

Registered No: 2938062

Jarvis Projects Limited

Report and financial statements

for the year ended 31 March 2004



Jarvis Projects Limited

Report and financial statements for the year ended 31 March 2004

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Jarvis Projects Limited

Directors and advisors

Directors

Directorate Services Limited
G K H Mason

Secretary

Secretariat Services Limited

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered office

Meridian House
The Crescent
York
YO24 1AW

Jarvis Projects Limited

Directors' report for the year ended 31 March 2004

The directors present their report and the audited financial statements for the year ended 31 March 2004.

Results, principal activities and review of the business

The main business of the company was to manage, typically, 25 year projects covering the design, build, and finance of property solutions for clients. Many projects were bid through the Government's Private Finance Initiative or Private Public Partnership Programme. During the year, costs that related to bids that were not virtually certain to be won as at 31 March 2004 were written off to the profit and loss account. These costs, along with those incurred on unsuccessful bids and delays in completing contractual negotiations resulted in a significant loss for the year.

The loss for the year attributable to shareholders which has been dealt with in the financial statements is £22,123,000 (2003: £3,257,000 profit).

Events since the balance sheet date

On 1 April 2004, further to a reorganisation of the Jarvis plc group's Accommodation Services division, the company transferred, at net book value which, in the directors opinion was equivalent to the fair value at that date, its entire assets and liabilities, except for its investments in Cruciform Services Limited and Jarviscare Limited, to its fellow subsidiary undertaking, Jarvis Accommodation Services Limited.

On 8 April 2004, the company sold its investment in Cruciform Services Limited. As a result, the company no longer engages in commercial trading activity.

Subsequently, the company's parent undertaking has undergone a comprehensive financial restructuring designed to bring greater stability to the group following a period of financial difficulty. The principal features of the restructuring are set out in note 1(a) to the financial statements. The restructuring includes a guarantee by the company in respect of certain working capital facilities arranged by Jarvis plc which might crystallise in the event of a termination of these facilities. Further details of the principal terms of these facilities are set out in note 20 to the financial statements.

Dividends

The directors are unable to recommend the payment of a dividend.

Jarvis Projects Limited

Directors' report (continued) for the year ended 31 March 2004

Directors and their interests

The directors holding office during the year ended 31 March 2004 and subsequent to that date were:

A E Birch	(appointed 7 June 2004; resigned 27 August 2004)
C W Crawford	(resigned 3 December 2004)
A Cunningham	(appointed 11 February 2004; resigned 2 April 2004)
Directorate Services Limited	(appointed 4 May 2005)
D C Evans	(resigned 27 September 2004)
P H Gardiner	(resigned 7 June 2004)
J C Howie	(resigned 4 May 2005)
G K H Mason	
R N Johnson	(appointed 13 February 2003; resigned 15 June 2004)
R W Kendall	(resigned 15 April 2004)
A K Rae	(appointed 15 April 2004; resigned 9 March 2005)
G Ray	(appointed 21 December 2004; resigned 29 April 2005)
A J Sutton	(resigned 11 February 2004)
R A Wallace	(appointed 27 August 2004; resigned 13 December 2004)

None of the directors at 31 March 2004 had any beneficial interest in the shares of the company. The interests of Messrs A J Sutton, R W Kendall, R N Johnson and A Cunningham in shares of the ultimate parent undertaking, Jarvis plc, are disclosed in the annual report and financial statements of that company. The interests of the remaining directors in the shares of Jarvis plc were as follows:

Interests in Jarvis plc shares of 5p each	At 1 April 2003, or date of appointment, if later	At 31 March 2004
C W Crawford	62,000	50,000
P H Gardiner	76,835	-
J C Howie	15,000	15,000
G K H Mason	500	500

