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May Gurney Estates Limited
Annual report and accounts
For the year ended
31 March 2007

Company no 216679

May Gurney Estates Limited
Annual report and accounts for the year ended 31 March 2007

Company information

Company registration number	216679
Registered office	Holland Court The Close Norwich
Directors	D W E Sterry OBE BSc (Hons) CEng MICE, FIHT (Chief Executive) R Dean BSc (Hons) CEng MICE M E Dunn BSc (Hons) FCA (Finance Director) R I Findlater LL B (Hons) MRICS
Secretary	A M T Ablett ALS (Law&Econ)
Bankers	Bank of Scotland
Auditors	Grant Thornton UK LLP Chartered Accountants Grant Thornton House Melton Street London NW1 2EP

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Report of the directors

The directors present their annual report and the audited financial statements for the year ended 31 March 2007

Principal activities

The company's principal activities comprise the holding and development of property

Business review

The results in brief are

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation	330	3,083

During the year the company received compensation for the surrender of certain leasehold property amounting to £440,811

In terms of Key Performance Indicators, the rent receivable in the year was in line with expectations

Fixed assets

In the opinion of the directors the market value of the freehold land and buildings is not less than the carrying value in the financial statements

Dividend

Dividends paid in the year amounted to £nil (2006 £500,000)

Directors

The directors who held office during the year were as follows

D W E Sterry
R Dean
M E Dunn
R I Findlater

None of the directors had any beneficial interest in the shares of May Gurney Estates Limited at the beginning or end of the year

Throughout the year Mr D W E Sterry, Mr M E Dunn, Mr R Dean and Mr R I Findlater were also directors of the ultimate parent undertaking, May Gurney Integrated Services plc, and their interests in the issued share capital of that company are as set out in the register of that company and are disclosed in its financial statements for the year ended 31 March 2007

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Directors' responsibilities for 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

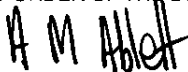
In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Written resolution

By written resolution passed on 18 January 1991 in accordance with Section 381A of the Companies Act 1985 the company dispensed with the holding of annual general meetings, laying of financial statements before the members and the annual appointment of auditors.

BY ORDER OF THE BOARD



A M T Ablett
Secretary

8 November 2007

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MAY GURNEY ESTATES LIMITED

We have audited the financial statements of May Gurney Estates Limited for the year ended 31 March 2007 which comprise the principal accounting policies, the profit and loss account, the note of historical cost profits and losses, the balance sheet and notes 1 to 21. 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 auditors

The directors' responsibilities for preparing the Directors' Report and 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.

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 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit 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 Report of the Directors is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

London

22 November 2007

Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention except that they have been modified to include the revaluation of certain fixed assets

Depreciation

Depreciation of tangible fixed assets is calculated so as to write off their cost or valuation on a straight line basis over their expected economic lives. The annual rates of depreciation are as follows

Freehold land	-	not depreciated
Freehold buildings	-	between 20 to 50 years

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with Financial Reporting Standard 19 'Deferred Taxation', provision is made for deferred taxation in respect of all timing differences that have originated but not reversed by the balance sheet date. Provision is not made for deferred tax assets unless there is reasonable certainty of their recovery against future taxable profits. Deferred taxation balances are not discounted.

Pension contributions

The company participates in the May Gurney Pension Scheme which provides benefits based on final pensionable salary. Contributions are paid in accordance with the instructions of May Gurney Integrated Services plc.

Regular pension costs are established in accordance with the recommendations of an independent actuary. The current actuarial deficit has been spread over the remaining service lives of employees. The company is unable to identify its share of the underlying assets and liabilities of the group scheme and consequently accounts for pension costs as though the scheme is a defined contribution scheme, charging them to the profit and loss account in the year in which they accrue.

Operating leases

Operating lease payments are written off as an expense on an accruals basis.

Turnover

Turnover represents rent received or receivable from group companies, excluding value added tax.

Profit and loss account

	Note	2007	2006
		£'000	£'000
Other operating income - ordinary	1	605	653
Other operating income - exceptional	1	191	1,658
		796	2,311
Net operating costs	2	(465)	(892)
Operating profit		331	1,419
Profit on sale of fixed assets	7	-	1,664
Interest payable	3	(1)	-
Profit on ordinary activities before taxation		330	3 083
Taxation on profit on ordinary activities	6	(149)	(1,236)
Retained profit for the financial year	15	181	1,847

All recognised gains and losses are included in the profit and loss account above

The above results relate to continuing activities

Note of historical cost profits and losses

	2007 £'000	2006 £'000
Reported profit on ordinary activities before taxation	330	3,083
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	6	6
Historical cost profit on ordinary activities before taxation	336	3,089
Historical cost profit for the year after taxation	187	1,353

