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COMPANY NUMBER: 3320907

MANSELL PROPERTY INVESTMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2004



## **Mansell Property Investments Limited**

### **Directors**

P A Cleaver BSc CEng MICE (resigned 23 April 2004)  
M J Peasland FCIQB (appointed 5 April 2004)  
B P Perrin BSc ACA AMCT (appointed 15 November 2004)  
P J Scannell BSc FCA (resigned 31 December 2004)  
S J Waite FRICS MCIQB

### **Secretary and Registered Office**

J G Faulkner GradICSA  
Roman House, 13/27 Grant Road, Croydon, Surrey, CR9 6BU

### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

### **Report of the directors**

The directors submit their report and financial statements for the year ended 31 December 2004.

#### **Review of activities and future prospects**

The Company owns and lets business property, mainly to fellow subsidiary companies.

On 31 December 2004, the Company transferred the beneficial interest in its assets and liabilities (excluding investments) to Mansell Construction Services Limited for a consideration equal to the net book value at that date.

The directors do not expect the Company to trade in the foreseeable future.

#### **Results and dividends**

The profit after taxation for the year amounted to £542,000 (2003: loss £161,000). The directors do not propose the payment of a dividend for the year (2003: £nil).

#### **Directors**

The directors who held office throughout the year, unless otherwise noted, are shown above.

#### **Directors' interests**

Mr M J Peasland, Mr B P Perrin, Mr P J Scannell and Mr S J Waite were, at 31 December 2004, also directors of the immediate parent company, Mansell plc, and their interests in the group, as defined by the Companies Act 1985, are set out in the directors' report attached to the financial statements of that Company for the year ended 31 December 2004.

No director had any beneficial interest in the shares of the Company or any other Mansell group company at any time during the year.

## **Mansell Property Investments Limited**

### **Statement of directors' responsibilities**

United Kingdom 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 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;
- state whether applicable accounting standards have been followed; and
- 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 are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **The "Elective Regime"**

At the annual general meeting held on 24 November 1999, the Company adopted a resolution under the terms of Section 379A, Companies Act 1985 (as amended), to take advantage of the full range of procedural relaxations permitted by that provision. Accordingly, no annual general meeting is to be held and the accounts will not be laid before the members.

### **Auditors**

Deloitte & Touche LLP have indicated their willingness to continue in office.

By order of the board



**J G Faulkner**  
**Company Secretary**

20 October 2005

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANSELL PROPERTY INVESTMENTS LIMITED**

We have audited the financial statements of Mansell Property Investments Limited for the year ended 31 December 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under 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 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 United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

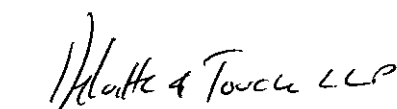
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2004 and of the profit of the Company for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
London

20 October 2005

**Mansell Property Investments Limited**

**Profit and loss account  
for the year ended 31 December 2004**

	Note	2004 £000	2003 £000
<b>Turnover</b>	1(b)	1,144	1,115
Administrative expenses		(272)	(254)
<b>Operating profit</b>	2	872	861
Profit on disposal of fixed assets		176	(7)
Net interest payable	4	(345)	(495)
Amounts written off investments	7	-	(385)
<b>Profit/(loss) on ordinary activities before taxation</b>		703	(26)
Tax on profit/(loss) on ordinary activities	5	(161)	(135)
<b>Profit/(loss) for the financial year</b>	12	542	(161)

The results were derived wholly from discontinued activities, as the trading activity of the Company was transferred to Mansell Construction Services Limited on 31 December 2004.

