

**EP3 Limited**

**Directors' report and financial statements  
for the year ended 30 June 2004**

**Registered Number 4281831**



# EP3 Limited

## Directors' report and financial statements for the year ended 30 June 2004

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# **EP3 Limited**

## **Directors' report for the year ended 30 June 2004**

The directors present their report and the audited financial statements of the company for the year ended 30 June 2004.

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

The company is engaged 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 company produced a profit of £24,000 in the year (£191,000 loss – 2003). No dividend is proposed. The retained profit will be transferred to reserves.

### **Directors and their interests**

The directors who held office during the year are given below:

S Hockaday  
R J Watts

The directors have no interest in the share capital of the company according to the Register maintained by the company under Section 325 of the Companies Act 1985.

### **Creditor payment policy**

The company's policy is to agree terms of payments with key suppliers. For all other suppliers, terms are agreed for each transaction. The company endeavours to abide by the terms of payment agreed with suppliers. The level of trade creditors at the year end was not significant and therefore no creditor days figure has been presented.

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

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company 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.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

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

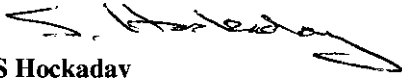
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# EP3 Limited

## 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



S Hockaday

Director

26<sup>th</sup> October 2005

# EP3 Limited

## Independent auditors' report to the shareholders of EP3 Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, the related notes and the accounting policies set out in the statement of accounting policies.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 in to 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 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

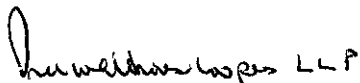
### Basis of audit opinion

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 affairs of the company at 30 June 2004 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.*



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Manchester  
26<sup>th</sup> October 2005

## EP3 Limited

### Profit and loss account for the year ended 30 June 2004

	Notes	2004 £'000	2003 £'000
Revenue		160	107
Administrative expenses		(171)	(112)
<b>Operating loss</b>	1	<b>(11)</b>	<b>(5)</b>
Interest payable and similar charges	2	(394)	(398)
Interest receivable and similar income	3	429	212
<b>Profit/(loss) from ordinary activities after taxation and result for the year</b>	10	<b>24</b>	<b>(191)</b>

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

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

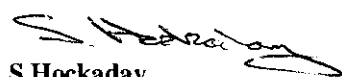
The notes on pages 6 to 10 form part of these financial statements.

# EP3 Limited

## Balance sheet as at 30 June 2004

	Notes	2004 £'000	2003 £'000
<b>Current assets</b>			
Debtors: due within one year	5	115	269
Debtors: due after more than one year	5	5,554	5,555
		5,669	5,824
Cash at bank and in hand		156	72
		5,825	5,896
<b>Creditors: amounts falling due within one year</b>	6	(284)	(332)
<b>Net current assets</b>		5,541	5,564
<b>Creditors: amounts falling due after more than one year</b>	7	(5,887)	(5,934)
<b>Net liabilities</b>		(346)	(370)
<b>Capital and reserves</b>			
Called up share capital	8	1	1
Profit and loss account	10	(347)	(371)
<b>Total equity shareholders' deficit</b>	9	(346)	(370)

The financial statements on pages 4 to 10 were approved by the board of directors on 26<sup>th</sup> October 2005 and signed on its behalf by:



S Hockaday  
Director

# **EP3 Limited**

## **Accounting policies**

A summary of the principal accounting policies of the company, all of which have been applied consistently, is set out below.

### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Financial Reporting Standards. They include the results of the activities described in the Directors' Report, all of which are continuing.

### **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 although the amount has been restricted during construction to reflect the uncertainty faced at this stage of the contract.

### **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 flow statement**

The company is a wholly owned subsidiary of EP3 Holdings Limited and the results of the company are included within the accounts of that company. Consequently, EP3 Limited is exempt under FRS1 (revised) from publishing a cash flow statement.



# EP3 Limited

## Notes to the financial statements for the year ended 30 June 2004

### 1 Operating loss

Operating loss is stated after charging:

	2004 £'000	2003 £'000
Auditors' remuneration	10	5

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 certain related parties (see note 12).

### 2 Interest payable and similar charges

	2004 £'000	2003 £'000
Interest payable on loan	385	389
Other charges	9	9
	394	398

Interest payable and similar charges of £385,000 (£389,000 – 2003) relates to interest charges with respect to the borrowings, totalling £5,930,000 (£5,959,000 – 2003), plus the amortisation of loan issue costs of £9,000 (£9,000 – 2003) in accordance with FRS 4.

### 3 Interest receivable and similar income

	2004 £'000	2003 £'000
Finance income	424	212
Bank interest	5	-
	429	212

# EP3 Limited

## 4 Taxation

	2004 £'000	2003 £'000
Current tax	-	-
Deferred tax	-	-
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>
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/(loss) before tax	24	(191)
UK Corporation tax at 30%	7	(57)
Effects of:		
Allocation against prior year losses	(7)	-
Losses not recognised	-	57
<b>Total current tax charge</b>	<b>-</b>	<b>-</b>

At 30 June 2004 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

	2004 £'000	2003 £'000
<b>Amounts due within one year</b>		
Other debtors	9	163
Finance receivable due within one year	106	106
	<b>115</b>	<b>269</b>
<b>Amounts due after more than one year:</b>		
Finance receivable	5,554	5,555
<b>Finance receivable</b>		
At 1 July	5,555	5,727
(Decrease)/increase in finance receivable	(1)	39
Finance receivable reimbursed	424	1
Finance income recognised	(424)	(212)
<b>At 30 June</b>	<b>5,554</b>	<b>5,555</b>

## EP3 Limited

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

	2004 £'000	2003 £'000
Accruals	241	299
Term loan repayable within one year (note 7)	43	25
Other creditors	-	8
	<b>284</b>	<b>332</b>

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

	2004 £'000	2003 £'000
Loan facility	5,887	5,934
Repayable within one year	43	25
Repayable between two and five years	221	207
Repayable after five years	5,905	5,975
<b>Total loans outstanding</b>	<b>6,169</b>	<b>6,207</b>
Classified as payable within one year (note 6)	(43)	(25)
Loan issue costs	(239)	(248)
<b>Total</b>	<b>5,887</b>	<b>5,934</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.

As at 30 June 2004, £6,169,291 (£6,207,000 – 2003) 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 has 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.

### 8 Share capital

	2004 £'000	2003 £'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

## EP3 Limited

### 9 Movements in equity shareholders' deficit

	2004 £'000	2003 £'000
Equity shareholders deficit	(370)	(179)
Profit/(loss) for the year	24	(191)
<b>Equity shareholders deficit</b>	<b>(346)</b>	<b>(370)</b>

### 10 Reserves

	2004 £'000	2003 £'000
As at 1 July	(371)	(180)
Profit/(loss) for the year	24	(191)
<b>As at 30 June</b>	<b>(347)</b>	<b>(371)</b>

### 11 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

As at 30 June 2004 an amount of £90k is owed to Bovis Lend Lease Holdings Limited  
All transactions with related parties were carried out on arms length terms.

### 12 Parent undertaking and ultimate controlling party

The company is a wholly owned subsidiary of EP3 Holdings Limited, a company that is incorporated in England and Wales. In the opinion of the directors, the ultimate controlling party comprises Bovis Lend Lease Holdings Limited and Stanhope plc acting together.