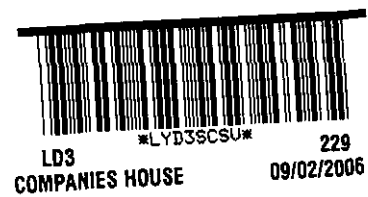


Registered No. 4798203

ASHBURTON SERVICES LIMITED

ANNUAL REPORT FOR THE YEAR ENDED
31 MARCH 2005



Ashburton Services Limited

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Ashburton Services Limited

Company Information

Directors

O J W Jennings
A Matthews
G Ray
G K H Mason

Secretary

D W Bowler

Auditors

KPMG LLP
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

Registered Office

Astral House
Imperial Way
Watford
WD24 4WW

Registered Number

4798203

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 March 2005.

Results, principal activities and review of business

The company's principal activity is the construction and refurbishment of schools and the provision of related facilities management services.

There have been no movements on the profit and loss account as all costs incurred by the company as at 31 March 2005 are directly attributable to the asset under construction and have therefore been included in the cost of the asset.

Directors

The directors holding office during the year ended 31 March 2005 and appointed subsequent to that date are shown below:

A E Birch (Appointed 27th May 2004; Resigned 27th August 2004)
OJW Jennings (Appointed 27th May 2004)
A Matthews (Appointed 27th May 2004)
G Ray (Appointed 13th December 2004)
GKH Mason (Resigned 27th May 2004; Re-appointed 4th February 2005)
R A Wallace (Appointed 27th August 2004; Resigned 13th December 2004)
R N Johnson (Appointed 27th May 2004; Resigned 15th June 2004)
M L Mellor (Resigned 27th May 2004)

None of the directors had any beneficial interest in the shares of the company.

Employee involvement

The company operates through sub contracting services and does not directly employ any staff.

Creditor payment terms

When entering into commitments for the purchase of services and goods the company gives due consideration to quality, price and the terms of payment. Suppliers are made aware of these terms. The company abides by these terms where it is satisfied that suppliers have provided the services or goods in accordance with such agreed terms and conditions. In the event of disputes, every effort is made to resolve these quickly.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking such steps as are reasonably open to them to safeguard the assets of the economy and to prevent and detect fraud and other irregularities.

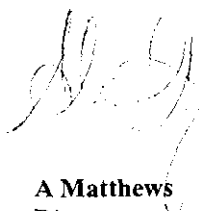
Auditors

Having passed elective resolutions of the shareholders at an extraordinary general meeting the company is exempt from the obligation to annually re-appoint auditors and to hold annual general meetings. Accordingly the board recommend that KPMG LLP be appointed auditors of the company.

By order of the board

Approval

The report of the Directors was approved by the Board on and signed on its behalf by:



A Matthews
Director

We have audited the financial statements on pages 5 to 9.

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 auditor's 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

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the company is not disclosed.

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 the company's affairs as at 31 March 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

31 January 2006

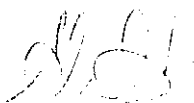
Ashburton Services Limited

Balance Sheet
at 31 March 2005

	Notes	31 March 2005	31 March 2004
		£'000	£'000
Current assets			
Stocks and work in progress	4	7,603	-
Other debtors	5	106	-
Cash at bank and in hand		3,734	-
		<hr/>	<hr/>
		11,443	-
Creditors: amounts falling due within one year	6	(1,483)	-
		<hr/>	<hr/>
Net current assets		9,960	-
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	7	(9,868)	-
		<hr/>	<hr/>
Net assets		92	-
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	8	92	-
		<hr/>	<hr/>

The financial statements were approved by the Board on

and signed on its behalf by:



A Matthews
Director

1. Principal accounting policies

a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards and the Companies Act 1985.

b) Investments

Investments held as fixed assets are stated at cost less write down to recoverable amount where impairments are identified.

c) Profit and loss account

During the current and preceding financial periods the company did not trade and received no income and incurred no expenditure. Consequently, during those periods the company made neither a profit nor a loss.

