

EP3 Holdings Limited

Directors' report and financial statements  
for the year ended 30 June 2007

**Registered Number 4281824**

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# EP3 Holdings Limited

## Directors' report and financial statements for the year ended 30 June 2007

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# **EP3 Holdings Limited**

## **Directors' report for the year ended 30 June 2007**

The directors present their report and the audited financial statements of the group for the year ended 30 June 2007

### **Principal activity and business review**

The principle activities of the group is to engage in an agreement with the Trustees of the Imperial War Museum to make available the facilities at the main Treasury Building known as The Cabinet War Rooms for a period of 29 years

### **Results and dividends**

The costs incurred in respect of bid development, design and construction prior to the occupational availability of the Cabinet War Rooms have been accumulated within a finance receivable as the costs are to be recovered over the contract period

The group produced a profit of £30,000 in the year (£20,000 profit – 2006) No dividend is proposed (2006 £nil) The retained profit will be transferred to reserves

### **Directors and their interests**

The directors who held office during the year and up to the date of signing the financial statements are given below

S Hockaday (resigned 31 August 2007)

R J Watts

T D Anderson (appointed 9 October 2007)

### **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the group and of the profit or loss of the group 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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 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

# **EP3 Holdings Limited**

## **Directors' report for the year ended 30 June 2007 (continued)**

### **Disclosure of information to auditors**

Each director at the date of the approval of the financial statements has confirmed

- a) that so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting

### **By order of the Board**



**Thomas Anderson**  
**Director**  
**29 April 2008**

# EP3 Holdings Limited

## Independent auditors' report to the members of EP3 Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of EP3 Holdings Limited for the year ended 30 June 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

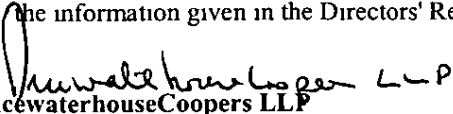
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 group's and 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 group's and the parent company's affairs as at 30 June 2007 and of the group's profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Manchester

29 April 2008

## EP3 Holdings Limited

### Consolidated profit and loss account for the year ended 30 June 2007

	Notes	2007 £'000	2006 £'000
Revenue		163	163
Administrative expenses		(180)	(184)
<b>Operating loss</b>	1	(17)	(21)
Interest payable and similar charges	2	(385)	(389)
Interest receivable and similar income	3	432	430
<b>Profit on ordinary activities before taxation</b>		30	20
Taxation charge		-	-
<b>Profit on ordinary activities after taxation</b>	12	30	20

The result for each year relates solely to continuing activities in a single class of business conducted within the United Kingdom

The group has no recognised gains or losses other than those reported above and therefore no separate statements of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The notes on pages 11 to 15 form part of these financial statements

# EP3 Holdings Limited

## Consolidated balance sheet as at 30 June 2007

	Notes	2007 £'000	2006 £'000
<b>Current assets</b>			
Debtors due within one year	5	113	132
Debtors due after more than one year	5	5,468	5,468
		<b>5,581</b>	5,600
Cash at bank and in hand		147	124
		<b>5,728</b>	5,724
<b>Creditors: amounts falling due within one year</b>	7	<b>(219)</b>	(191)
<b>Net current assets</b>		<b>5,509</b>	5,533
<b>Creditors: amounts falling due after more than one year</b>	8	<b>(5,764)</b>	(5,818)
<b>Net liabilities</b>		<b>(255)</b>	(285)
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Profit and loss account	12	<b>(256)</b>	(286)
<b>Total equity shareholders' deficit</b>	11	<b>(255)</b>	(285)

The financial statements on pages 6 to 15 were approved by the board of directors on 29 April 2008 and signed on its behalf by



**Thomas Anderson**  
Director

# EP3 Holdings Limited

## Company balance sheet for the year ended 30 June 2007

	Notes	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Investments	6	1	1
<b>Net assets</b>		<b>1</b>	<b>1</b>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Profit and loss account		-	-
<b>Total equity shareholders' funds</b>		<b>1</b>	<b>1</b>

The financial statements on pages 6 to 15 were approved by the board of directors on 29 April 2008 and signed on its behalf by



