

John Shreeves & Partners Limited

**Directors' report and financial
statements**

Registered number 1575164

30 April 2004



Contents

Directors' report	1
Statement of directors' responsibilities	3
Report of the independent auditors to the members of John Shreeves & Partners Limited	4
Profit and loss account	5
Balance sheet	6
Reconciliation of movements in shareholders' deficit	7
Notes	8

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2004.

Principal activities

The main activity of the company during the year is that of carrying on the business of quantity surveyors, building surveyors and project managers.

Business review

The Company has continued to provide the most substantial part of its services to investment institutions, local authority regeneration projects, educational and speculative developments. The long - standing clients in these sectors have remained loyal to the company such that repeat business accounts for approximately 75% of the anticipated 2004/2005 activity.

In the light of the increased confidence evidenced by the company's clients and recent instructions the company anticipates a positive 2004/2005 trading activity.

The profit for the year in the Company is £285,739 (2003: Loss £310,742).

Proposed dividend

The directors do not recommend the payment of a dividend (2003: *£nil*).

Directors and directors' interests

The directors who held office during the year were as follows:

JW Shreeves
PR Clack (resigned 31 August 2003)
EJ Lawrence
GT Wisbey
J Sipsma
G Welfare

Directors' report *(continued)*

The director who held office at the end of the financial year had the following interests in the ordinary shares of the company according to the register of directors' interests:

	Class of share	Interest at end of year	Interest at start of year
JW Shreeves	Ordinary	1	1

The interests of JW Shreeves are disclosed in the directors' report of the parent company.

None of the other directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interest, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £178 (2003: £475).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board


JW Shreeves
Director

66 Turnmill Street
London
EC1M 5RR

2004

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give 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 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.

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



KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of John Shreeves & Partners Limited

We have audited the financial statements on pages 5 to 15.

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 auditor's 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 are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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.

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 30 April 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

17 November 2004

Profit and loss account
for the year ended 30 April 2004

	<i>Note</i>	2004 £	2003 £
Turnover	<i>1</i>	1,700,190	2,416,374
Cost of sales		(1,216,491)	(1,893,678)
Gross profit		483,699	522,696
Administrative expenses		(709,279)	(748,435)
Other operating income		27,265	-
Operating loss	<i>2-4</i>	(198,315)	(225,739)
Profit on sale of fixed assets	<i>2</i>	527,000	-
Other interest receivable and similar income	<i>5</i>	1,209	-
Interest payable and similar charges	<i>6</i>	(19,305)	(85,003)
Profit/(loss) on ordinary activities before taxation		310,589	(310,742)
Tax on profit on ordinary activities	<i>7</i>	(24,850)	-
Profit/(loss) on ordinary activities after taxation		285,739	(310,742)
Loss brought forward		(352,178)	(41,436)
Loss carried forward		(66,439)	(352,178)

A statement of total recognised gains and losses has not been included as part of these financial statements as the company made no gains or losses in the year other than those disclosed above.


A note on historical gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

The results stated above are all derived from continuing operations.

Balance sheet
at 30 April 2004

	<i>Note</i>	£	2004 £	£	2003 £
Fixed assets					
Tangible assets	8		23,225		584,439
Current assets					
Work in Progress	9	87,170		62,299	
Debtors	10	309,061		511,675	
Cash at bank and in hand		7,584		39	
			<u>403,815</u>	<u>574,013</u>	
Creditors: amounts falling due within one year	11	(406,564)		(615,729)	
Net current liabilities			<u>(2,749)</u>		<u>(41,716)</u>
Total assets less current liabilities			<u>20,476</u>		<u>542,723</u>
Creditors: amounts falling due after more than one year	12		(7,500)		(609,280)
Provisions for liabilities and charges	13		(78,415)		(284,621)
Net liabilities			<u>(65,439)</u>		<u>(351,178)</u>
Capital and reserves					
Called up share capital	14		1,000		1,000
Profit and loss account			(66,439)		(352,178)
Total shareholders' deficit			<u>(65,439)</u>		<u>(351,178)</u>

These financial statements were approved by the board of directors on 12 Nov 04 2004 and were signed on its behalf by:


JW Shreeves
Director

Reconciliation of movements in shareholders' deficit
for the year ended 30 April 2004