Balance sheet

	Note	2007	2006
		£'000	£'000
Fixed assets			
Tangible assets	7	3,729	3,732
Current assets			
Debtors	8	8,400	5,937
Creditors Amounts falling due within one year	9	(3,934)	(1,650)
Net current assets		4,466	4,287
Total assets less current liabilities		8,195	8,019
Provisions for liabilities and charges	10	(66)	(71)
Net assets		8,129	7,948
Capital and reserves			
Called up share capital	12	354	354
Revaluation reserve	13	866	871
Profit and loss account	14	6,909	6,723
Equity shareholder's funds	15	8,129	7,948

These financial statements were approved by the board of directors on 8 November 2007.



D W E Sterry
Director

Notes to the annual report and accounts

1 Other operating income

	2007 £'000	2006 £'000
Ordinary - rent receivable	605	653
Exceptional - compensation received on disposal of property lease	191	1,658

Under the terms of a lease agreement dated 8 November 2004, the company has received compensation amounting to £441k (2006 £1746k), net of £250k (2006 £88k) provision for reorganisation following its surrender of part of its leasehold interest in certain land under the lease

2 Net operating costs

	2007 £'000	2006 £'000
Depreciation (note 7)	207	192
Auditors' remuneration	8	8
Other fees paid to auditors	-	-
Operating lease rentals - land and buildings	13	91
Other administration costs	237	601
	465	892

3 Interest payable

	2007 £'000	2006 £'000
Bank interest payable	1	-

4 Staff numbers and costs

The average number of persons (including directors) employed during the year was as follows

	Number of employees	
	2007	2006
Administration	5	3
Contracts, sales	1	1
	6	4
The aggregate payroll costs of those employees were		
	2007	2006
	£'000	£'000
Salaries	147	106
Social security costs	8	10
Other pension costs (note 16)	11	11
	166	127

5 Emoluments of directors

	2007	2006
	£'000	£'000
As executives - salary and benefits	-	-

There are no (2006 £Nil) retirement benefits accruing to directors under the May Gurney Pension Scheme, a defined benefit scheme

6 Taxation

(a) Analysis of charge for the year

	2007	2006
	£'000	£'000
Current tax		
Corporation tax on profit for the year	154	1,145
Over provision in respect of previous year	-	(15)
Total current tax (note 6(b))	154	1,130
Deferred tax		
Origination and reversal of timing differences	(11)	106
Adjustment to the estimated recoverable amount of deferred tax assets arising in the previous year	6	-
Total deferred tax	(5)	106
Tax on profit on ordinary activities	149	1 236

(b) Factors affecting the taxation charge for the year

The taxation assessed for the year is higher (2006 higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007	2006
	£'000	£'000
Profit on ordinary activities before tax	330	3,083
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%- expected charge	99	925
Effects of		
Expenses not deductible for tax purposes	8	3
Depreciation in excess of capital allowances and other timing differences	47	217
Adjustments to tax charge in respect of previous year	-	(15)
Current taxation charge for year (note 6(a))	154	1,130

No provision for deferred taxation has been made in relation to the surplus on the revaluation of freehold land and buildings included in the revaluation reserve. If freehold land and buildings were disposed of at the balance sheet amounts it is estimated that the tax liability calculated in accordance with the 1982 re-basing provision of the Finance Act 1988, would amount to approximately £70,000 (2006 £70,000)

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7 Tangible fixed assets

	Freehold land and buildings £'000
Cost or valuation	
At 1 April 2006	4,820
Additions	204
Disposals	-
At 31 March 2007	5,024
Depreciation	
At 1 April 2006	1,088
Charge for the year	207
Eliminated on disposals	-
At 31 March 2007	1,295
Net book value at 31 March 2007	3,729
Net book value at 31 March 2006	3,732

Following the introduction of Financial Reporting Standard 15 (FRS 15), 'Accounting for tangible fixed assets', the company continues to carry certain of its freehold land and buildings at valuations dated 1988 and 1995, which have not been updated, as allowed by the transitional provisions of FRS 15

Freehold land and buildings are held at cost or open market value as follows

	2007 £'000	2006 £'000
Valuation at 31 December 1988	323	323
Valuation at 31 March 1995	975	975
Cost	3,726	3,522
	5,024	4,820

	2007 £'000	2006 £'000
Freehold land and buildings includes land which is not depreciated	1,562	1,562
The book values of freehold land and buildings under the historical cost convention would be as follows		
Cost	4,261	4,057
Accumulated depreciation	(1,193)	(992)
Net book value	3,068	3,065

Profit on sale of fixed assets in the prior year amounting to £1,664 000 comprised the following

