CPP Services Limited

Report and Accounts

Year ended
31 December 2003

Company number: 3709675

CPP Services Limited

Company Information

Directors	H M Ogston A Blank (Resigned 03/02/03) J Kitson (Resigned 03/11/03) E Woolley (Appointed 07/06/04)
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 2003.

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 this activity for the forseeable future. A summary of results for the year under review is given on page 6.

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.

During the year, H M Ogston, A Blank (resigned 03/02/03) and J Kitson (resigned 03/11/03) were 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	
	2003	**2002**
H M Ogston	94,873,852	94,918,100

	Ordinary "C" Shares of 1p each	
	2003	**2002**
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 28th September 2004

E Woolley

E Woolley
Director

CPP Services Limited
Independent 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 2003 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 14. 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 2003 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 28 SEPTEMBER 2004

CPP Services Limited

Profit and Loss Account

Year ended 31 December 2003

	Notes	2003 £	2002 £
Turnover - continuing operations		1,636,022	1,106,695
Cost of sales		(1,320,388)	(707,164)
Gross profit		315,634	399,531
Administrative expenses		(29,873)	(12,183)
Operating profit - continuing operations	3	285,761	387,348
Interest receivable and similar income		-	688
Interest payable and similar charges	4	(119,021)	(168,215)
Profit on ordinary activities before taxation		166,740	219,821
Tax on profit on ordinary activities	5	(99,542)	(155,819)
Profit on ordinary activities after taxation		67,198	64,002
Retained profit for the financial period	12	67,198	64,002

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

Reconciliation of shareholders' funds

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
As at 31 December 2003

	Notes	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	6		7,283,994		7,552,149
Current assets					
Debtors	7	725,082		820,079	
Cash at bank and in hand		47,470		-	
		772,552		820,079	
Creditors: amounts falling due within one year	8	(6,310,026)		(955,547)	
Net current liabilities			(5,537,474)		(135,468)
Total assets less current liabilities			1,746,520		7,416,681
Creditors: amounts falling due after one year	9		(1,218,334)		(7,027,384)
Provisions for liabilities and charges	10		(311,793)		(240,102)
			216,393		149,195
Capital and reserves					
Called up share capital	11		100		100
Profit and loss account	12		216,293		149,095
Equity shareholder's funds			216,393		149,195

E Woolley

E Woolley
Director
Approved by the Board on 28th September 2004

CPP Services Limited
Notes to the Accounts
Year ended 31 December 2003

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
Computer equipment	25% straight line

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

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.

2 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 and prior year. There were no employees in the current year or prior period.

CPP Services Limited
Notes to the Accounts
Year ended 31 December 2003

3 Operating profit

	2003	2002
This is stated after charging:	£	£
Depreciation	269,350	258,770
Operating lease rentals		
- Land & buildings	853,171	369,185
Auditors fees	6,036	-

4 Interest payable and similar charges

	2003	2002
	£	£
Bank loans and overdrafts	119,021	168,215

5 Taxation

	2003	2002
	£	£
The tax charged on profit on ordinary activities for the year was as follows:		
UK Corporation tax at 30% (2002: 30%)	27,850	17,894
Deferred taxation	67,172	95,538
	95,022	113,432
Adjustments to prior years' tax provisions:		
Corporation tax	-	(94,017)
Deferred tax	4,520	136,404
	99,542	155,819

The tax charge is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2002: 30%). The differences are explained in the following reconciliation:

	2003	2002
	£	£
Profit on ordinary activities before tax	166,740	219,821
Tax on profit on ordinary activities at standard rate	50,022	65,946
Factors affecting the charge for the period:		
Permanent items	45,000	47,486
Depreciation in excess of capital allowances	(67,172)	(95,538)
Current tax charge for the year	27,850	17,894

CPP Services Limited
Notes to the Accounts
Year ended 31 December 2003

6 Tangible fixed assets	Freehold Land	Freehold Property	Leasehold Improve-ments	Computer Equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2003	758,752	6,173,798	1,031,929	-	7,964,479
Additions	-	-	-	1,195	1,195
At 31 December 2003	**758,752**	**6,173,798**	**1,031,929**	**1,195**	**7,965,674**
Depreciation					
At 1 January 2003	-	298,098	114,232	-	412,330
Charge for the period	-	154,432	114,736	182	269,350
At 31 December 2003	-	**452,530**	**228,968**	**182**	**681,680**
Net book value					
At 31 December 2003	**758,752**	**5,721,268**	**802,961**	**1,013**	**7,283,994**
At 31 December 2002	**758,752**	**5,875,700**	**917,697**	-	**7,552,149**

7 Debtors

	2003	2002
	£	£
Trade debtors	248,987	-
Intercompany debtors	282,146	560,870
Prepayments and other debtors	193,949	259,209
	725,082	820,079

8 Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	860,000	863,840
Trade creditors	3,196	68,653
Accruals and deferred income	303,994	5,160
Amounts owed to group undertakings	5,089,563	-
Other taxes and social security	25,423	-
Corporation tax	27,850	17,894
	6,310,026	955,547

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

There are no fixed dates for repayment of the intercompany loans. There is no interest charged.

CPP Services Limited
Notes to the Accounts
Year ended 31 December 2003

9 Creditors: amounts falling due after one year

	2003	2002
	£	£
Amounts owed to group undertakings	-	4,949,051
Bank loans - due within two to five years	1,218,334	2,078,333
	1,218,334	7,027,384

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

10 Provisions for liabilities and charges

	Balance at 1 January 2003	Adjustment in respect of prior years	Charge to profit and loss account	Balance at 31 December 2003
Deferred taxation	240,102	4,520	67,171	311,793

	Provided		Not provided	
	2003	2002	2003	2002
	£	£	£	£
Capital allowances in excess of depreciation	311,793	240,102	-	-

11 Called up share capital

	2003 £	2002 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	100	100

12 Profit and loss account

	2003 £
At 1 January 2003	149,095
Retained profit	67,198
At 31 December 2003	216,293

13 Other financial commitments

At 31 December 2003 the Company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings 2003 £
Operating leases which expire:	
Within one year	-
Within two to five years	-
In over five years	853,171
	853,171

14 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.