

CPP Services Limited

Report and Accounts

**Year ended
31 December 2005**



Company number: 3709675

CPP Services Limited
Report and Financial Statements
for the Year Ended 31 December 2005

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CPP Services Limited

Company Information

Directors	H M Ogston E Woolley
Secretary	M Sowery
Auditors	Deloitte & Touche LLP Leeds
Bankers	HSBC plc Parliament Street York
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 2005.

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 No dividend is recommended (2004:nil) and the retained loss for the year of £153,265 (2004:loss of £174,522) has been withdrawn from reserves.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	
	2005	2004
H M Ogston	94,823,504	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

Statement of 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;
- state whether applicable accounting standards have been followed; 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 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 26th June 2006


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 Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 16. 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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 other transactions is not disclosed.

We read the directors' report and other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examinations 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 information and explanations which we considered necessary in order to provide us with the 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 the information in the financial statements.

CPP Services Limited
Independent Auditors' Report
(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 December 2005 and of its loss for the year then ended ;
- the financial statements 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

Leeds

Dated 26 JUNE 2006.

CPP Services Limited
Profit and Loss Account
Year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover - continuing operations	2	1,322,375	1,498,598
Cost of sales		(1,054,510)	(1,239,976)
Gross profit		<u>267,865</u>	<u>258,622</u>
Administrative expenses		(12,840)	(18,404)
Operating profit - continuing operations	4	<u>255,025</u>	<u>240,218</u>
Interest payable and similar charges	6	(406,214)	(417,805)
Loss on ordinary activities before taxation		<u>(151,189)</u>	<u>(177,587)</u>
Tax on loss on ordinary activities	7	(2,076)	3,065
Loss ordinary activities after taxation		<u>(153,265)</u>	<u>(174,522)</u>
Retained loss for the financial period	14	<u><u>(153,265)</u></u>	<u><u>(174,522)</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.

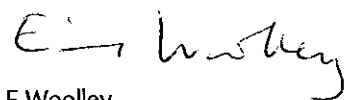
Reconciliation of shareholders' funds

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 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	8		6,696,509		6,990,770
Current assets					
Debtors	9	474,548		697,304	
Cash at bank and in hand		-		-	
		<u>474,548</u>		<u>697,304</u>	
Creditors: amounts falling due within one year	10	<u>(6,917,994)</u>		<u>(6,870,049)</u>	
Net current liabilities			(6,443,446)		(6,172,745)
Total assets less current liabilities			<u>253,063</u>		<u>818,025</u>
Creditors: amounts falling due after one year	11		-		(430,000)
Provisions for liabilities and charges	12		(364,457)		(346,154)
			<u>(111,394)</u>		<u>41,871</u>
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		(111,494)		41,771
Equity shareholders' (deficit) / funds			<u>(111,394)</u>		<u>41,871</u>

Approved by the Board on 26th June 2006 and signed on its behalf by:



E Woolley
 Director

CPP Services Limited

Notes to the Accounts

Year ended 31 December 2005

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.

Turnover

Turnover represents the invoiced value of property rent 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.

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

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 emoluments 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 2005

4 Operating profit

	2005	2004
	£	£
This is stated after charging:		
Depreciation	294,261	304,375
Operating lease rentals		
- Land & buildings	726,364	720,459
Auditor's remuneration		
- Audit fees	1,900	1,800
- Non audit fees	5,053	24,200

5 Operating lease rentals

	2005	2004
	£	£
Aggregate rentals receivable in the year in respect of operating leases	1,322,375	1,498,598

6 Interest payable and similar charges

	2005	2004
	£	£
Bank loans and overdrafts	47,700	91,650
Interest on intercompany loans	358,514	326,155

7 Taxation

	2005	2004
	£	£
The tax charged on loss on ordinary activities for the year was as follows:		
UK Corporation tax at 30% (2004: 30%)		
- Current year	(14,689)	(37,238)
- Prior year	(1,538)	(188)
Total current tax	(16,227)	(37,426)
Deferred tax		
- Current year	20,331	35,824
- Prior year	(2,028)	(1,463)
Tax charge / (credit) included in profit and loss account	2,076	(3,065)

The tax charge is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2004: 30%). The differences are explained in the following reconciliation:

	2005	2004
	£	£
Loss on ordinary activities before tax	(151,189)	(177,587)
Tax on loss on ordinary activities at standard rate	(45,357)	(53,276)
Factors affecting the charge for the period:		
Permanent items	50,999	51,862
Capital allowances in excess of depreciation	(20,331)	(35,824)
Prior year adjustments	(1,538)	(188)
Current tax credit for the year	(16,227)	(37,426)

CPP Services Limited
Notes to the Accounts (continued)
Year ended 31 December 2005

8 Tangible fixed assets	Freehold Land £	Freehold Property £	Leasehold Improve- ments £	Computer Equipment £	Total £
Cost					
At 1 January 2005	758,752	6,173,798	1,043,081	1,195	7,976,825
Additions	-	-	-	-	-
At 31 December 2005	<u>758,752</u>	<u>6,173,798</u>	<u>1,043,081</u>	<u>1,195</u>	<u>7,976,825</u>
Depreciation					
At 1 January 2005	-	606,963	378,637	455	986,055
Charge for the period	-	154,105	139,871	285	294,261
At 31 December 2005	-	<u>761,068</u>	<u>518,508</u>	<u>740</u>	<u>1,280,316</u>
Net book value					
At 31 December 2005	<u>758,752</u>	<u>5,412,730</u>	<u>524,573</u>	<u>455</u>	<u>6,696,509</u>
At 31 December 2004	<u>758,752</u>	<u>5,566,835</u>	<u>664,444</u>	<u>740</u>	<u>6,990,770</u>

Freehold Land, Freehold Property and Leasehold Improvements are held exclusively for the use in operating leases.

9 Debtors

	2005 £	2004 £
Trade debtors	293,742	171,562
Prepayments and other debtors	180,806	525,742
	<u>474,548</u>	<u>697,304</u>

10 Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	822,272	1,330,093
Trade creditors	127,688	-
Accruals and deferred income	180,446	73,554
Amounts owed to group undertakings	5,786,920	5,444,733
Other taxes and social security	668	21,669
Corporation tax	-	-
	<u>6,917,994</u>	<u>6,870,049</u>

The bank 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 2005

11 Creditors: amounts falling due after one year

	2005	2004
	£	£
Bank loans - due within two to five years	-	430,000
	<u>-</u>	<u>430,000</u>

12 Provisions for liabilities and charges

	Balance at 1 January 2005	Adjustment in respect of prior years	Charge to profit and loss account	Balance at 31 December 2005
Deferred taxation	<u>346,154</u>	<u>(2,028)</u>	<u>20,331</u>	<u>364,457</u>

	Provided		Not provided	
	2005	2004	2005	2004
	£	£	£	£
Capital allowances in excess of depreciation	<u>364,457</u>	<u>346,154</u>	<u>-</u>	<u>-</u>

13 Called up share capital

	2005	2004
	£	£
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>

14 Profit and loss account

	2005
	£
At 1 January 2005	41,771
Retained loss	(153,265)
At 31 December 2005	<u>(111,494)</u>

CPP Services Limited
Notes to the Accounts (continued)
Year ended 31 December 2005

15 Other financial commitments

At 31 December 2005 the Company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings 2005 £	Land & Buildings 2004 £
Operating leases which expire:		
Within one year	-	-
Within two to five years	-	-
In over five years	741,406	741,406
	<u>741,406</u>	<u>741,406</u>

16 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.