**Thomas Anderson**  
**Director**

# EP3 Holdings Limited

## Consolidated cash flow statement for the year ended 30 June 2007

	Notes	2007 £'000	2006 £'000
Cash inflow/ (outflow) from operating activities		30	(26)
Return on investments and servicing of finance	13	56	50
Cash inflow before management of liquid resources and financing		86	24
Financing		(63)	(44)
Increase/ (decrease) in cash in the year		23	(20)
<b>Reconciliation of operating loss to net cash flow from operating activities</b>			
Operating loss		(17)	(21)
Decrease in debtors		19	124
Increase/(decrease) in creditors		28	(129)
Net cash inflow/ (outflow) from operating activities		30	(26)
<b>Reconciliation of net cash flow to movement in net debt</b>			
Opening balance		(5,735)	(5,750)
Increase/ (decrease) in cash in year		23	(20)
Cash flow from decrease in debt		63	44
Non-cash movement		(9)	(9)
Net debt at the end of the year	14	(5,658)	(5,735)

# **EP3 Holdings Limited**

## **Statement of accounting policies**

### **Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

### **Taxation**

Corporation tax is provided on taxable profits at the applicable rate.

### **Finance receivable**

The costs incurred in respect of bid development, design and construction prior to the occupational availability of the Cabinet War Rooms have been accumulated within a finance receivable in accordance with FRS 5 as the costs are to be recovered over the contract period.

Finance income on the finance receivable is recognised so as to generate a constant rate of return over the contract period.

### **Finance charges**

Costs incurred in raising finance are written off over the period that each respective financial instrument is to remain in place. The directors have determined this to be 29 years for the term loan facility.

### **Deferred taxation**

Deferred taxation 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.

Deferred tax assets are recognised when it is more likely than not they will be recovered. The deferred tax assets and liabilities are not discounted.

### **Cash**

For the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

# EP3 Holdings Limited

## Notes to the financial statements for the year ended 30 June 2007

### 1 Operating Profit

Operating profit is stated after charging

	2007 £'000	2006 £'000
Auditors' remuneration	7	16

The directors received no salary, fees or other benefits in the performance of their duties. The company had no employees throughout the year. Management and administrative staffing resources are provided by secondeed staff that are employed by the related parties (see note 15).

### 2 Interest payable and similar charges

	2007 £'000	2006 £'000
Interest payable on loan	376	380
Other charges	9	9
	<b>385</b>	<b>389</b>

Interest payable and similar charges of £376,000 (£380,000 – 2006) relates to interest charges with respect to the borrowings, totalling £5,805,000 (£5,829,000 – 2006), plus the amortisation of loan issue costs of £9,000 (£9,000 – 2006) in accordance with FRS 4.

### 3 Interest receivable and similar income

	2007 £'000	2006 £'000
Finance income	425	423
Bank interest	7	7
	<b>432</b>	<b>430</b>

## EP3 Holdings Limited

### Notes to the financial statements for the year ended 30 June 2007 (continued)

#### 4 Taxation

	2007 £'000	2006 £'000
Current tax	-	-
Deferred tax	-	-
Total tax charge for the year	-	-
The current tax charge for the year is lower than the standard rate of Corporation Tax in the UK. The differences are explained below		
Profit before tax	30	20
<b>UK Corporation Tax at 30% (2006: 30%)</b>	<b>9</b>	<b>6</b>
<b>Effects of:</b>		
Allocation against prior year losses	(9)	(6)
Total current tax charge	-	-

At 30 June 2007 the company had a deferred tax asset of £377,000 in respect of tax losses brought and carried forward and deferred tax liabilities of £327,000 in respect of accelerated capital allowances and other timing differences. The overall net deferred tax asset of £50,000 has not been recognised as it is not considered that it will be recoverable in the foreseeable future.

