

EP3 Limited

Directors' report and financial statements  
for the year ended 30 June 2011

Registered Number 4281831

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# EP3 Limited

## Directors' report and financial statements for the year ended 30 June 2011

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## **EP3 Limited**

Registered Number 4281831

### **Directors' report for the year ended 30 June 2011**

The directors present their report and the audited financial statements of the company for the year ended 30 June 2011

#### **Principal activity, business review and future development**

The company is engaged in agreements with H M Treasury and with the Trustees of the Imperial War Museum to renovate and then make available the facilities at the main Treasury Building known as The Cabinet War Rooms for a period of 29 years. The renovations were completed in 2003.

The business has operated smoothly in line with expectation. The rents for the facilities leased from H M Treasury and let to the Trustees of the Imperial War Museum are contractually linked to the RPI index. A second rental from the Trustees of the Imperial War Museum funds the repayment of the term loan taken out by the company to pay for the renovations.

The business is expected to continue to operate the existing long term contracts.

#### **Principal risks and uncertainties**

All turnover is received under contract from the Imperial War Museum, which is a non-departmental public body with exempt charity status. The rental income is set to cover the majority of the costs. A relatively small proportion of total income is not inflation-linked and a rise in the associated costs above the general rate of inflation would be borne by the company.

A small proportion of cash flow is derived from bank interest on cash balances. The current low levels of interest rates have reduced this interest but this has not impacted on the project significantly as cash balances held by the company are small.

#### **Key performance indicators ("KPIs")**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

#### **Results and dividends**

The company recorded a loss of £13,000 in the year (2010 profit £254,000). No dividend is proposed (2010 £nil). The retained loss will be deducted from reserves.

#### **Directors**

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

R J Watts	(resigned 19 August 2010)
M Paskin	(resigned 23 September 2011)
S C Grant	(appointed 19 August 2010)
S F Slater	(appointed 23 September 2011)

## **EP3 Limited**

**Registered Number 4281831**

### **Directors' report for the year ended 30 June 2011 (continued)**

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

The directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company 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 accounting 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

#### **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**



**S F Slater**  
**Director**

**30 November 2011**

## **EP3 Limited**

Registered Number 4281831

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

We have audited the financial statements of EP3 Limited for the year ended 30 June 2011 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or

## **EP3 Limited**

**Registered Number 4281831**

### **Independent auditors' report to the members of EP3 Limited (continued)**

#### **Matters on which we are required to report by exception (continued)**

- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Ian Marsden (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
30 November 2011

## EP3 Limited

Registered Number 4281831

### Profit and loss account for the year ended 30 June 2011

	Notes	2011 £'000	2010 £'000
Turnover		197	189
Administrative expenses		(197)	(153)
<b>Operating profit</b>	1	-	36
Interest payable and similar charges	2	(379)	(386)
Interest receivable and similar income	3	412	412
<b>Profit on ordinary activities before taxation</b>		33	62
Tax on profit on ordinary activities	4	(46)	192
<b>(Loss) / profit for the financial year</b>	10	(13)	254

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 statement of total recognised gains and losses has been presented

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

The notes on pages 9 to 15 form part of these financial statements

# EP3 Limited

Registered Number 4281831

## Balance sheet as at 30 June 2011

		Notes	
		2011	2010
		£'000	£'000
<b>Current assets</b>			
Debtors due within one year	5	119	224
Debtors due after more than one year	5	5,402	5,497
		5,521	5,721
Cash at bank and in hand		335	137
		5,856	5,858
Creditors: amounts falling due within one year	6	(377)	(280)
Net current assets		5,479	5,578
Creditors' amounts falling due after more than one year	7	(5,424)	(5,510)
Net assets		55	68
<b>Capital and reserves</b>			
Called up share capital	8	1	1
Profit and loss account	10	54	67
Total shareholders' funds	9	55	68

The financial statements on pages 7 to 15 were approved by the Board of Directors on 30 November 2011 and signed on its behalf by



S F Slater  
Director

EP3 Limited  
Registered Number 4281831

## **EP3 Limited**

Registered Number 4281831

### **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 2006 and applicable accounting standards in the United Kingdom

The principal accounting policies, which have been applied consistently throughout the year, are set out below

#### **Turnover**

Turnover represents amounts due from the Trustees of the Imperial War Museum in respect of the company's trading activities. All turnover originates in the United Kingdom, is stated exclusive of value added tax and is recognised in the accounting period in which the services are rendered.