**Statement of total recognised gains and losses**

	2004 £000	2003 £000
Profit/(loss) on ordinary activities after taxation	542	(161)
Revaluation deficit	-	(280)
	542	(441)

**Note of historical cost profits and losses**

	2004 £000	2003 £000
Reported profit/(loss) on ordinary activities before taxation	703	(26)
Realisation of property valuation gains of previous years	1,951	33
Historical cost profit on ordinary activities before taxation	2,654	7
Historical cost profit/(loss) for the year retained after taxation	2,493	(128)

**Mansell Property Investments Limited**

**Balance sheet at 31 December 2004**

	Note	2004 £000	2003 £000
<b>Fixed assets</b>			
Tangible assets	6	-	15,483
Investments	7	1,155	1,155
		<hr/> 1,155	<hr/> 16,638
<b>Current assets</b>			
Debtors due within one year	8	-	2,816
Cash at bank		-	6,058
		<hr/> -	<hr/> 8,874
<b>Creditors: amounts falling due within one year</b>	9	(131)	(25,029)
		<hr/> (131)	<hr/> (16,155)
<b>Net current liabilities</b>			
<b>Total assets less current liabilities</b>		1,024	483
<b>Provisions for liabilities and charges</b>	10	-	(1)
		<hr/> 1,024	<hr/> 482
<b>Capital and reserves</b>			
Called up share capital	11	10	10
Revaluation reserve	12	-	1,951
Profit and loss account	12	1,014	(1,479)
		<hr/> 1,024	<hr/> 482
<b>Equity shareholders' funds</b>	13	1,024	482

On 31 December 2004, the Company transferred the beneficial interest in its assets, undertakings and liabilities (excluding investments) to Mansell Construction Services Limited for a consideration equal to the net book value at that date.

The financial statements on pages 4 to 10 were approved by the board of directors on 20 October 2005



**B P Perrin**  
Director

# Mansell Property Investments Limited

## Notes to the financial statements

### 1. Principal accounting policies

The principal accounting policies are given below. They have been applied consistently throughout the year and the preceding year.

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified for the revaluation of certain land and buildings and comply with all applicable United Kingdom law and accounting standards.

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is an indirect wholly owned subsidiary of Balfour Beatty plc which prepares consolidated accounts which are publicly available. The Company is also, on this basis, exempt from the requirement of FRS 1 (Revised) to present a cash flow statement.

#### (b) Turnover

Turnover, which all arose in the United Kingdom, is the value of rental income receivable during the year, excluding Value Added Tax.

#### (c) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Fixtures included in freehold properties are recorded by the company leasing the property. It is the company's policy to maintain these properties to a high standard. Accordingly the directors consider that the residual values are such that depreciation on these premises would be insignificant. All properties are reviewed regularly for impairment and any impairment losses arising will be recognised.

All properties are revalued by a professional valuer every three years, or more regularly if the directors think it is necessary. Any surplus or deficit on book value arising from revaluation is transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. On the disposal or recognition of a provision for impairment of a revalued property any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

#### (d) Taxation

Current tax, including United Kingdom corporation tax, is provided at the amounts expected to be paid or recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

#### (e) Valuation of investments

Fixed asset investments are recorded at cost, less provisions for any impairment.

### 2. Operating profit

2004	2003
£000	£000

Operating profit is arrived at after charging:

Depreciation of tangible fixed assets – owned	-	60
Auditors' remuneration – audit	6	6

### 3. Directors and employees

No directors were remunerated by the company (2003: nil). The company has no employees (2003: nil).

**Mansell Property Investments Limited**

**Notes to the financial statements**

<b>4. Net interest payable</b>	<b>2004 £000</b>	<b>2003 £000</b>
Payable from loans from group undertakings	598	698
Interest receivable on bank balances	(253)	(203)
	<hr/>	<hr/>
	345	495
	<hr/>	<hr/>
<b>5. Tax on profit on ordinary activities</b>	<b>2004 £000</b>	<b>2003 £000</b>
Current tax:		
United Kingdom corporation tax on profits of the year at 30% (2003: 30%)	157	133
Adjustments in respect of previous periods	(4)	1
	<hr/>	<hr/>
Total current tax	153	134
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of timing differences	4	1
Adjustments in respect of previous periods	4	-
	<hr/>	<hr/>
Total deferred tax	8	1
	<hr/>	<hr/>
Tax on profit on ordinary activities	161	135
	<hr/>	<hr/>
Tax reconciliation:		
Profit/(loss) on ordinary activities before taxation	703	(26)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	211	(8)
Effects of:		
(Income not taxable)/expenses not deductible for tax purposes	(51)	26
Capital allowances for the year in excess of depreciation	(3)	(1)
Adjustment to tax charge in respect of previous periods	(4)	1
Provision for investment impairment	-	116
	<hr/>	<hr/>
Current tax charge for the year	153	134
	<hr/>	<hr/>



