

Johnson Cooper Limited

**Directors' report and financial
statements**

Registered number 05330771

31 December 2005



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Directors' report

The directors present their annual report and the audited financial statements for the 11 month period ended 31 December 2005.

Principal activities

The principal activity of the company during the period was that of property management agents.

Business review

The company was incorporated on 12 January 2005. The company expects to be profitable in the coming year.

Financial risk management objectives and policies

The directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure to price, credit, liquidity and cash flow risk. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who served the company through the period were as follows:

	Ordinary shares	On
	At 31 December 2005	incorporation or appointment
N G Bellis (appointed 23 November 2005, resigned 17 January 2006)	*	-
G Cooper (appointed 12 January 2005, resigned 23 November 2005)	-	50
L C Cummings (appointed 23 November 2005, resigned 1 July 2006)	*	-
H McGeever (appointed 23 November 2005)	-	-
M Pearson (appointed 23 November 2005)	*	-
S Johnson (appointed 12 January 2005, resigned 7 March 2005)	-	50

*The company is a wholly owned subsidiary of Erinaceous Group plc and the interests of L C Cummings, M Pearson and N G Bellis are disclosed in the financial statements of the parent company. None of the other directors had an interest in the shares of the parent company during the year.

No director had, during or at the year end of the period, any material interest in a contract which was significant in relation to the company's business.

Directors' report (continued)

Statement of directors' responsibilities

The directors are responsible 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).

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:

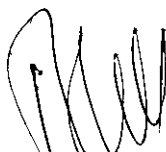
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Following a change in ownership, the previous auditor (KPMG LLP) stood down and Grant Thornton UK LLP were appointed in their place. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Grant Thornton UK LLP, as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



J M S Bellis
Secretary

1 August 2006

Report of the independent auditor to the members of Johnson Cooper Limited

We have audited the financial statements of Johnson Cooper Limited for the year ended 31 December 2005 which comprise the principal accounting policies, profit and loss account, balance sheet and 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 auditor

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities within the report of the directors.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 report of the directors 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 other transactions is not disclosed.

We read the report of the directors and consider whether it is consistent with the audited financial statements. We 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 company's circumstances, consistently applied and adequately disclosed.

We planned 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. However, the evidence available to us was limited due to a loss of accounting records as a result of a fraud within the company. As a result of this fraud there were inadequate records made available to us in order to satisfy ourselves that the income the profit and loss account was complete and that all assets and liabilities of the company had been included in the financial statements and that the assets and liabilities included in the financial statements are stated at their proper amounts.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the independent auditor to the members of Johnson Cooper Limited (continued)

Opinion: disclaimer on view given by financial statements

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH**

14 August 2006

Profit and loss account

for the 11 month period ended 31 December 2005

	Notes	11 months ended 31 December 2005 £000
Turnover		1,789
Cost of sales		(15)
		<hr/>
Gross profit		1,774
Administrative expenses		(2,813)
		<hr/>
Operating loss		(1,039)
Interest receivable and similar income	5	17
		<hr/>
Loss on ordinary activities before taxation	2	(1,022)
Tax on loss on ordinary activities	6	-
		<hr/>
Loss for the financial period	13	(1,022)
		<hr/>

All amounts included in the profit and loss account relate solely to continuing operations.

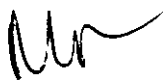
There were no recognised gains or losses during the period other than those included in the profit and loss account.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet
at 31 December 2005

	<i>Note</i>	31 December 2005	31 December 2005
		£000	£000
Fixed assets			
Intangible assets	7		-
Tangible assets	8		149
			<hr/>
			149
Current assets			
Debtors	9	41	
Cash at bank and in hand		27	
		<hr/>	
		68	
Creditors: amounts falling due within one year	10	(113)	
		<hr/>	
Net current liabilities			(45)
			<hr/>
Total assets less current liabilities			(104)
Creditors: amounts falling due after more than one year	11	(1,125)	
		<hr/>	
Net liabilities			(1,021)
			<hr/>
Capital and reserves			
Called up share capital	12		1
Profit and loss account	13		(1,022)
			<hr/>
Shareholders' funds	13		(1,021)
			<hr/>

These financial statements were approved by the directors on 1/8/6 and are signed on their behalf by:



M Pearson
Director

The accompanying accounting policies and notes form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the company's financial statements, except as, noted below. The directors have reviewed the accounting policies and conclude that they remain appropriate.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, and under the historical cost accounting rules.

Cash Flow Statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) 'Cash Flow Statement' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Goodwill

Purchased goodwill is capitalised on the balance sheet. Provision is made for any impairment.

