

CPP Services Limited

Report and Accounts

**Year ended
31 December 2004**



Company number: 3709675

CPP Services Limited
Company Information

Directors	H M Ogston 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 2004.

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 foreseeable future. A summary of results for the year under review is given on page 6. *No dividend is recommended (2003:nil) and the retained loss for the year of £174,552 (2003:profit of £67,198) has been withdrawn from (2003:transferred to) reserves.*

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 and E Woolley 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	
	2004	2003
H M Ogston	94,855,789	94,855,789
E Woolley	-	-

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:

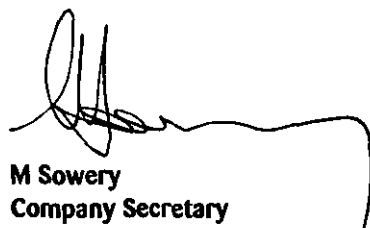
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether 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

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 24 October 2005



M Sowery
Company Secretary

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 2004 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 15. 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
(continued)

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 2004 and of its loss 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 27 OCTOBER 2005

CPP Services Limited
Profit and Loss Account
Year ended 31 December 2004

	Notes	2004 £	2003 £
Turnover - continuing operations	1	1,498,598	1,636,022
Cost of sales		(1,239,976)	(1,320,388)
Gross profit		<u>258,622</u>	<u>315,634</u>
Administrative expenses		(18,404)	(29,873)
Operating profit - continuing operations	4	<u>240,218</u>	<u>285,761</u>
Interest payable and similar charges	5	(417,805)	(119,021)
(Loss) / profit on ordinary activities before taxation		<u>(177,587)</u>	<u>166,740</u>
Tax on (loss) / profit on ordinary activities	6	3,065	(99,542)
(Loss) / profit on ordinary activities after taxation		<u>(174,522)</u>	<u>67,198</u>
Retained (loss) / profit for the financial period	13	<u><u>(174,522)</u></u>	<u><u>67,198</u></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.

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	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	7		6,990,770		7,283,994
Current assets					
Debtors	8	697,304		725,082	
Cash at bank and in hand		-		47,470	
		<u>697,304</u>		<u>772,552</u>	
Creditors: amounts falling due within one year	9	<u>(6,870,049)</u>		<u>(6,310,026)</u>	
Net current liabilities			(6,172,745)		(5,537,474)
Total assets less current liabilities			<u>818,025</u>		<u>1,746,520</u>
Creditors: amounts falling due after one year	10		(430,000)		(1,218,334)
Provisions for liabilities and charges	11		(346,154)		(311,793)
			<u>41,871</u>		<u>216,393</u>
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		41,771		216,293
Equity shareholders' funds			<u>41,871</u>		<u>216,393</u>

Approved by the Board on 24 October 2005 and signed on its behalf by:



E Woolley
 Director

CPP Services Limited
Notes to the Accounts
Year ended 31 December 2004

1 Basis of preparation

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in the current and prior year.

2 Accounting policies

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.

Taxation

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

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.

Cashflow Statement

The company has not prepared a cashflow statement on the basis that it is a wholly owned subsidiary of CPP Group Plc and consolidated financial statements are prepared by that company and are publicly available.

3 Directors and employees

The directors are also directors of the parent company, CPP Group Plc, and certain other group companies. The directors received total emoluments of £421,676 from CPP Group Plc, but it is not practicable to allocate this between their services as directors of CPP Group Plc and their services as directors of other group companies

CPP Services Limited
Notes to the Accounts (continued)
Year ended 31 December 2004

4 Operating profit

	2004	2003
	£	£
This is stated after charging:		
Depreciation	304,375	269,350
Operating lease rentals		
- Land & buildings	720,459	853,171
Auditor's remuneration		
- Audit fees	1,800	6,036
- Non audit fees	24,200	-
	<u>24,200</u>	<u>-</u>

5 Interest payable and similar charges

	2004	2003
	£	£
Bank loans and overdrafts	91,650	119,021
Interest on intercompany loans	326,155	-
	<u>417,805</u>	<u>119,021</u>