	2004 £	2003 £
Profit/(loss) for the financial year	285,739	(310,742)
Opening shareholders' deficit	(351,178)	(40,436)
	<hr/>	<hr/>
Closing shareholders' deficit	(65,439)	(351,178)
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 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.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements have been prepared on a going concern basis, notwithstanding net liabilities of £65,439, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by John Shreeves Holdings Limited, the company's ultimate parent company. John Shreeves Holdings Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of John Shreeves Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of John Shreeves Holdings Limited, within which this company is included, can be obtained from The Secretary, 66 Turnmill, London EC1M 5RR.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	- 50 years
Short leasehold and improvements to leasehold property	- 5 years
Plant and machinery	- 5 years
Motor vehicles	- 5 years

A full year's depreciation is charged in the year of acquisition, with no charge in the year of disposal.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

1 Accounting policies (continued)

Post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the loss the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover and provision for future costs

Turnover represents the amounts (excluding VAT) derived from the provision of goods and services to customers. Turnover is derived from the provision of services as quantity surveyors and project managers in the United Kingdom.

Invoices are rendered in accordance with an agreed timetable and in certain cases the relevant work may be performed after the date of the invoice. In such cases, provision is made at the date of invoicing for the costs to be incurred subsequently.

2 Profit/(loss) on ordinary activities before taxation

	2004 £	2003 £
<i>Profit/(loss) on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	22,500	22,000
Other services	4,000	4,000
Depreciation and other amounts written off tangible fixed assets:		
Owned	29,623	40,968
Leased	-	34,694
Hire of office equipment – rentals payable under operating leases	15,207	12,525
Hire of other assets – operating leases	83,503	52,222
Loss on sale of fixed assets	-	56,476
	<hr/>	<hr/>
<i>after crediting</i>		
Profit on sale of freehold property (see note 18)	527,000	-
Profit on sale of fixed assets	3,100	-
	<hr/>	<hr/>

Notes (continued)

3 Remuneration of directors

	2004 £	2003 £
Directors' emoluments	311,838	307,893

The emoluments, excluding pension contributions, of the highest paid director were £78,331 (2003: £78,000).

	Number of directors	
	2004	2003
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	3

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2004	2003
Technical	16	30
Administrative	7	10
	23	40

The aggregate payroll costs of these persons were as follows:

	2004 £	2003 £
Wages and salaries	983,323	1,502,859
Social security costs	101,997	156,219
Other pension costs (see note 15)	50,854	70,933
	1,136,174	1,730,011

5 Other interest receivable and similar income

	2004 £	2003 £
Bank interest	40	-
Other	1,169	-
	1,209	-

Notes (continued)

6 Interest payable and similar charges

	2004	2003
	£	£
On bank loans repayable after five years	8,300	36,849
On bank loans and overdrafts wholly repayable within five years	11,005	19,407
Finance charges payable in respect of finance leases and hire purchase contracts	-	28,747
	<u>19,305</u>	<u>85,003</u>

7 Taxation

	2004	2003
	£	£
<i>UK corporation tax</i>		
Current tax credit on income for the period	24,850	-
	<u>24,850</u>	<u>-</u>
Total current tax	<u>24,850</u>	<u>-</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2003: higher) than the standard rate of corporation tax in the UK (20%, 2003: 20%). The differences are explained below.

	2004	2003
	£	£
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	310,589	(310,742)
	<u>62,118</u>	<u>(62,148)</u>
Current tax at 20 % (2003: 20 %)	62,118	(62,148)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	9,073	30,397
Capital allowances for period in excess of depreciation	(42,624)	(11,061)
Unutilised tax losses	-	42,812
Group relief	(3,713)	-
	<u>(24,850)</u>	<u>-</u>
Total current tax charge (see above)	<u>(24,850)</u>	<u>-</u>

Factors that may affect future tax charges

There is no charge for the year since the company made a net operating loss. The company has tax losses to be carried forward amounting to £325,286 (2003: £313,070).

A deferred tax asset of £82,741 (2003: £80,203) has not been recognised due to the loss making situation of the group. This will only be recognised in the future if it can be regarded as more likely than not there will be suitable profits from which the future reversal of the timing differences can be deducted.

