,073
Disposals	<u>(1,513,073)</u>
As at 31 August 2006	<u>-</u>
Depreciation	
As at 1 September 2005	513,073
Eliminated on disposals	<u>(513,073)</u>
As at 31 August 2006	<u>-</u>
Net book value	
As at 31 August 2006	<u>-</u>
As at 31 August 2005	<u>1,000,000</u>

7 Debtors

	2006 £	2005 £
Amounts owed by group undertakings	<u>343,837</u>	<u>-</u>

8 Creditors: Amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	-	718,262
Corporation tax	<u>5,200</u>	<u>-</u>
	<u>5,200</u>	<u>718,262</u>

Martin Services Ltd

Notes to the Financial Statements for the Year Ended 31 August 2006

continued

9 Provisions for liabilities

	Deferred tax provision £
As at 1 September 2005	(3,200)
Deferred tax provision charged to the profit and loss account	(500)
As at 31 August 2006	<u>(3,700)</u>

The above asset has been recognised as it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax

Deferred tax is provided at 30.00% (2005 - 19.00%)

	2006 £	2005 £
Accelerated capital allowances	<u>(3,700)</u>	<u>(3,200)</u>

10 Share capital

	2006 £	2005 £
Authorised		
Equity		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
Equity		
600,100 Ordinary shares of £1 each	<u>600,100</u>	<u>600,100</u>

11 Reserves

	Profit and loss reserve £
Balance at 1 September 2005	(308,363)
Transfer from profit and loss account for the year	65,685
Balance at 31 August 2006	<u>(242,678)</u>

Martin Services Ltd
Notes to the Financial Statements for the Year Ended 31 August 2006

continued

12 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit attributable to members of the company	65,685	4,907
Opening equity shareholders' funds	291,737	286,830
Closing equity shareholders' funds	<u>357,422</u>	<u>291,737</u>

13 Operating lease commitments

As at 31 August 2006 the company had annual commitments under non-cancellable operating leases as follows

	Land and Buildings	
	2006 £	2005 £
Over five years	<u>4,250</u>	<u>4,250</u>

14 Related parties

Controlling entity

The directors regard Foxlow Limited, a company registered in the British Virgin Islands, as the ultimate parent undertaking

During the year short leasehold property with a net book value of £1,000,000 was transferred to Foxlow Limited. The company received rent of £78,250 (2005- £78,250) from Foxlow Ltd and paid rent of £4,250 (2005 - £4,250) to Foxlow Ltd during the year

Martin Services Ltd

Detailed Profit and Loss Account for the Year Ended 31 August 2006

	2006	2005
	£	£
Turnover		
Equipment leasing rentals	182,000	127,728
Administrative expenses (analysed below)		
Employment costs	80,088	25,728
Establishment costs	5,708	5,518
General administrative expenses	9,268	9,540
Finance charges	-	20
	<u>(95,064)</u>	<u>(40,806)</u>
Operating profit	86,936	86,922
Other interest receivable and similar income		
Bank interest receivable	2,349	985
Interest payable and similar charges		
Loan interest	-	(82,000)
Profit on ordinary activities before taxation	89,285	5,907
Tax on profit on ordinary activities		
Corporation tax charge	5,200	-
Group relief payable	18,900	-
Origination and reversal of timing differences	850	1,000
Effect of changes in tax rates	<u>(1,350)</u>	<u>-</u>
	<u>(23,600)</u>	<u>(1,000)</u>
Profit for the financial year	<u>65,685</u>	<u>4,907</u>

This page does not form part of the statutory financial statements

Martin Services Ltd

Detailed Profit and Loss Account for the Year Ended 31 August 2006

continued

	2006 £	2005 £
Employment costs		
Wages and salaries	73,654	23,661
Staff NIC (Employers)	6,434	2,067
	<u>80,088</u>	<u>25,728</u>
	2006 £	2005 £
Establishment costs		
Rent	4,250	4,250
Light, heat and power	1,458	1,268
	<u>5,708</u>	<u>5,518</u>
	2006 £	2005 £
General administrative expenses		
Telephone and fax	1,443	1,312
Printing, postage and stationery	1,535	1,396
Sundry expenses	975	1,435
Advertising	2,315	2,397
The audit of the company's annual accounts	3,000	3,000
	<u>9,268</u>	<u>9,540</u>
	2006 £	2005 £
Finance charges		
Bank charges	<u>-</u>	<u>20</u>

This page does not form part of the statutory financial statements