6 Taxation

	2004	2003
	£	£
The tax charged on (loss) / profit on ordinary activities for the year was as follows:		
UK Corporation tax at 30% (2003: 30%)		
- Current year	(37,238)	27,850
- Prior year	(188)	-
Total current tax	<u>(37,426)</u>	<u>27,850</u>
Deferred tax		
- Current year	35,824	67,172
- Prior year	(1,463)	4,520
Tax (credit) / charge included in profit and loss account	<u>(3,065)</u>	<u>99,542</u>

The tax charge is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2003: 30%). The differences are explained in the following reconciliation:

	2004	2003
	£	£
(Loss) / profit on ordinary activities before tax	<u>(177,587)</u>	<u>166,740</u>
Tax on (loss) / profit on ordinary activities at standard rate	(53,276)	50,022
Factors affecting the charge for the period:		
Permanent items	51,862	45,000
Origination and reversal of timing differences	(35,824)	(67,172)
Prior year adjustments	(188)	-
Current tax (credit) / charge for the year	<u>(37,426)</u>	<u>27,850</u>

CPP Services Limited
Notes to the Accounts (continued)
Year ended 31 December 2004

7 Tangible fixed assets	Freehold Land £	Freehold Property £	Leasehold Improve- ments £	Computer Equipment £	Total £
Cost					
At 1 January 2004	758,752	6,173,798	1,031,929	1,195	7,965,674
Additions	-	-	11,151	-	11,151
At 31 December 2004	<u>758,752</u>	<u>6,173,798</u>	<u>1,043,080</u>	<u>1,195</u>	<u>7,976,825</u>
Depreciation					
At 1 January 2004	-	452,530	228,968	182	681,680
Charge for the period	-	154,433	149,669	273	304,375
At 31 December 2004	-	<u>606,963</u>	<u>378,637</u>	<u>455</u>	<u>986,055</u>
Net book value					
At 31 December 2004	<u>758,752</u>	<u>5,566,835</u>	<u>664,443</u>	<u>740</u>	<u>6,990,770</u>
At 31 December 2003	<u>758,752</u>	<u>5,721,268</u>	<u>802,961</u>	<u>1,013</u>	<u>7,283,994</u>

8 Debtors

	2004 £	2003 £
Trade debtors	171,562	248,987
Intercompany debtors	-	282,146
Prepayments and other debtors	525,742	193,949
	<u>697,304</u>	<u>725,082</u>

9 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	1,330,093	860,000
Trade creditors	-	3,196
Accruals and deferred income	73,554	303,994
Amounts owed to group undertakings	5,444,733	5,089,563
Other taxes and social security	21,669	25,423
Corporation tax	-	27,850
	<u>6,870,049</u>	<u>6,310,026</u>

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

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

Interest has been charged at the market rate.

CPP Services Limited
Notes to the Accounts (continued)
Year ended 31 December 2004

10 Creditors: amounts falling due after one year

	2004	2003
	£	£
Bank loans - due within two to five years	430,000	1,218,334
	<u>430,000</u>	<u>1,218,334</u>

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

11 Provisions for liabilities and charges

	Balance at 1 January 2004	Adjustment in respect of prior years	Charge to profit and loss account	Balance at 31 December 2004
Deferred taxation	<u>311,793</u>	<u>(1,463)</u>	<u>35,824</u>	<u>346,154</u>

	Provided		Not provided	
	2004	2003	2004	2003
	£	£	£	£
Capital allowances in excess of depreciation	<u>346,154</u>	<u>311,793</u>	<u>-</u>	<u>-</u>

CPP Services Limited
Notes to the Accounts (continued)
Year ended 31 December 2004

12 Called up share capital

	2004	2003
	£	£
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>

13 Profit and loss account

	2004
	£
At 1 January 2004	216,293
Retained loss	(174,522)
At 31 December 2004	<u>41,771</u>

14 Other financial commitments

At 31 December 2004 the Company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings 2004	Land & Buildings 2003
	£	£
Operating leases which expire:		
Within one year	-	-
Within two to five years	-	-
In over five years	<u>741,406</u>	<u>853,171</u>
	<u>741,406</u>	<u>853,171</u>

15 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.