

**Portals Property Limited**  
**(Registered Number 656722)**

**Directors' Report and Financial Statements**

**25 March 2006**

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# Portals Property Limited

## Directors' Report

The Directors submit their report and the audited accounts of the Company for the year ended 25 March 2006.

### Principal activity

The Company holds various properties used by other Group companies.

### Business review and future developments

The Company has continued to dispose of its industrial premises and plots of land that are not used for core activities within the De La Rue Group and will continue to do so, as market conditions reasonably allow.

### Results and dividend

Profit on ordinary activities after taxation is £1,007,000 (2005: £995,000). The Directors do not recommend the payment of a dividend (2005: £nil). An amount of £1,007,000 was transferred to reserves (2005: £995,000).

### Directors

The names of the Directors holding office during the year were as follows:

C L Fluker  
S A King  
S D Dasani (alternate director)  
J F Hermans (alternate director)

### Directors' interests

At 25 March 2006 no Directors held any beneficial interests in shares of any member of the Group other than the ultimate parent undertaking, De La Rue plc. The holdings and share options of Mr S A King in the ordinary shares of the ultimate parent undertaking are shown in that company's accounts. The holdings and share options of Miss C L Fluker are shown in the accounts of De La Rue Holdings plc, the immediate holding company. The share interests of Mr S D Dasani and J F Hermans are set out below:

Interests in Shares	25 March 2006	26 March 2005
S. D. Dasani	12,200	8,000
J. F. Hermans	-	-

# Portals Property Limited

## Directors' Report (Continued)

Interests in Share Options	26 March 2005	Exercised during year	Granted during year	Lapsed during year	25 March 2006	Exercise price range (pence)	Exercise dates
<u>S.D. Dasani</u> Executive Share Options	68,384	-	-	-	68,384	237.33 - 340.50	Jul '06 – Jul '14
Deferred Bonus & Share Matching	-	-	24,172*	-	24,172	386.13	Jul '08
Sharesave Options	3,563	-	-	-	3,563	258.90	Mar '07 – Aug '07
<u>J.F. Hermans</u> Executive Share Options	7,200	-	2,945	-	10,145	275.25 - 522.50	Jul '04 – Jul '14
Sharesave Options	3,577	1,453	984	-	3,108	258.90 – 357.00	Mar '05 – Aug '09

\* This grant comprises of 9,669 deferred shares and 14,503 matching shares subject to performance target.

The closing mid-market price of the ordinary shares at 25 March 2006 was 566 pence and the highest and lowest mid-market prices during the year were:

	Ordinary shares of 25p to 29 July 2005	Ordinary shares of 27 <sup>1</sup> / <sub>9</sub> p to 25 March 2006
High	410.50p	571.00p
Low	360.07p	359.50p

### Statement of Directors' responsibilities

The Companies Act 1985 requires the Directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those 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 accounting standards have been followed;
- prepare the financial statements on a going concern basis unless they consider it inappropriate to do so.

# Portals Property Limited

## Directors' Report (Continued)

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;
- safeguarding the assets of the Company and for preventing and detecting fraud and other material irregularities.

The Directors consider that in preparing the financial statements on pages 5 to 10 the Company has consistently applied appropriate accounting policies, supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

### Auditors

Pursuant to Sections 366A and 368 of the Companies Act 1985, the Company has dispensed with the requirement to hold annual general meetings and to reappoint auditors annually. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By Order of the Board



J F Hermans  
Secretary

29 January

2007

Registered Office:  
De La Rue House  
Jays Close  
Viabes  
Basingstoke  
Hants  
RG22 4BS

## Portals Property Limited

### Independent Auditors' Report to the Member of Portals Property Limited

We have audited the financial statements of Portals Property Limited for the year ended 25 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 consider the implications for our report if we become aware of any apparent misstatement within it.

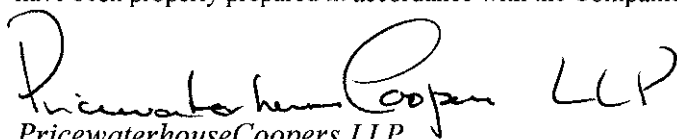
#### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 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, in accordance with United Kingdom generally accepted accounting practice, of the state of the Company's affairs as at 25 March 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London 29 January 2007

## Portals Property Limited

### Profit and Loss Account For the Year Ended 25 March 2006

	<i>Note</i>	<b>2006 £'000</b>	<b>2005 £'000</b>
Administrative expenses	3	(218)	(230)
Other operating income		1,225	1,225
<b>Operating profit, Profit before tax and Retained profit for the year</b>	8	<b>1,007</b>	<b>995</b>

There is no material difference between the results in the profit and loss account and the results on an historical cost basis.

There are no recognised gains or losses other than the retained profit for the financial year shown in the above profit and loss account.

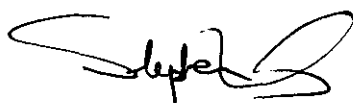
The notes on pages 7 to 10 form part of these financial statements.