Interests in Options over Jarvis plc shares of 5p each						
Director	Scheme	Grant Date	Exercise Price	Options at 31/3/04	Dates Exercisable	
					From	To
C W Crawford	Executive	Aug 1999	271.00	6,000	Aug 2002	Aug 2009
		Jul 2000	199.50	9,000	Jul 2003	Jul 2010
	Share Save	Jan 1999	492.00	1,248	Mar 2004	Aug 2004
J C Howie	Executive	Aug 1997	277.50	14,190	Jul 2000	Jul 2004
		Aug 1997	277.50	10,810	Jul 2000	Jul 2007
		Jul 2000	199.50	4,000	Jul 2003	Jul 2010
D C Evans	Executive	Aug 1999	271.00	19,500	Aug 2002	Aug 2009
		Jul 2000	199.50	9,000	Jul 2003	Jul 2010
		Dec 2001	530.00	20,000	Dec 2004	Dec 2011
		Jul 2002	290.00	40,000	Jul 2005	Jul 2009
G K H Mason	Executive	Jul 2000	199.50	25,000	Jul 2005	Jul 2010
		Jan 2001	264.00	19,000	Jan 2004	Jan 2011

Jarvis Projects Limited

Directors' report (continued) for the year ended 31 March 2004

Directors and their interests (continued)

On 30 July 2003, P H Gardiner sold 9,400 shares at a price of £3.42.

On 30 September 2003, P H Gardiner exercised options over 7,500 shares at a price of £2.71 and 9,000 shares at a price of £1.995. The market price on the day of the exercise was £3.07.

On 3 October 2003, D C Evans exercised options over 937 shares at a price of £1.53. The market price on the day of exercise was £2.99.

On 2 December 2003, D C Evans sold 937 shares at a price of £2.20.

On 3 December 2003, P H Gardiner sold 83,935 shares at a price of £2.065.

On 12 December 2003, C W Crawford sold 12,000 shares at a price of £1.85.

On 31 March 2004, options over 937 shares in Jarvis plc, granted to G K H Mason on 3 August 2000, lapsed, as they were not exercised within the designated period.

On 2 April 2004, C W Crawford sold 25,000 shares at a price of £1.77.

On 1 September 2004, options over 1,248 shares in Jarvis plc, granted to C W Crawford on 21 January 1999, lapsed, as they were not exercised within the designated period.

On 31 March 2005, Executive Options granted to G K H Mason on 28 July 2000 over 25,000 shares were cancelled.

On 31 March 2005, Executive Options granted to G K H Mason on 24 January 2001 over 19,000 shares were cancelled.

Employee involvement

The directors attached the greatest importance to the development of employee involvement throughout the company based on good communication and working relationships. Consultation took place through normal regular management contacts and in meetings with all levels of employees to assist the employees in developing their awareness of the financial and economic factors, which affected the business, and performance of the company. All employees were transferred to a fellow subsidiary undertaking, with effect from 1 April 2004.

Creditor payment terms

When entering into commitments for the purchase of services and goods the company gives due consideration to quality, price and the terms of payment. Suppliers are made aware of these terms. The company abides by these terms where it is satisfied that suppliers have provided the services or goods in accordance with such agreed terms and conditions. In the event of disputes, every effort is made to resolve these quickly.

Jarvis Projects Limited

Directors' report (continued) for the year ended 31 March 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 as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required:

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

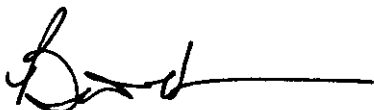
The directors confirm the financial statements comply with these requirements.

The directors are responsible for ensuring that proper accounting records are kept 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Having passed elective resolutions of the shareholders, the company is exempt from the obligation to annually re-appoint auditors and to hold annual general meetings. At the meeting of the Board of Directors where these accounts were approved, it was resolved that the resignation of Ernst & Young LLP as auditors of the company be accepted and that RSM Robson Rhodes LLP be appointed.

By order of the board



On behalf of
Secretariat Services Limited
Secretary

5 December

2005

Jarvis Projects Limited

Independent auditors' report to the members of Jarvis Projects Limited

We have audited the company's financial statements for the year ended 31 March 2004 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 21. These financial statements have been prepared on the basis of 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 Directors' Report - 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 legal and regulatory requirements and United Kingdom 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 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

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.