Notes (continued)

8 Tangible fixed assets

	Freehold property	Short leasehold and leasehold improvements	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost					
At beginning of year	550,000	242,217	342,300	173,589	1,308,106
Additions	-	-	2,806	-	2,806
Disposals	(550,000)	(242,217)	-	(129,435)	(679,435)
At end of year	-	-	345,106	44,154	631,477
Depreciation and diminution in value					
At beginning of year	77,000	242,217	301,089	103,361	723,667
Charge for year	-	-	20,792	8,831	29,623
On disposals	(77,000)	(242,217)	-	(68,038)	(145,038)
At end of year	-	-	321,881	44,154	608,252
Net book value					
At 30 April 2004	-	-	23,225	-	23,225
At 30 April 2003	473,000	-	41,211	70,228	584,439

Included in the total net book value of motor vehicles is £nil (2003: £70,228) in respect of assets held under the hire purchase contracts. Depreciation for the year on these assets was £nil (2003: £34,694).

9 Work in Progress

	2004 £	2003 £
Work in progress	87,170	62,299

10 Debtors

	2004 £	2003 £
Trade debtors	219,178	276,967
Other debtors	20,894	154,923
Prepayments and accrued income	68,989	79,785
	309,061	511,675

Notes (continued)

11 Creditors: amounts falling due within one year

	2004 £	2003 £
Overdrafts	184,675	279,532
Obligations under finance leases and hire purchase contracts (see note 12)	-	20,628
Trade creditors	46,094	59,521
Taxation and social security	96,347	94,157
Other creditors	14,946	96,854
Accruals and deferred income	64,502	65,037
	<u>406,564</u>	<u>615,729</u>

12 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Mortgage loan	-	350,000
Bank loan	-	250,000
Obligations under finance leases and hire purchase contracts	-	9,280
Other creditors	7,500	-
	<u>7,500</u>	<u>609,280</u>

The loans are secured on the freehold property of the company at 66 Turnmill Street, and the finance leases are secured on the assets to which they relate. The rate of interest on the loan is at 2% above LIBOR.

The maturity of obligations is as follows:

	Bank Loans £	Finance Leases £	2004 Total £	Bank Loans £	Finance Leases £	2003 Total £
Within one year	-	-	-	-	20,628	20,628
In the second to fifth years	-	-	-	250,000	9,280	259,280
Over five years	-	-	-	350,000	-	350,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>29,908</u>	<u>629,908</u>

Notes *(continued)*

13 Provisions for liabilities and charges

Provision for future costs

	2004 £
At beginning of year	284,621
Credit to the profit and loss for the year	(206,206)
	<hr/>
At end of year	78,415 <hr/>

14 Called up share capital

	2004 £	2003 £
<i>Authorised</i>		
Equity : 1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity : 1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>

15 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £50,854 (2003: £70,933). Contributions amounting to £7,567 (2003: £8,053) were payable to the scheme and are included in creditors.

Notes (continued)

16 Commitments

There are no capital commitments existing at the year end.

Annual commitments under non-cancellable operating leases are as follows:

	2004 Land and buildings £	Other £	2003 Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	-
Within the second to fifth years inclusive	30,000	68,068	30,000	20,318
In more than five years	-	-	-	-
	<u>30,000</u>	<u>68,068</u>	<u>30,000</u>	<u>20,318</u>

17 Parent company and ultimate controlling party

The parent and ultimate parent company is John Shreeves Holdings Limited, a company registered in England and Wales. John Shreeves Holdings Limited is the parent company of the only group of companies for which group accounts are drawn up and of which the company is a member. Copies of the group accounts may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff.

John Shreeves Holdings Limited is controlled by John Shreeves, a director of that company.

18 Related parties

As the company is a wholly owned subsidiary of John Shreeves Holdings Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with John Shreeves Holdings Limited.

During the year repayments against loans made to the group by the directors were made as follows:

	Date of loan	Outstanding at beginning of year £	Repaid during the year £	Outstanding at end of year £
JW Shreeves	28 March 2003	60,000	60,000	-
JW Shreeves	28 January 2002	5,404	5,404	-
PR Clack	30 January 2002	3,800	3,800	-
EJ Lawrence	29 January 2002	7,300	7,300	-

On 21 July 2003 J W Shreeves, a director of the company, purchased all the land and buildings from the company for £1,000,000.