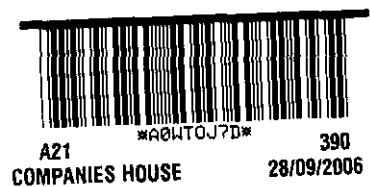


**Registered No: 2938062**

**Jarvis Projects Limited**  
**Report and financial statements**  
**for year ended 31 March 2006**



**Report and financial statements  
for the year ended 31 March 2006**

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# Jarvis Projects Limited

Registered No: 2938062

## Directors and advisors

<b>Directors</b>	Directorate Services Limited G K H Mason
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<b>Secretary</b>	Secretariat Services Limited
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<b>Registered office</b>	Meridian House The Crescent York YO24 1 AW
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## Directors' report for the year ended 31 March 2006

The directors present their report and the accounts for the year ended 31 March 2006.

### Principal activities

The company did not trade during the year and consequently no profit and loss account has been produced in respect of the year. Any costs incurred by the company were paid on its behalf by Jarvis plc.

Jarvis Projects Limited, a wholly owned subsidiary undertaking of Jarvis plc, is a guarantor of the majority of the Jarvis plc Group's various financing facilities. During the year ended 31 March 2005, the company, with certain other Group companies, signed an Override Agreement, which was terminated in August 2005 along with certain other financing facilities as part of the Group's financial restructuring. However, the company remained a guarantor to the Group's remaining financing facilities, until 27 July 2006, when the Group completed a refinancing of its exiting banking facilities, details of which are disclosed in Note 1(a) and Note 7 of the accounts.

### Dividend

The directors do not recommend the payment of a dividend (2005: £nil).

### Directors

The directors holding office during the year ended 31 March 2006 are shown below.

Directorate Services Limited (appointed 4 May 2005)

G K H Mason

### Directors' interests

At 31 March 2006, none of the directors had any interests in the shares of the company. The interests of the other directors in the shares of Jarvis plc were as follows:

Interest in Jarvis plc shares of 5p each		
	At 1 April 2005 or date of appointment	At 31 March 2006
G K H Mason	500	1,320

Between 1 September 2005 and 28 September 2005, as a result of a share capital restructuring, G K H Mason's 500 shares were consolidated into 1 ordinary share, after which G K H Mason purchased 19 ordinary shares in the subsequent open offer.

Separately, G K H Mason purchased an additional 1,300 shares at a price of £0.76 per share on 30 September 2005.

On 3 April 2006, G K H Mason was granted options over 4,274 shares at £0.70 per share in Jarvis plc under the Save As You Earn Share Option Scheme. These options are exercisable between June and November 2009.

### Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare accounts 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 accounts, 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, and
- to prepare accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with these requirements.

## Directors' report for the year ended 31 March 2006 (continued)

### Statement of directors' responsibilities (continued)

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 accounts 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.

### Audit

In accordance with Section 249AA of the Companies Act 1985 the company was dormant during the whole of the year under review and is accordingly exempt from the obligation to appoint auditors.

By order of the board



On behalf of  
Secretariat Services Limited  
Secretary

26 September 2006

# Jarvis Projects Limited

Registered No: 2938062

## Balance sheet at 31 March 2006

	Notes	31 March 2006	31 March 2005
		£'000	£'000
<b>Fixed Assets</b>			
Investments	3	-	-
<b>Current assets</b>			
Debtors		-	14,100
Creditors	4	(19,338)	(33,438)
<b>Net current liabilities</b>		<u>(19,338)</u>	<u>(33,438)</u>
<b>Total net liabilities</b>		<u>(19,338)</u>	<u>(19,338)</u>
<b>Capital and reserves</b>			
Called up share capital	5	400	400
Share premium account	6	600	600
Profit and loss account	6	(20,338)	(20,338)
<b>Equity shareholder's funds</b>	6	<u>(19,338)</u>	<u>(19,338)</u>

For the year ended 31 March 2006 the company was entitled to exemption by section 249AA(1) of the Companies Act 1985.

Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

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 the financial year, in accordance with requirements of Section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These accounts were approved by the board on  
on its behalf by:

26 September 2006

and were signed



Director

## Notes to the financial statements for the year ended 31 March 2006

### 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.

Although the Group has incurred significant trading losses and cash outflows during the two years to 31 March 2005, the directors believe that the effects of internal restructuring and corporate disposals undertaken will bring about improved operating results as indicated in the Group's March 2006 Preliminary Report, detailing the impact of the financial restructuring which was finalised on 29 September 2005. Subsequently, the Group has completed a refinancing of its existing banking facilities, as described in Note 7: Contingent liabilities, the proceeds of which will be used to repay the Group's existing bank facilities and to finance its future ongoing operations.

Under the terms of those new arrangements, the company is no longer a guarantor of the Group's working capital facilities.

Given the financial situation of the Group described above, the company's directors consider that the company will be able to trade and meet its liabilities as they fall due for at least the 12 months following the date of approval of these financial statements. Accordingly, these financial statements are prepared on the going concern basis.

#### (b) Accounting convention

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

#### (c) Investments

Investments in group undertakings and joint ventures are stated at costs, less any provision for impairment.

#### (d) 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 cash flow statement of Jarvis plc. Consequently, the company is exempt under the terms of FRS 1 (revised) from publishing a cash flow.

#### (e) Related party transactions

The company is a wholly owned subsidiary of Jarvis plc and as such the company has taken advantage of the exemption available under FRS 8 not to disclose related party transactions with entities that are a part of the group or investees of the group.

### 2 Profit and loss account

The company did not trade during the year and consequently no profit and loss account has been prepared.

### 3 Investments

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

As a wholly owned subsidiary of Jarvis plc, the company is exempt from producing group accounts under Section 228 of the Companies Act 1985.

## Notes to the financial statements for the year ended 31 March 2006 (continued)

### 4 Creditors

	31 March 2006 £'000	31 March 2005 £'000
Amounts owed to group companies	<u>19,338</u>	<u>33,438</u>

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

### 5 Share capital

	31 March 2006 £'000	31 March 2005 £'000
<b>Authorised, allotted, called up and fully paid</b>		
200,001 A Ordinary shares of £1 each	200	200
200,000 B Ordinary shares of £1 each	<u>200</u>	<u>200</u>
	<u>400</u>	<u>400</u>

"A" and "B" ordinary shares rank pari passu in all respects

### 6 Reconciliation of movements on shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 April 2005	400	600	(20,338)	(19,338)
Result for the year	-	-	-	-
<b>At 31 March 2006</b>	<u>400</u>	<u>600</u>	<u>(20,338)</u>	<u>(19,338)</u>

### 7 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 £38.5m as at 31 March 2006 (2005: £300m).

Subsequent to the balance sheet date, the Group completed a refinancing of its existing banking facilities on 27 July 2006. The new arrangements consist of committed facilities of £67m comprising of a revolving credit facility and term loan facilities. The facilities are secured by way of a fixed and floating charge on the Group's assets, in particular its plant, machinery and receivables under its rail renewal and plant hire contracts. The proceeds of this arrangement will be used to repay the Group's existing bank facilities and to finance its future ongoing operations. The new facility will expire on 26 July 2009.

Under the terms of these new arrangements, the company is no longer a guarantor of the Group's working capital facilities.

### 8 Ultimate parent undertaking and controlling party

The company's immediate and ultimate parent undertaking and controlling party is Jarvis plc, a company registered in England and Wales, whose annual reports and accounts are available from the Secretary, Jarvis plc, Meridian House, The Crescent, York, YO24 1AW.

It is also the parent undertaking of the largest and smallest group for which group accounts are prepared.