Jarvis Projects Limited

Independent auditors' report to the members of Jarvis Projects Limited (continued)

Fundamental Uncertainty

In forming our opinion, we have considered the adequacy of disclosures made in the financial statements concerning the sufficiency of the forecast working capital of the Jarvis plc Group ("the Group") of which the company is a member. Further details concerning this matter are set out in Note 1a to the financial statements.

The company's financial statements have been prepared on the going concern basis, the validity of which depends on the Group:

- trading and managing its working capital in line with the latest profit and cash flow forecasts prepared by the directors of Jarvis plc and;
- operating within existing finance facilities;

The financial statements do not include any adjustments which would result from the Group (and hence the company) ceasing to be a going concern.

Our opinion is not qualified in respect of the fundamental uncertainty described above.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2004 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985

Ernst & Young

Ernst & Young LLP
Registered Auditor
London
S Dumbler

2005

Jarvis Projects Limited

Profit and loss account for the year ended 31 March 2004

		Year ended 31 March 2004	Year ended 31 March 2003
	Notes	£'000	£'000
Turnover	2	16,269	40,763
Cost of sales		<u>(17,348)</u>	<u>(10,992)</u>
Gross (loss)/profit		(1,079)	29,771
Operating expenses		<u>(21,073)</u>	<u>(25,226)</u>
Operating (loss)/profit	3	(22,152)	4,545
Impairment of investment	12	<u>(237)</u>	<u>-</u>
(Loss)/profit on ordinary activities before interest and taxation		(22,389)	4,545
Interest payable and similar charges	7	(1,506)	(572)
Interest receivable	8	<u>358</u>	<u>252</u>
(Loss)/profit on ordinary activities before taxation		(23,537)	4,225
Tax credit/(charge) on (loss)/profit on ordinary activities	9	<u>1,414</u>	<u>(968)</u>
(Loss)/profit on ordinary activities after taxation		(22,123)	3,257
Dividends	10	<u>-</u>	<u>(2,248)</u>
Retained (loss)/profit for the year	18	<u>(22,123)</u>	<u>1,009</u>

The company has no recognised gains and losses other than the loss for the year ended 31 March 2004 and for the profit for the year ended 31 March 2003 and therefore no separate statement of total recognised gains and losses has been presented.

The above result is wholly attributable to discontinued operations, the company's entire continuing business having been transferred to a fellow subsidiary undertaking in April 2004.

Jarvis Projects Limited

Balance sheet at 31 March 2004

		31 March 2004	31 March 2003
	Notes	£'000	£'000
Fixed assets			
Tangible assets	11	671	527
Investments	12	2,116	2,062
		<u>2,787</u>	<u>2,589</u>
Current assets			
Stocks - work in progress	13	632	7,146
Debtors	14	28,150	33,633
Deferred tax	15	114	14
		<u>28,896</u>	<u>40,793</u>
Creditors: amounts falling due within one year	16	(50,988)	(40,564)
Net current (liabilities)/assets		<u>(22,092)</u>	<u>229</u>
Net (liabilities)/assets		<u>(19,305)</u>	<u>2,818</u>
Capital and reserves			
Called up share capital	17	400	400
Share premium account	18	600	600
Profit and loss account	18	(20,305)	1,818
Equity shareholders' (deficit)/funds	18	<u>(19,305)</u>	<u>2,818</u>

The financial statements were approved by the board on 5 December
were signed on its behalf by:

2005 and



Director

Jarvis Projects Limited

Notes to the financial statements

1. for the year ended 31 March 2004

1. Principal accounting policies

(a) Basis of Preparation

The company is a subsidiary undertaking of Jarvis plc ("the Parent" or "Jarvis"), and a guarantor of the various financing facilities of the Parent's group of companies (the "Group"). In addition, the company is dependent upon the continued provision of finance by the Group to enable it to meet its liabilities as they fall due.

Following a breach by the Group of certain terms of its debt facilities on 2 July 2004 the company, as guarantor of the majority of the Group's various financing facilities signed an Override Agreement under which breaches of facilities were waived. On 29 January 2005, an amendment to the Override Agreement extended the waiver of the facilities breaches until 27 March 2006.