d) Cash flow statement

The company has taken advantage of the exemption available under FRS 1 (revised) and has not prepared a cash flow statement on the grounds of its size

e) Related party transactions

The company is a wholly owned subsidiary of Ashburton Services (Holdings) Limited and as such the company has taken advantage of the terms of FRS 8 not to disclose related party transactions which are eliminated on consolidation. The financial statements of Ashburton Services (Holdings) Limited, can be obtained from The Company Secretary, Astral House, Imperial Way, Watford, Hertfordshire, WD24 4WW.

f) Stocks and work in progress

Stocks and work in progress consists of assets under construction. All assets under construction are initially recorded at cost. Costs represent expenditure on the construction of the buildings including capitalised interest, until the asset comes into use, when these costs will be transferred to an appropriate asset, as required under FRS5.

g) Interest rate swaps

Interest rate swaps are used to hedge the company's exposure to movements on interest rates. The interest payable on such swaps is accrued in the same way as interest arising on borrowings.

2. Directors' remuneration

The remuneration of the directors from the company is £nil. The directors are paid by the controlling parties and their services to this company are of a non-executive nature. Their remuneration is deemed to be wholly attributable to their services to the respective controlling parties.

3. Employee information

There were no persons employed by the company at any time during the period.

Ashburton Services Limited

Notes to the accounts (continued)
At 31st March 2005

4. Stocks and work in progress

	31 March 2005 £'000	31 March 2004 £'000
Work in progress	7,603	-

5. Debtors

	31 March 2005 £'000	31 March 2004 £'000
VAT recoverable	106	-

6. Creditors: amounts falling due within one year

	31 March 2005 £'000	31 March 2004 £'000
Trade creditors	323	-
Accruals	763	-
Amount owed to joint venture Partners and Subsidiaries	397	-
	1,483	-

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

	31 March 2005 £'000	31 March 2004 £'000
Retentions	155	-
Bank loans	9,713	-
	9,868	-

Included within bank loans are arrangement fees of £277,246 which is to be written off to the profit and loss account over the period of the loan.

The bank loan at 31st March 2005 includes an equity bridge facility of £1,454,972 and a land sale bridge facility of £6,524,000. The land sale bridge facility is repayable at a base rate of 5.47% plus a margin of 0.95% per annum.

The equity bridge facility was yet to be drawn down fully at 31st March 2005. The balance of the equity bridge facility will be drawn down monthly at an average amount of £7,452 per month, until 3rd July 2006. This equity bridge facility is repayable following construction completion in 16 months at a base rate of 5.47% plus a margin of 0.40% per annum.

7. Creditors: amounts falling due after more than one year (continued)

The company also has a bank loan of £16,642,767 which was yet to be drawn down fully at 31st March 2005. This loan will be drawn down under a non-recourse financing agreement and will be repayable 29 years following financial close in 3 monthly instalments commencing 1 October 2006 at a base rate of 5.47% plus a margin of 0.95% per annum. The outstanding balance on all the bank loans may be analysed by maturity as follows:

	31 March 2005 £000	31 March 2004 £000
Repayable		
in more than five years	-	-
between two and five years	1,734	-
between one and two years	7,979	-
within one year	-	-
	<hr/>	<hr/>
	9,713	-
	<hr/>	<hr/>

8. Share capital

	31 March 2005 £	31 March 2004 £
Authorised		
91,550 (2004-1,000) Ordinary shares of £1 each	91,550	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
91,550 (2004-2) Ordinary shares of £1 each	91,550	2
	<hr/>	<hr/>

On 27 May 2004 the Company allotted and issued £91,548 additional shares with an aggregate nominal value of £1 per share

9. Related party transactions

During the period the company, on normal commercial terms, incurred £6,029,104 in respect of services provided by Jarvis group companies. An amount of £428,740 remained outstanding at the balance sheet date and is included within retentions

10. Controlling parties

The Company's immediate parent undertaking and controlling party is Ashburton Services (Holdings) Limited, a company registered in England and Wales.