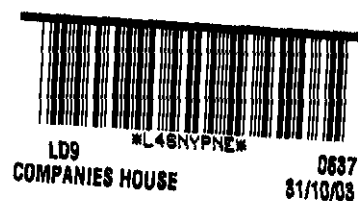


CPP Services Limited

Report and Accounts

**Year ended
31 December 2002**



**CPP Services Limited
Company Information**

Directors

H M Ogston
A Blank (Resigned 03/02/03)
J Kitson

Secretary

M Sowery

Auditors

Deloitte & Touche LLP
London

Registered office

Holgate Park
Holgate Road
York
YO24 4GA

Registered number

3709675

CPP Services Limited

Directors' Report

The directors present their report and accounts for the year ended 31 December 2002.

Principal activities and review of the business

The company's principal activity during the period was the leasing of property. The company is expected to continue to trade in this area for the foreseeable future.

A summary of results for the year under review is given on page 7.

Change in accounting reference date

On 20 August 2001, the company changed its accounting reference date from 31 August to 31 December. The comparative amounts therefore cover a sixteen month period ending 31 December 2001.

Directors

The directors who served during the period and up to the date of signing the accounts, except where noted, are shown on page 1.

No director during the year had interests in the issued share capital of the company.

H M Ogston, A Blank (resigned 03/02/03) and J Kitson are directors of the parent company, CPP Group Plc. Their beneficial interests in the ordinary shares of the holding company at the start and end of the year are as follows:

	Ordinary "A" Shares of 1p each	
	2002	2001
H M Ogston	94,873,852	94,918,100

	Ordinary "C" Shares of 1p each	
	2002	2001
A Blank	3,848,031	3,848,031
J Kitson	1,282,677	1,282,677

Except for the above no director had any disclosable interest in the share capital of any group company.

CPP Services Limited

Directors' Report

Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether applicable accounting standards have been followed.

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 that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company has given its consent to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003. Accordingly, the accounts have been signed in the name of Deloitte & Touche LLP and a resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming board meeting.

This report was approved by the board on 29 October 2003



J Kitson
Director

CPP Services Limited

Auditors' Report

Independent Auditors' Report

To the members of CPP Services Limited

We have audited the financial statements of CPP Services Ltd for the year ended 31 December 2002 which comprise the profit and loss account, 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 transactions with the company is not disclosed.

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

Basis of audit Opinion

We conducted our audit in accordance with United Kingdom auditing standards 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.

CPP Services Limited
Independent Auditors' Report

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

London

Dated

31 October 2003

CPP Services Limited
Profit and Loss Account
Year ended 31 December 2002

	Notes	Year ended 31 December 2002 £	16 months ended 31 December 2001 £
Turnover - continuing operations	1	1,106,695	538,577
Cost of sales		-707,164	-157,789
Gross Profit		<u>399,531</u>	<u>380,788</u>
Administrative expenses		(12,183)	(420)
Operating profit - continuing operations	2	<u>387,348</u>	<u>380,368</u>
Interest receivable and similar income		688	291
Interest payable and similar charges	3	(168,215)	(193,390)
Profit on ordinary activities before taxation		<u>219,821</u>	<u>187,269</u>
Tax on profit on ordinary activities	4	(155,819)	(102,176)
Profit on ordinary activities after taxation		<u>64,002</u>	<u>85,093</u>
Retained profit for the financial period	11	<u>64,002</u>	<u>85,093</u>

Statement of Total Recognised Gains and Losses

The company has no recognised gains or losses other than as stated above, and therefore no statement of total recognised gains and losses has been shown. No reconciliation in shareholders' funds has been prepared as all movements in shareholders' funds are represented by the recognised gains and losses.

CPP Services Limited
Balance Sheet
31 December 2002

	Notes	31 December 2002		31 December 2001	
		£	£	£	£
Fixed assets					
Tangible assets	5		7,552,149		7,778,036
Current assets					
Debtors	6	820,079		210,829	
Cash at bank and in hand		-		23,369	
		<u>820,079</u>		<u>234,198</u>	
Creditors: amounts falling due within one year	7	<u>(955,547)</u>		<u>(1,234,498)</u>	
Net current (liabilities)			(135,468)		(1,000,300)
Total Assets less Current Liabilities			<u>7,416,681</u>		<u>6,777,736</u>
Creditors: amounts falling due after one year	8		(7,027,384)		(6,684,383)
Provisions for liabilities and charges	9		(240,102)		(8,160)
			<u>149,195</u>		<u>85,193</u>
Capital and reserves					
Called up share capital	10		100		100
Profit and loss account	11		149,095		85,093
Equity shareholder's funds			<u>149,195</u>		<u>85,193</u>


J Kitson

Director

Approved by the Board on 29 October 2003

CPP Services Limited
Notes to the Accounts
Year ended 31 December 2002

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost. Freehold land is not depreciated. Depreciation is provided on all other tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold property	2.5% straight line
Leasehold improvements	over the life of the relevant lease

Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax, in respect of the sale of goods to customers, and is derived from one class of business wholly in the UK.