Subsequently, the Directors of Jarvis have completed a strategic review, prepared forecasts of the Group's activities and planned and then implemented a disposal programme of various assets/businesses in line with an evolving Business Plan which the Directors believe has now created a smaller, leaner, cash-generative business designed to be able to service the Group's debt following restructuring and to ensure the continued operations of the Group in the foreseeable future.

Although the Group has incurred significant trading losses and cash outflows during the last two years and had a deficit on consolidated net assets as at 31 March 2005 of £361.6m, the Directors of Jarvis believe that the effects of the internal restructuring and corporate disposals undertaken as a result of their strategic review will bring about improved operating results as indicated in the Business Plan and associated profit and cash flow forecast.

Following approval from the Group's core lenders and shareholders the financial restructuring was completed on 29 September 2005. The financial restructuring consisted of a debt for equity conversion in respect of the majority of the Group's debt on 31 August 2005 and an underwritten equity issue of new ordinary shares of £50m through a Share Placing and Open Offer. Jarvis received approximately £30m from the Share Placing on 31 August 2005 and approximately £20m from the Open Offer on 29 September 2005. Jarvis also secured new working capital facilities of £38.5m and the Override Agreement was terminated.

Jarvis Projects Limited

Notes to the financial statements (continued) for the year ended 31 March 2004

(a) Basis of Preparation

The above developments have brought much greater stability to the Group and the company's Directors consider that the Group (and therefore the company) will be able to trade within its available working capital facilities and meet its liabilities as they fall due for at least 12 months following the date of approval of these financial statements: accordingly, these financial statements have been prepared on the going concern basis.

Should the Group fail to trade and manage its working capital at least in line with the latest profit and cash flow forecasts however, this may cause the company's guarantees to be crystallised and thus the going concern basis may no longer remain appropriate.

In such circumstances, adjustments are likely to have to be made to the net assets shown in these financial statements to reduce assets to their more immediately recoverable amounts, to reclassify fixed assets to current assets and to provide for further liabilities that may arise.

Details of the principal Group facilities guaranteed by the company are included in Note 20 to the financial statements.

(b) Form of accounts

As the company is a wholly owned subsidiary of Jarvis plc, group financial statements have not been prepared, in accordance with Section 228 of the Companies Act 1985.

(c) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 1985.

Jarvis Projects Limited

Notes to the financial statements (continued) for the year ended 31 March 2004

(d) Tangible fixed assets

Tangible fixed assets are stated at purchase cost. Depreciation is calculated so as to write off the cost of tangible fixed assets, less any residual value, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal rates of depreciation used for this purpose are:

Fixtures & Fittings	6 2/3 – 33 1/3%
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In accordance with FRS 11, any impairment in the value of fixed assets is charged to the profit and loss account in the year it arises.

(e) Stocks – Work in progress

All costs incurred in advance of a contract being awarded are written off to the profit and loss account, until the date that, in the opinion of the directors, it is virtually certain that the contract has been secured. Where the directors consider virtual certainty has been achieved but the contract has not yet been awarded, costs are carried as work in progress, to the extent that the contract is expected to result in future net cash inflows (i.e. future revenues less attributable costs).

Where guarantees have been given by prospective clients in respect of the reimbursement of pre-contract costs should the company's bid be unsuccessful, then relevant costs will be included as an asset to the extent that they are considered recoverable.

(f) Cash flow statement

The company is a wholly owned subsidiary of Jarvis plc and the cash flows of the company are included in the consolidated cash flow statement of Jarvis plc. Consequently the company has taken advantage of the exemption, allowed under the terms of FRS 1 (revised), from publishing a cash flow statement.

(g) Pensions

Contributions to employees' personal pension arrangements during the year are charged to the profit and loss account as incurred. Details of the pension arrangements are given in note 4 and note 6.

(h) Related party transactions

The company is a wholly owned subsidiary undertaking of Jarvis plc and as such the company has taken advantage under the terms of FRS 8 not to disclose related party transactions which are eliminated on consolidation.

Jarvis Projects Limited

Notes to the financial statements (continued)

for the year ended 31 March 2004

(i) Taxation

(i) Current tax

The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items.

