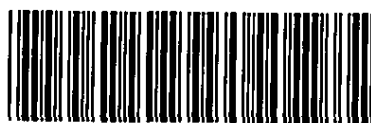


HOLFORD ESTATES MANAGEMENT SERVICES LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2006

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CONTENTS

Directors' Report	1-2
Profit and loss and balance sheet	3
Notes to the financial statements	4

HOLFORD ESTATES MANAGEMENT SERVICES LTD

DIRECTORS' REPORT

The directors present their annual report and the financial statements for the year ended 31 December 2006

Activity

The Company is a wholly owned subsidiary of Holford Estates Ltd. The Company did not trade during the year.

Dividends

No dividend is proposed (2005 £nil)

Board of directors

The directors of the Company during the year were as follows

Mr T J Slack (resigned 14 July 2006)
Mr L P Frith
Miss J C Bower (appointed 14 July 2006)

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

HOLFORD ESTATES MANAGEMENT SERVICES LTD

DIRECTORS' REPORT (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

Auditors and Annual General Meetings

The Company is exempt from the requirement to appoint auditors and, by elective resolutions passed pursuant to the Companies Act 1985, the Company has dispensed with the holding of Annual General Meetings and the laying of accounts before general meetings.

By Order of the Board



H Afford

Secretary

28th September 2007

Lakeside,
Solihull Parkway,
Birmingham Business Park,
Birmingham,
B37 7XZ

HOLFORD ESTATES MANAGEMENT SERVICES LTD

PROFIT AND LOSS ACCOUNT

During the year ended 31 December 2006 and the preceding financial year, the Company did not trade, received no income and incurred no expenditure. Consequently, the Company has made neither a profit nor a loss and has no recognised gains or losses.

BALANCE SHEET AS AT 31 DECEMBER 2006

	2006		2005	
	£		£	£
CREDITORS : Amounts falling due within one				
Amounts owed to group undertakings	<u>(107,654)</u>		<u>(107,654)</u>	
NET CURRENT LIABILITIES		<u>(107,654)</u>		<u>(107,654)</u>
TOTAL ASSETS LESS CURRENT		<u><u>(107,654)</u></u>		<u><u>(107,654)</u></u>
CAPITAL AND RESERVES				
SHARE CAPITAL :				
Authorised, issued, allotted, called up and fully paid –				
22,000 Ordinary Shares of £1 each		22,000		22,000
PROFIT AND LOSS ACCOUNT		<u>(129,654)</u>		<u>(129,654)</u>
EQUITY SHAREHOLDERS FUNDS		<u><u>(107,654)</u></u>		<u><u>(107,654)</u></u>

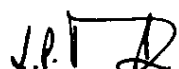
For the year ended 31 December 2006 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for

- Ensuring the company keeps accounting records which comply with section 221, and
- Preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

These financial statements were approved by the board of directors on 28th September 2007 and were signed on its behalf by



L P Frith
Director

HOLFORD ESTATES MANAGEMENT SERVICES LTD
NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

1. Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's Financial Statements -

a) Basis of Accounting

The financial statements have been prepared in accordance with applicable Accounting Standards and the Companies Act 1985 and under the historical cost accounting convention

b) Cash Flow Statement

The Company is exempt from the requirements of Financial Reporting Standard No 1 to prepare a Cash Flow Statement as it is a wholly owned subsidiary undertaking of IMI plc and its cash flows are included within the Consolidated Cash Flow Statement of that company

2. Directors' emoluments

In common with previous years, neither the chairman nor any of the other directors received any emoluments during the year

3. Ultimate Parent Undertaking

The ultimate parent undertaking, and controlling party, is IMI plc, which is incorporated in England and Wales. A copy of the Group financial statements of that company can be obtained from

The Company Secretary
Lakeside,
Solihull Parkway,
Birmingham Business Park,
Birmingham,
B37 7XZ