Amortisation

Amortisation is calculated so as to write off an asset, less its estimated value, over the useful economic life of the asset as follows:

Goodwill	20 years
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Fixed assets

All fixed assets are recorded at cost.

Depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their useful economic lives. The useful economic lives of fixed assets are detailed below:

Leasehold improvements	5 years
Motor vehicles	3 years
Computer and office equipment	3 years

Accounting policies (continued)

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1 Turnover

All turnover derives from services provided to customers based in the UK, and represents the amounts (excluding value added tax) derived from the provision of services, in the form of agents commission during the year.

2 Loss on ordinary activities before taxation

11 months ended 31
 December 2005
 £000

Loss on ordinary activities before taxation is stated after charging

Depreciation and other amounts written off tangible fixed assets:	
Owned	40
Amortisation of and impairments of goodwill	361
Directors severance	300
	<hr/>

Audit fees are borne by the ultimate parent undertaking, Erinaceous Group plc, and no recharge is made for such costs. Total group audit fees amounted to £270,000 (2004: £250,000).

3 Remuneration of directors

Remuneration in respect of directors was as follows:

11 months ended 31
 December 2005
 £000

Emoluments receivable	244
Compensation for loss of office	300
	<hr/>
	544
	<hr/>

Notes (continued)

Remuneration of directors (continued)

Remuneration in respect of the highest paid director was as follows:

	11 months ended 31 December 2005 £000
Emoluments receivable	239
Compensation for loss of office	300
	<hr/>
	539
	<hr/>

4 Staff costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	11 months ended 31 December 2005 Number of employees
Office and management	78
	<hr/>

The aggregate payroll costs of these persons were as follows:

	11 months ended 31 December 2005 £000
Wages and salaries	1,373
Social security costs	106
	<hr/>
	1,479
	<hr/>

5 Interest receivable

	11 months ended 31 December 2005 £000
Bank interest receivable	17
	<hr/>

Notes (continued)

6 Taxation

No tax is payable on the results for the period.

Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below.

	11 months ended 31 December 2005 £000
Loss on ordinary activities before tax	(1,022)
Current tax at 30%	(307)
<i>Effects of:</i>	
Group relief claimed not paid for	307
Total current tax charge	-

7 Intangible assets

Group	Goodwill £000
<i>Cost</i>	
Additions	361
At 31 December 2005	361
<i>Amortisation</i>	
Impairment	(361)
At 31 December 2005	(361)
<i>Net book value</i>	
At 31 December 2005	-

Notes (continued)

8 Tangible fixed assets

	Leasehold improvements £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost				
Additions	15	120	54	189
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	15	120	54	189
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
Charge for period	5	24	11	40
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	5	24	11	40
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2005	10	96	43	149
	<hr/>	<hr/>	<hr/>	<hr/>

9 Debtors

	31 December 2005 £000
Trade debtors	31
Prepayments and accrued income	10
	<hr/>
	41
	<hr/>

10 Creditors: amounts falling due within one year

	31 December 2005 £000
Trade creditors	10
Other taxation and social security	79
Accruals and deferred income	24
	<hr/>
	113
	<hr/>

Notes (continued)

11 Creditors: amounts falling due after more than one year

	31 December 2005 £000
Amounts owed to group undertakings	1,125

12 Called up share capital

	31 December 2005 £000
<i>Authorised</i> 100 Ordinary Shares of £1 each	1

100 ordinary shares were issued on incorporation at par.

13 Reconciliation of movement in shareholders' deficit

	Share capital £000	Profit & loss account £000	Total £000
Shares issued on incorporation	1	-	1
Loss for the period	-	(1,022)	(1,022)
At 31 December 2005	1	(1,022)	(1,021)

14 Ultimate parent undertaking

The company is a subsidiary undertaking of Erinaceous Group Plc. which is incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by the ultimate parent undertaking Erinaceous Group Plc, incorporated in England and Wales. The consolidated accounts of this group are available to the public and may be obtained from Phoenix House, 11 Wellesley Road, Croydon, CR0 2NW.

15 Related party disclosures

As a wholly owned subsidiary, whose results are included in the consolidated financial statements of Erinaceous Group plc, the company is exempt from the requirements to disclose details of transactions with any group company included in those consolidated financial statements.

16 Contingent liabilities

The company has offered a composite guarantee to the group's bankers that incorporates a right of set-off of liquid balances. The aggregate group liability at 31 December 2005 amounted to £79,119,000.

There were no other contingent liabilities at 31 December 2005.