(ii) Deferred tax

Full provision has been made for deferred taxation in respect of timing differences, that have originated but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future by the balance sheet date except that:

- Provision is made for gains on disposals of assets that have been rolled over into replacement assets only where there is a commitment to dispose of the replacement assets.
- Provision is not made for the remittance of a subsidiary, associate or joint venture's earnings that would cause tax to be payable where no commitment has been made to the remittance of the earnings.
- Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates enacted at the balance sheet date.

2. Turnover

Turnover, all of which arises from operations within the United Kingdom, excludes value-added tax and trade discounts and represents the sales value of work carried out during the year.

Jarvis Projects Limited

Notes to the financial statements (continued) for the year ended 31 March 2004

3. Operating (loss)/profit

	Year ended 31 March 2004 £'000	Year ended 31 March 2003 £'000
The operating (loss)/profit is stated after charging:		
Hire of plant and machinery	5	2
Operating lease rentals - land and buildings	115	29
Auditors' remuneration - audit services	-	98
- non audit services	64	8
Depreciation of tangible fixed assets	<u>332</u>	<u>260</u>

Non-audit fees comprise taxation and transaction support services. Auditors' remuneration for audit services was borne by a fellow group undertaking in the year ended 31 March 2004.

4. Directors' remuneration

	Year ended 31 March 2004 £'000	Year ended 31 March 2003 £'000
Directors		
Emoluments	<u>341</u>	<u>465</u>

The aggregate value of contributions paid by the company to defined contribution pension arrangements in respect of the directors who served during the period was £30,000 (2003: £35,000).

A K Rae, R W Kendall, A J Sutton, A Cunningham, J C Howie, G K H Mason and R N Johnson are remunerated through Jarvis plc and D C Evans is remunerated through Jarvis Construction (UK) Limited, a fellow subsidiary undertaking. Details of the remuneration of A K Rae, R W Kendall, A J Sutton, A Cunningham and R N Johnson can be found in the financial statements of Jarvis plc.

The directors do not believe that it is possible to make a meaningful apportionment and allocation to these financial statements of the salaries in respect of the above named directors.

	Year ended 31 March 2004 £'000	Year ended 31 March 2003 £'000
Highest paid director		
Emoluments	182	227
Payments made in respect of personal pension arrangements	<u>17</u>	<u>17</u>

Jarvis Projects Limited

Notes to the financial statements (continued) for the year ended 31 March 2004

5. Employee information

The average monthly number of persons employed by the company including executive directors, during the period was as follows:

	2004 Number	2003 Number
Management and administration	<u>136</u>	<u>192</u>

Subsequent to the year end, all employees were transferred to a fellow subsidiary undertaking.

The employment costs of all employees included above were:

	Year ended 31 March 2004 £'000	Year ended 31 March 2003 £'000
Wages and salaries	7,052	6,837
Social security costs	682	660
Other pension costs	<u>398</u>	<u>292</u>
	<u>8,132</u>	<u>7,789</u>

6 Pension arrangements

For eligible employees, contributions are made to employees' personal pension schemes, based on a predetermined percentage of individuals salaries.

7 Interest payable and similar charges

	Year ended 31 March 2004 £'000	Year ended 31 March 2003 £'000
Interest payable on loans from other group undertakings	<u>1,506</u>	<u>572</u>

8 Interest receivable

	Year ended 31 March 2004 £'000	Year ended 31 March 2003 £'000
Interest receivable on loans to joint venture undertakings	<u>358</u>	<u>252</u>

Jarvis Projects Limited

Notes to the financial statements (continued) for the year ended 31 March 2004

9 Tax on (loss)/profit on ordinary activities

(a) Analysis of tax (credit)/charge for the year

	Year ended 31 March 2004	Year ended 31 March 2003
	£'000	£'000
The tax (credit)/charge for the year comprises:		
<i>Current tax:</i>		
Current tax on income for the year	-	1,315
Adjustment in respect of previous years	(1,314)	(281)
Total current tax (note 9(b))	(1,314)	1,034
<i>Deferred tax:</i>		
Timing differences	(100)	(21)
Adjustment in respect of previous years	-	(45)
Total deferred tax (note 15)	(100)	(66)
Tax on (loss)/profit on ordinary activities	(1,414)	968