#### **Taxation**

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

#### **Finance debtor**

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 debtor in accordance with FRS 5 as the costs are to be recovered over the contract period.

Finance income on the finance debtor 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 discounted. Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### **Cash flow statement**

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

#### **Transactions with related parties**

The company has taken advantage of the exemption permitted by Financial Reporting Standard 8, 'Related Party Disclosures' not to disclose any transactions with other group companies as it is wholly-owned and controlled within the group and the ultimate parent prepares consolidated financial statements.

## Notes to the financial statements for the year ended 30 June 2011

### 1 Operating profit

Operating profit is stated after charging

	2011 £'000	2010 £'000
Auditors' remuneration for audit and tax services	9	9

Auditors' remuneration for audit and tax services totalling £9,000 (2010 £9,000) relates to audit £5,000 (2010 £5,000) and tax compliance services £4,000 (2010 £4,000) during the year. The directors received no salary, fees or other benefits in the performance of their duties (2010 none). The company had no employees throughout the year. Management and administrative staffing resources are provided by secondees that are employed by the related parties for which no charge is made (see note 11).

### 2 Interest payable and similar charges

	2011 £'000	2010 £'000
Interest payable on loan	365	372
Other charges	14	14
	<b>379</b>	<b>386</b>

Interest payable and similar charges of £379,000 (2010 £386,000) relates to interest charges with respect to the borrowings, totalling £5,687,000 (2010 £5,782,000), plus the amortisation of loan issue costs of £14,000 (2010 £14,000) in accordance with FRS 4.

### 3 Interest receivable and similar income

	2011 £'000	2010 £'000
Finance income	412	412

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### Notes to the financial statements for the year ended 30 June 2011 (continued)

#### 4 Taxation on profit on ordinary activities

	2011 £'000	2010 £'000
Current tax	-	-
Deferred tax origination and reversal of timing differences	7	4
impact of change in tax rate	(11)	-
adjustment in respect of prior year	(42)	-
recognition of deferred tax	-	188
<b>Tax on profit on ordinary activities</b>	<b>(46)</b>	<b>192</b>
The current tax charge for the year is lower (2010 lower) than the standard effective rate of Corporation tax in the UK. The differences are explained below:		
Profit on ordinary activities before tax	33	62
Profit on ordinary activities multiplied by standard rate in the UK 27.5% / (2010 28%)	9	17
Effects of:		
Utilised prior year tax losses	(9)	(17)
<b>Total current tax charge</b>	<b>-</b>	<b>-</b>

##### Factors affecting the tax charge

In March 2011 legislation was enacted to reduce the main rate of UK corporation tax from 28% to 26% from 1 April 2011. Consequently deferred tax balances have been remeasured and an effective rate of 27.5% has been used for current tax for the year ended 30 June 2011.

The Budget announced on 23 March 2011 included further changes to the main rates of tax for UK companies. The Budget proposed to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012. It also proposed to make further reductions to the main rate of 1% per annum to 23% by 1 April 2014.

The reduction to 25% from 1 April 2012 was substantively enacted on 5 July 2011, with future finance bills to introduce the additional reductions to 23%.

Given that these further changes were not substantively enacted at the balance sheet date, they are not reflected in the financial statements.