**Mansell Property Investments Limited**

**Notes to the financial statements**

**6. Tangible fixed assets**

**Freehold land  
and buildings  
£000**

At valuation/ net book value:

At 1 January 2004	15,483
Disposals	(155)
Transfers to group undertakings	(15,328)

At 31 December 2004

-

**Valuation**

A valuation of the Company's freehold properties was carried out by independent qualified valuers, FPD Savills Commercial Limited, Chartered Surveyors, on an existing use basis as at April 2004 at the request of Balfour Beatty plc. The properties were valued at £15,482,420. The directors have resolved to adopt this valuation in prior year. On 31 December 2004, the Company transferred its fixed assets to Mansell Construction Services Limited for a consideration equal to the net book value at that date.

**7. Fixed asset investments**

**Investments in subsidiary undertakings**

**2004  
£000**

**2003  
£000**

Cost as at 1 January and 31 December	1,540	1,540
Provision for impairment	(385)	(385)
	1,155	1,155

The Company's principal wholly owned subsidiary undertaking is R Mansell (Properties) Limited.

R Mansell (Properties) Limited is incorporated in Great Britain and its principal activity is the ownership of property for group use or letting.

**8. Debtors: amounts falling due within one year**

**2004  
£000**

**2003  
£000**

Trade debtors	-	27
Amounts owed by group undertakings	-	2,568
Other debtors	-	43
Prepayments and accrued income	-	178
	-	2,816

On 31 December 2004, the Company transferred its debtors to Mansell Construction Services Limited for a consideration equal to the net book value at that date.

**Mansell Property Investments Limited**

**Notes to the financial statements**

9. Creditors: amounts falling due within one year	2004 £000	2003 £000
Trade creditors	-	68
Amounts owed to group undertakings	131	24,780
Corporation tax	-	108
Other creditors	-	13
Accruals and deferred income	-	60
	<hr/> 131	<hr/> 25,029

On 31 December 2004, the Company transferred its creditors to Mansell Construction Services Limited for a consideration equal to the net book value at that date. An intercompany creditor equal to this consideration was set up at the time.

10. Provisions for liabilities and charges	2004 £000	2003 £000
Deferred taxation:		
At 1 January	1	-
Profit and loss account	8	1
Transfer to group undertakings	(9)	-
	<hr/> -	<hr/> 1
At 31 December	<hr/> -	<hr/> 1

The deferred tax liability relates to capital allowances in excess of depreciation. There is no unprovided deferred taxation (2003: £nil).

11. Called up share capital	2004 and 2003	
	Number	Nominal Value
Ordinary shares of £1 each:		
Authorised	1,000,000	1,000,000
	<hr/>	<hr/>
Allotted, called up and fully paid	10,000	10,000
	<hr/>	<hr/>
11.75% preference shares of £1 each		
Authorised	24,336,959	24,336,959
	<hr/>	<hr/>
Allotted, called up and fully paid	-	-
	<hr/>	<hr/>

## Notes to the financial statements

12.	Reserves	Revaluation reserve £000	Profit and loss account £000
	At 1 January 2004	1,951	(1,479)
	Retained profit for the financial year	-	542
	Transfer on sale of fixed asset	(1,951)	1,951
		<hr/>	<hr/>
	At 31 December 2004	-	1,014

13.	<b>Equity shareholders' funds</b>	<b>2004</b>	<b>2003</b>
		<b>£000</b>	<b>£000</b>
	Retained profit/(loss) for the financial year	542	(161)
	Revaluation deficit	-	(280)
	Opening equity shareholders' funds	482	923
		<hr/>	<hr/>
	Closing equity shareholders' funds	1,024	482

Contingent liabilities are not expected to give rise to any material loss. The Company has, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to the Company's own contracts and in respect of group undertakings. Provision is made for the Directors' best estimate of known legal claims and legal actions in progress. The Company takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made.

## 15. Related party transactions

## 16. Parent undertakings and controlling parties

The Company's ultimate parent undertaking and controlling party is Balfour Beatty plc which is registered in England and Wales.

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