	2007 £'000	2006 £'000
Sale of land at Dilham, Norfolk	-	87
Sale of freehold land and buildings at Thorpe St Andrew Norfolk	-	677
Sale of freehold land at Longwater, Norfolk	-	900
	-	1 664

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8 Debtors

	2007 £'000	2006 £'000
Amounts due from group undertakings (note 11)	8,129	5,899
Other debtors	223	-
Prepayments and accrued income	48	38
	8,400	5,937

9 Creditors Amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	137	2
Amounts owed to group undertakings (note 11)	3,526	219
Corporation tax	170	1,161
Accruals and deferred income	101	268
	3,934	1,650

10 Provisions for liabilities and charges

	2007 £'000	2006 £'000
Deferred tax liability		
At 1 April 2006	(71)	35
Profit and loss account charge	5	(106)
At 31 March 2007	(66)	(71)
Deferred taxation at 30%, calculated using the liability method, is in respect of		
	2007 £'000	2006 £'000
Excess capital allowances	(66)	(71)
Other timing differences	-	-
Deferred tax (liability)/asset	(66)	(71)

11 Group undertakings

	2007 £'000	2006 £'000
Amounts owed by		
Ultimate parent undertaking	4,187	3,535
Intermediate parent undertaking	1,940	1,940
Fellow subsidiary undertakings	2,002	424
	8,129	5,899
Amounts owed to		
Fellow subsidiary undertakings	(3,526)	(219)
Net amount owed by group undertakings	4,603	5,680

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12 Share capital

	2007 £'000	2006 £'000
Authorised		
1,000,000 ordinary £1 shares - equity	1,000	1,000
Issued and fully paid		
353,706 ordinary £1 shares - equity	354	354

13 Revaluation reserve

	2007 £'000	2006 £'000
At 1 April 2006	871	969
Transfer to profit and loss account (note 14)	(5)	(98)
At 31 March 2007	866	871

14 Profit and loss account

	2007 £'000	2006 £'000
At 1 April 2006	6,723	5,278
Transfer from revaluation reserve (note 13)	5	98
Profit for the financial year	181	1,847
Dividends paid	-	(500)
At 31 March 2007	6,909	6,723

15 Reconciliation of movements in equity shareholder's funds

	2007 £'000	2006 £'000
Profit for the financial year	181	1,847
Dividends paid	-	(500)
Net increase in equity shareholder's funds	181	1,347
Opening equity shareholder's funds	7,948	6,601
Closing equity shareholder's funds	8,129	7,948

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16 Pensions

The company makes contributions in respect of employees who are members of the May Gurney Pension Scheme, which is open to the salaried employees and supervisory foremen. The scheme funds are administered by trustees and are independent of the company's finances. The scheme provides defined benefits based upon final pensionable pay. The company's contributions, which are paid in accordance with May Gurney Integrated Services plc instructions, are charged to the profit and loss account in the year in which they accrue. An actuarial review of the fund was carried out on 1 April 2002. On an ongoing valuation basis, this showed the scheme's assets represented 100% of the scheme's liabilities. Full details of this valuation are contained in the financial statements of May Gurney Integrated Services plc.

Pension contributions charged to the profit and loss account for the year ended 31 March 2007 amounted to £11,000 (2006 £11,000).

17 Contingent liabilities

- (a) The company has given an unlimited guarantee, secured by fixed and floating charges over the company's assets in respect of the borrowings from Bank of Scotland, of all group companies. At 31 March 2007, the net indebtedness of all other group companies amounted to £Nil (2006 £Nil).
- (b) The company has given joint and several guarantees securing indemnities given by other group companies in respect of performance bonds. At 31 March 2007, indemnities outstanding for other group companies amounted to £3,025,076 (2006 £3,923,821).

18 Commitments

(i) Operating lease commitments

Annual commitments under operating leases expiring

	2007 £'000	2006 £'000
After five years		
Land and buildings	-	91

(ii) Tangible fixed assets

At 31 March 2007 the company had £nil (2006 £nil) capital commitments.

19 Cash flow statement

Under Financial Reporting Standard 1 'Cash Flow Statements' (revised 1996), the company is exempt from the requirements to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a UK parent undertaking.

20 Controlling related parties

The immediate parent undertaking is May Gurney Group Limited, a company incorporated in England. The ultimate parent undertaking is May Gurney Integrated Services plc (MGIS), a company incorporated in England which owns the entire share capital of May Gurney Group Limited. MGIS prepares the consolidated financial statements which are available from Companies House.

21 Related party transactions

In accordance with the exemption available under paragraph 3(c) of Financial Reporting Standard 8 'Related Party Transactions', transactions with other members of the May Gurney Integrated Services plc group are not disclosed. There are no other related party transactions.