(b) Factors affecting current tax (credit)/charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	Year ended 31 March 2004	Year ended 31 March 2003
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(23,537)	4,225
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	(7,061)	1,267
<i>Effects of:</i>		
Expenses not deductible for tax purposes	356	27
Depreciation for the year in excess of capital allowances	-	21
Timing differences	100	-
Utilisation of tax losses	1,323	-
Tax losses not utilised	5,282	-
Adjustment in respect of previous periods	(1,314)	(281)
Current tax (credit)/charge for the period (note 9(a))	(1,314)	1,034

Jarvis Projects Limited

Notes to the financial statements (continued)

for the year ended 31 March 2004

9 Taxation on (loss)/profit on ordinary activities (continued)

c) Factors affecting future tax charges

At 31 March 2004, the company had an unprovided deferred tax asset of £5,283,150 (2003: £nil) in respect of tax losses. There is no persuasive and reliable evidence at this time of suitable future profits available for offset, consequently no deferred tax asset has been recognised in respect of these losses.

10 Dividends

	Year ended 31 March 2004 £'000	Year ended 31 March 2003 £'000
Equity dividends on ordinary shares	-	2,248

11 Tangible assets

	Fixtures and Fittings £'000
Cost	
At 1 April 2003	1,046
Additions	476
At 31 March 2004	1,522
Depreciation	
At 1 April 2003	519
Provided during the year	332
At 31 March 2004	851
Net book value	
At 31 March 2004	671
At 31 March 2003	527

On 1 April 2004, the company's fixed assets were transferred to a fellow subsidiary undertaking at their book values.

Jarvis Projects Limited

Notes to the financial statements (continued) for the year ended 31 March 2004

12 Investments

	Unlisted Investments £'000
Cost	
At 1 April 2003	2,062
Additions	291
Impairment of investment	(237)
At 31 March 2004	<u>2,116</u>
Net book value	
At 31 March 2004	<u>2,116</u>
At 31 March 2003	<u>2,062</u>

The net book value of investments is made up as follows:-

	31 March 2004 £'000	31 March 2003 £'000
Share capital and premium	75	75
Loan capital	1,228	1,228
Interest receivable on loan	1,050	759
Impairment of investment	(237)	-
	<u>2,116</u>	<u>2,062</u>

Interest is receivable from Cruciform Services Limited, it is calculated semi-annually on the compounded balance.

The impairment is required to reflect the proceeds received from the disposal of the investment in Cruciform Services Limited (in which the company held 50% of the ordinary share capital) to a group undertaking, which occurred on 8 April 2004.

The company holds two £1 shares in Jarviscare Limited, a company registered in Great Britain and is non trading. The holding represents 100% of share capital of the subsidiary undertaking.

13 Stocks - work in progress

	31 March 2004 £'000	31 March 2003 £'000
Work in progress	<u>632</u>	<u>7,146</u>

Jarvis Projects Limited

Notes to the financial statements (continued) for the year ended 31 March 2004

14 Debtors - amounts falling due within one year

	31 March 2004 £'000	31 March 2003 £'000
Trade debtors	2,955	6,532
Amounts owed by other group undertakings	20,678	17,955
Corporation tax	1,375	1,183
Other debtors	3,142	6,735
	<u>28,150</u>	<u>33,633</u>

15 Deferred taxation

	31 March 2004 £'000	31 March 2003 £'000
Deferred tax asset/(liability)		
At 1 April 2003	14	(52)
Movement on profit and loss account (note 9a)	100	66
At 31 March 2004	<u>114</u>	<u>14</u>
 The deferred tax asset consists of:		
Accelerated capital allowances	<u>114</u>	<u>14</u>

16 Creditors: amounts falling due within one year

	31 March 2004 £'000	31 March 2003 £'000
Bank overdraft	34,984	13,649
Trade creditors	3,990	1,976
Amounts due to other group undertakings	8,136	13,394
Accruals and deferred income	3,702	5,732
Other creditors	176	3,565
Dividends payable	-	2,248
	<u>50,988</u>	<u>40,564</u>

Amounts due to other group undertakings are included under amounts falling due within one year as there are no specific terms as to their repayment.