# Portals Property Limited

## Balance Sheet at 25 March 2006

	Note	2006 £'000	2005 £'000
<b>Fixed assets</b>			
Tangible assets	4	11,407	11,600
<b>Current assets</b>			
Debtors	5	43,162	41,994
Cash at bank and in hand		175	143
<b>Net current assets</b>		<b>43,337</b>	<b>42,137</b>
<b>Net assets</b>		<b>54,744</b>	<b>53,737</b>
<hr/>			
<b>Capital and reserves</b>			
Called up share capital	6	-	-
Revaluation reserve	7	274	274
Profit and loss account	7	54,470	53,463
<b>Equity shareholders' funds</b>	<b>8</b>	<b>54,744</b>	<b>53,737</b>

Approved by the Board on 29 January 2007



S A King  
Director

The notes on pages 7 to 10 form part of these financial statements.

# Portals Property Limited

## Notes to the Accounts - Year Ended 25 March 2006

### 1 Accounting policies

#### (a) Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings in 1996, and in accordance with applicable accounting standards. The accounts have been prepared as at 25 March 2006, being the last Saturday in March. The comparatives for the 2005 financial year are for the year ended 26 March 2005.

We have considered the new standards FRS 20 'Share based Payments' and FRS21 'Events after the Balance Sheet Date', however they have no impact on the financial statements.

#### (b) Depreciation

Depreciation is charged on freehold and long leasehold commercial and industrial properties calculated at 2% p.a. on a straight-line basis on the value of the properties (exclusive of site values) and on subsequent additions at cost. No depreciation is charged on land.

#### (c) Taxation

Provision for UK corporation tax on profits of the Company arising after 1 April 1997 is made in the financial statements of the parent company, De La Rue Holdings plc.

The parent company also makes provision for deferred taxation in accordance with FRS 19 "Deferred Tax" which requires the recognition of deferred tax assets and liabilities on the balance sheet to the extent that they will more likely than not materialise.

### 2 Directors' remuneration and auditors' remuneration

Directors' emoluments for Mr S A King are disclosed in the accounts of the ultimate parent undertaking, De La Rue plc, and those of Miss C L Fluker are disclosed in the accounts of the immediate parent company De La Rue Holdings plc. No other Director received emoluments in his capacity as a Director of the Company (2005: £Nil).

There are no persons employed by the Company (2005: Nil).

The auditors' remuneration was borne by the immediate parent company, De La Rue Holdings plc.



# Portals Property Limited

## Notes to the Accounts - Year Ended 25 March 2006

### 3 Operating Expenses

	2006 £'000	2005 £'000
Depreciation	193	193
Other operating expenses	25	37
	<b>218</b>	<b>230</b>

### 4 Tangible assets

	Freehold land and buildings 2006 £'000
<b>Cost or valuation</b>	
<b>At 26 March 2005 and 25 March 2006</b>	<b>12,180</b>
<b>Accumulated depreciation</b>	
At 26 March 2005	(580)
Provision for the year	(193)
<b>At 25 March 2006</b>	<b>(773)</b>
<b>Net book value</b>	
At 26 March 2005	11,600
<b>At 25 March 2006</b>	<b>11,407</b>

Commercial freehold properties were valued at 31 December 1996 by King Sturge & Co, independent chartered surveyors, at open market value on an existing use basis.

The agricultural and residential properties were valued at 31 December 1996 by Lane Fox and Partners Limited, independent surveyors, at open market value.

The historical cost of tangible fixed assets at 25 March 2006 was £12,010,100 (2005: £12,010,100).

# Portals Property Limited

## Notes to the Accounts - Year Ended 25 March 2006

### 5 Debtors

	2006 £'000	2005 £'000
Trade debtors	9	6
Amounts owed by Group undertakings	43,153	41,988
	<b>43,162</b>	<b>41,994</b>

### 6 Called up share capital

	2006 £	2005 £
<b>Authorised:</b>		
100 Ordinary Shares of £1 per share	100	100
<b>Allotted, called up and fully paid:</b>		
100 Ordinary Shares of £1 per share	100	100

### 7 Reserves

	Revaluation Reserve £'000	Profit and loss account £'000
At 26 March 2005	274	53,463
Retained profit for the financial year	-	1,007
<b>At 25 March 2006</b>	<b>274</b>	<b>54,470</b>

# Portals Property Limited

## Notes to the Accounts - Year Ended 25 March 2006

### 8 Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
Retained profit for the financial year	1,007	995
Net increase in shareholders' funds	1,007	995
Opening shareholders' funds	53,737	52,742
Closing shareholders' funds	54,744	53,737

### 9 Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of De La Rue plc and is included in the consolidated financial statements of De La Rue plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1. The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the De La Rue Group or investees of the De La Rue Group. References to "Group" mean to De La Rue plc and its subsidiaries.

### 10 Immediate and ultimate parent undertakings

The immediate parent undertaking of the Company is De La Rue Holdings plc and the ultimate parent undertaking is De La Rue plc, both of which are registered in England and Wales. The De La Rue Group is the only Group of which the Company is a member and for which Group accounts are prepared. Copies of the group accounts are available from the Secretary of De La Rue plc at De La Rue House, Jays Close, Viables, Basingstoke, Hants, RG22 4BS.