#### 5 Debtors

	2007 £'000	2006 £'000
<b>Amounts due within one year</b>		
Other debtors	7	27
Finance receivable due within one year	106	105
	113	132
<b>Amounts due after more than one year:</b>		
Finance receivable	5,468	5,468
<b>Finance receivable</b>		
Opening balance	5,468	5,552
Finance receivable reimbursed	(425)	(507)
Finance income recognised	425	423
Closing balance	5,468	5,468

## EP3 Holdings Limited

### Notes to the financial statements for the year ended 30 June 2007 (continued)

#### 6 Fixed asset investments

	2007 £'000	2006 £'000
<b>Company</b>		
Opening balance	1	1
Additions	-	-
Closing balance	1	1

The company owns the entire issued share capital of EP3 Limited, a company incorporated in England EP3 is engaged in a 29 year contract with the Imperial War Museum to renovate and make available the facilities of the Cabinet War Rooms

#### 7 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Accruals	178	150
Term loan repayable within one year (note 8)	41	41
	219	191

#### 8 Creditors: amounts falling due after more than one year

	2007 £'000	2006 £'000
Loan facility	5,764	5,818
Repayable within one year	41	41
Repayable between two and five years	192	192
Repayable after five years	5,784	5,847
<b>Total loans outstanding</b>	<b>6,017</b>	<b>6,080</b>
Classified as payable within one year (note 7)	(41)	(41)
Loan issue costs	(212)	(221)
<b>Total</b>	<b>5,764</b>	<b>5,818</b>

##### Term loan facility

The term loan facility is scheduled to be repaid by 27 September 2030 Interest charged on the amount drawn under the facility is based on floating LIBOR rate

# EP3 Holdings Limited

## Notes to the financial statements for the year ended 30 June 2007 (continued)

### 8 Creditors: amounts falling due after more than one year (continued)

As at 30 June 2007, £6,018,000 (£6,080,000 – 2006) has been drawn under the term loan facility. The total facility is for a maximum of £6,325,000.

The term loan is secured by charges over all the assets of the company.

#### Loan issue costs

Arrangement fees relating to the issuing of the facility have been offset against the related loan and are being amortised over the duration of the term loan as part of the finance cost, in accordance with FRS 4.

### 9 Provisions for liabilities and charges

No deferred tax asset has been recognised in respect of tax losses carried forward.

### 10 Share capital

	2007 £'000	2006 £'000
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1	1
<b>Allotted, called up and fully paid</b>		
1,000 ordinary shares of £1 each	1	1

### 11 Movements in equity shareholders' deficit

	Company		Group	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Opening equity shareholders' opening deficit	1	1	(285)	(305)
Profit for the year	-	-	30	20
<b>Closing equity shareholders' closing deficit</b>	<b>1</b>	<b>1</b>	<b>(255)</b>	<b>(285)</b>

### 12 Reserves

	Company 2007 £'000	Group 2007 £'000
Balance at 1 July 2006	-	(286)
Profit for the year	-	30
<b>Balance at 30 June 2007</b>	<b>-</b>	<b>(256)</b>

## EP3 Holdings Limited

### Notes to the financial statements for the year ended 30 June 2007 (continued)

#### 13 Analysis of cash flows

	2007 £'000	2006 £'000
<b>Returns on investment and servicing of finance</b>		
Interest received	432	430
Interest payable on borrowings	(376)	(380)
	<b>56</b>	<b>50</b>

#### 14 Analysis of net debt

	At beginning of year £'000	Cash flow £'000	Other non cash changes £'000	At end of year £'000
<b>Cash at bank and in hand</b>	<b>124</b>	23	-	<b>147</b>
<b>Loan facility</b>	<b>(5,859)</b>	63	(9)	<b>(5,805)</b>
<b>Net debt</b>	<b>(5,735)</b>	86	(9)	<b>(5,658)</b>

Other non cash changes relate to the amortisation of capitalised bank charges

#### 15 Related party disclosures

The following companies, together with undertakings within their individual groups of companies, are considered to be related parties to the company, as defined in FRS 8

Bovis Lend Lease Holdings Limited  
Stanhope plc

During the course of the year ended 30 June 2007, no transactions have occurred between EP3 Holdings and either of the above related parties. Therefore no amounts are owed to or by related parties as at the year end

#### 16 Ultimate controlling party

In the opinion of the directors, the ultimate controlling party comprises Bovis Lend Lease Holdings Limited and Stanhope plc acting together