Jarvis Projects Limited

Notes to the financial statements (continued) for the year ended 31 March 2004

17 Share capital

	31 March 2004 £'000	31 March 2003 £'000
Authorised		
200,001 A Ordinary shares of £1 each	200	200
200,000 B Ordinary shares of £1 each	200	200
	<u>400</u>	<u>400</u>
Allotted, called up and fully paid		
200,001 A Ordinary shares of £1 each	200	200
200,000 B Ordinary shares of £1 each	200	200
	<u>400</u>	<u>400</u>

“A” and “B” ordinary shares rank pari passu in all respects.

18 Reconciliation of movements on shareholders' (deficit)/funds and reserves

	Share capital £'000	Share Premium £'000	Profit & loss account £'000	Total £'000
At 31 March 2002	400	600	809	1,809
Profit for the year	-	-	3,257	3,257
Dividends	-	-	(2,248)	(2,248)
At 31 March 2003	<u>400</u>	<u>600</u>	<u>1,818</u>	<u>2,818</u>
Loss for the year	-	-	(22,123)	(22,123)
At 31 March 2004	<u>400</u>	<u>600</u>	<u>(20,305)</u>	<u>(19,305)</u>

19 Capital and financial commitments

The company had no capital commitments at 31 March 2004 (2003: £Nil).
At 31 March 2004, the company has the following obligations under non-cancellable operating leases:

	Land & Buildings	
	31 March 2004 £'000	31 March 2003 £'000
Operating Leases which expire:		
Within one year	14	-
In two to five years	66	13
In over five years	17	16
	<u>97</u>	<u>29</u>

Jarvis Projects Limited

Notes to the financial statements (continued) for the year ended 31 March 2004

19 Capital and financial commitments (continued)

These obligations were transferred to a fellow subsidiary undertaking as a result of the transfer of the company's business on 1 April 2004.

20 Contingent liabilities

Guarantees have been given by the company in the ordinary course of business, without limit, in respect of loans and overdrafts of its ultimate parent (Jarvis plc) and fellow subsidiary undertakings (together 'the Group'), which amounted to £179m as at 31 March 2004 (2003: £134m). Subsequent to the balance sheet date, the company issued guarantees in respect of a number of additional facilities secured by the Group which, along with the guarantees outlined above, were released as a result of the debt for equity conversion completed on 31 August 2005 and described in note 1a to these financial statements. Consequently, as at 5 December 2005, the company is a guarantor of working capital facilities of £38.5m made available to the Group as a result of the financial restructuring described in note 1a.

The principal terms of the working capital facilities are as follows:

- (a) currently £23.0m of the facility is available, which increases to £32.0m from 1 February 2006 and to £38.5m from 1 April 2006, subject to any mandatory repayments of the facility from disposal proceeds;
- (b) currently the margin above LIBOR on this facility is 9% to 31 January 2006, which increases to 12% from 1 February 2006, 15% from 1 April 2006 and 18% from 1 July 2006;
- (c) the facilities prohibit certain actions of the company and/or other members of the Group without the prior written consent of a majority of the lenders or, in some cases, unanimous consent;
- (d) partial repayment of the facilities is required from the proceeds of certain disposals;
- (e) penalties accrue if the Group does not achieve certain cash flow targets;
and
- (f) financial covenants have been set in relation to the levels of cashflow, net bank debt, EBITDA and revenues.

A termination of the Group's working capital facilities would crystallise the company's guarantee, both in respect of the repayment of these facilities and in respect of other costs associated with early redemption.

The company has also guaranteed performance bonds in respect of contracts entered into by fellow subsidiary undertakings in the normal course of business.

Jarvis Projects Limited

Notes to the financial statements (continued) for the year ended 31 March 2004

21 Ultimate parent undertaking

The company's immediate and ultimate parent undertaking and ultimate controlling party is Jarvis plc, which is registered in England and Wales and whose annual report and financial statements may be obtained from The Secretary, Jarvis plc, Meridian House, The Crescent, York YO24 1AW.