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### Notes to the financial statements for the year ended 30 June 2011 (continued)

#### 5 Debtors

	2011 £'000	2010 £'000
<b>Amounts due within one year</b>		
Other debtors	67	171
Finance debtor	52	53
	119	224
<b>Amounts due after more than one year</b>		
Finance debtor	5,256	5,305
Deferred taxation	146	192
	5,402	5,497
<b>Finance debtor</b>		
Opening balance	5,358	5,407
Finance debtor reimbursed	(462)	(461)
Finance income recognised	412	412
<b>Total finance debtor</b>	5,308	5,358
Classified as receivable within one year	(52)	(53)
<b>Closing balance</b>	5,256	5,305
<b>Deferred tax asset</b>	2011 £'000	2010 £'000
Opening balance	192	-
(Charge) / Credit to the profit and loss account in the year	(46)	192
<b>Closing balance</b>	146	192

At 30 June 2011 the company had a deferred tax asset of £845,000 (2010 £903,000) in respect of tax losses brought and carried forward and deferred tax liabilities of £720,000 (2010 £763,000) in respect of accelerated capital allowances and other timing differences. The overall net deferred tax asset has been recognised at its discounted level of £146,000 (2010 £192,000) as it is considered that it will be recoverable in the foreseeable future.

## EP3 Limited

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### Notes to the financial statements for the year ended 30 June 2011 (continued)

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

	2011 £'000	2010 £'000
Accruals and deferred income	228	170
Taxation	42	8
Term loan repayable within one year (note 7)	107	102
	377	280

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

	2011 £'000	2010 £'000
Loan facility	5,424	5,510
Repayable within one year	107	102
Repayable between two and five years	656	582
Repayable after five years	4,924	5,098
<b>Total loans outstanding</b>	<b>5,687</b>	<b>5,782</b>
Classified as payable within one year (note 6)	(107)	(102)
Loan issue costs	(156)	(170)
<b>Total</b>	<b>5,424</b>	<b>5,510</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.

The loan is subject to a fixed interest rate swap which results in interest being charged at 5.28%. The market value of the swap at 30 June 2011 was £958,000 out of the money (2010: £1,224,000 out of the money).

As at 30 June 2011, £5,687,000 (2010: £5,782,000) was outstanding 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.

## EP3 Limited

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### Notes to the financial statements for the year ended 30 June 2011 (continued)

#### 8 Called up share capital

	2011 £'000	2010 £'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

#### 9 Movements in shareholders' funds

	2011 £'000	2010 £'000
Opening shareholders' funds / (deficit)	68	(186)
(Loss) / profit for the year	(13)	254
<b>Closing shareholders' funds</b>	<b>55</b>	<b>68</b>

#### 10 Profit and loss account

	2011 £'000
As at 1 July 2010	67
Loss for the year	(13)
<b>As at 30 June 2011</b>	<b>54</b>

#### 11 Related party disclosures

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

Lend Lease Infrastructure Holdings (EMEA) Limited (formerly Catalyst Lend Lease Holdings Limited)  
Stanhope plc

During the course of the year ended 30 June 2011, no transactions have occurred between EP3 Limited and either of the above related parties. Therefore no amounts are owed to or by related parties as at the year end

The company has taken advantage of the exemption permitted by Financial Reporting Standard 8, 'Related Party Disclosures' not to disclose any transactions with other group companies as it is wholly-owned and controlled within the group and the ultimate parent prepares consolidated financial statements

## **EP3 Limited**

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### **Notes to the financial statements for the year ended 30 June 2011 (continued)**

#### **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 which also heads the smallest group in which the results are consolidated. Copies of the group financial statements of EP3 Holdings Limited can be obtained from 3rd Floor, The Venus, 1 Old Park Lane, Trafford, Manchester, M41 7HG.

Under the terms of a Put Option Deed Stanhope plc transferred its shareholding in EP3 Holdings Limited to Lend Lease Infrastructure Holdings (EMEA) Limited (previously Catalyst Lend Lease Holdings Limited) on 23 August 2010. In the opinion of the directors, the ultimate controlling party prior to the exercise of the put option comprised Lend Lease Infrastructure Holdings (EMEA) Limited and Stanhope plc acting together and afterwards Lend Lease Infrastructure Holdings (EMEA) Limited acting alone.

Lend Lease Corporation Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements are available from Level 4, 30 The Bond, 30 Hickson Road, Millers Point, NSW 2000 Australia.