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Deferred Taxation

FRS 19 Deferred tax has been adopted in the year and comparatives amended accordingly. Deferred taxation is provided in full on timing differences which 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 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 financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. 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.

Directors, Employees, Auditors and Filing Fees

All remuneration of the directors in respect of services provided to the company has been borne by another group company in the current year and prior period. There were no employees in the current year or prior period. Audit and filing fees have been borne by another group company in both the current year and prior period.

CPP Services Limited
Notes to the Accounts
Year ended 31 December 2002

2 Operating profit

	Year ended 31 December 2002 £	16 months ended 31 December 2001 £
This is stated after charging/(crediting)		
Depreciation	258,770	143,665
Operating lease rentals		
- Land & buildings	369,185	-

3 Interest payable and similar charges

	Year ended 31 December 2002 £	16 months ended 31 December 2001 £
Bank loans and overdrafts	168,215	193,390

4 Taxation

	Year ended 31 December 2002 £	16 months ended 31 December 2001 £
UK Corporation tax at 30% (2001: 30%) based on the profit for the year	17,894	94,016
Deferred taxation	95,538	8,160
	<u>113,432</u>	<u>102,176</u>
Adjustments to prior years' tax provisions:		
Corporation tax	(94,017)	-
Deferred tax	136,404	-
	<u>155,819</u>	<u>102,176</u>

The tax charge is higher than expected due to expenditure which is not an allowable deduction for corporation tax purposes. The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current year exceeds the standard rate for the reasons set out in the following reconciliation:

	2002 £	2001 £
Profit on ordinary activities before tax	219,821	187,269
Tax on profit on ordinary activities at standard rate	65,946	56,181
Factors affecting the charge for the period:		
Expenses not deductible for tax purposes	47,486	45,995
Total actual amount of current tax	<u>113,432</u>	<u>102,176</u>

CPP Services Limited
Notes to the Accounts
Year ended 31 December 2002

5 Tangible fixed assets	Freehold Land £	Freehold Property £	Leasehold Improvements £	Total £
Cost				
At 1 January 2002	758,752	6,173,798	999,046	7,931,596
Additions	-	-	32,883	32,883
At 31 December 2002	<u>758,752</u>	<u>6,173,798</u>	<u>1,031,929</u>	<u>7,964,479</u>
Depreciation				
At 1 January 2002	-	143,665	9,895	153,560
Charge for the period	-	154,433	104,337	258,770
At 31 December 2002	<u>-</u>	<u>298,098</u>	<u>114,232</u>	<u>412,330</u>
Net book value				
At 31 December 2002	<u>758,752</u>	<u>5,875,700</u>	<u>917,697</u>	<u>7,552,149</u>
At 31 December 2001	<u>758,752</u>	<u>6,030,133</u>	<u>989,151</u>	<u>7,778,036</u>

6 Debtors	2002 £	2001 £
Intercompany debtors	560,870	-
Prepayments and other debtors	259,209	210,829
	<u>820,079</u>	<u>210,829</u>

7 Creditors: amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts (see note 8)	863,840	860,000
Trade creditors	68,653	254,171
Accruals and deferred income	5,160	26,311
Corporation tax	17,894	94,016
	<u>955,547</u>	<u>1,234,498</u>

CPP Services Limited
Notes to the Accounts
Year ended 31 December 2002

8 Creditors: amounts falling due after one year	2002	2001
	£	£
Amounts owed to group undertakings	4,949,051	3,746,050
Bank loans - due within one to two years	860,000	860,000
Bank loans - due within two to five years	1,218,333	2,078,333
	<u>7,027,384</u>	<u>6,684,383</u>

The bank loan is secured by a fixed and floating charge over all assets of the Company.

9 Provisions for liabilities and charges

	Balance at 1 January 2002	Adjustment in respect of prior years	Charge to profit and loss account	Balance at 31 December 2002
Deferred taxation	<u>8,160</u>	<u>136,404</u>	<u>95,538</u>	<u>240,102</u>

	Provided		Not provided	
	2002	2001	2002	2001
	£	£	£	£
Capital allowances in excess of depreciation	<u>240,102</u>	<u>8,160</u>	<u>-</u>	<u>-</u>

CPP Services Limited
Notes to the Accounts
Year ended 31 December 2002

10 Called up share capital	2002 £	2001 £
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11 Profit and loss account	2002 £
At 1 January 2002	85,093
Retained profit	<u>64,002</u>
At 31 December 2002	<u>149,095</u>

12 Other financial commitments

At 31 December 2002 the Company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings 2002
Operating leases which expire:	
Within one year	-
Within two to five years	-
In Over five years	<u>430,749</u>
	<u>430,749</u>

13 Parent Undertaking and Related parties

The company is a wholly owned subsidiary of CPP Group Plc which is incorporated in the UK and controlled by its shareholder, Mr. H M Ogston. Advantage has been taken of the related party disclosure exemptions in respect of group transactions on the grounds that consolidated accounts are prepared by the parent company CPP Group Plc, which is the parent of the largest and smallest groups for which consolidated accounts are prepared and of which the company is a member. Copies of these accounts may be obtained from the company's registered office at Holgate Park, Holgate Road, York YO26 4GA.