

216679

**May Gurney Estates
Limited**

Annual report and
accounts

For the year ended
31 March 2005



May Gurney Estates Limited

Annual report and accounts for the year ended 31 March 2005

Company information

Company registration number	216679
Registered office	Holland Court The Close Norwich
Directors	D W E Sterry OBE BSc (Hons) CEng MICE, FIHT R E P Browne FCCA R I Findlater LLB (Hons) MRICS, W S Hoggan
Secretary	A M T Ablett
Bankers	Bank of Scotland
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Norwich
Head office	Trowse Norwich Telephone 01603 727272 www.maygurney.co.uk

May Gurney Estates Limited

Annual report and accounts for the year ended 31 March 2005

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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 2005.

Principal activities

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

Business review

The results in brief are:

	2005 £'000	2004 £'000
Profit/(loss) on ordinary activities before taxation	1,484	(44)

During the year the company completed the sale of freehold land held at Sutton, Cambridgeshire which realised a profit before tax of £788,000 and received compensation for the surrender of certain leasehold property amounting to £856,000.

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

The directors recommend the payment of a final dividend of £500,000 (2004: £Nil).

Directors

All directors of the company, as detailed on company information page, were in office throughout the year with the exception of Mr R I Findlater who was appointed a director of the company on 1 May 2004.

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 R E P Browne 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 2005.

The interests of Mr W S Hoggan in the share capital of the ultimate parent undertaking are shown below:

	At 31 March 2005 £1 shares Number	At 27 March 2004 £1 shares Number
May Gurney Integrated Services plc		
Ordinary shares	7,083	7,083
Cumulative convertible redeemable preference shares		
- Class A	-	21,718
- Class B	-	21,718
- Class C	-	21,721

The interest of Mr W S Hoggan in the loan notes of the ultimate parent undertaking is shown below:

	At 31 March 2005 £1 loan notes Number	At 27 March 2004 £1 loan notes Number
May Gurney Integrated Services plc		
Guaranteed unsecured loan notes 2006	28,557	42,557

Directors' responsibilities for the financial statements

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 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
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 Ablett

A M T Ablett
Secretary

18 June 2005

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 2005 which comprise the accounting policies, the profit and loss account, the note of historical cost profits and losses, the balance sheet and notes 1 to 20. 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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom 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.

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 are not disclosed.

We read other information contained in the directors' report, 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. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
NORWICH**

12 June 2005

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.

Profit and loss account

	Note	2005 £'000	2004 £'000
Other operating income - ordinary	1	584	547
Other operating income - exceptional	1	856	-
		1,440	547
Net operating costs	2	(618)	(424)
Operating profit		822	123
Profit on sale of fixed assets	7	788	-
Interest payable	3	(126)	(167)
Profit/(loss) on ordinary activities before taxation		1,484	(44)
Taxation on profit/ (loss) on ordinary activities	6	(178)	(4)
Profit/(loss) for the financial year		1,306	(48)
Dividend		(500)	-
Retained profit/(loss) for the year	13	806	(48)

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

The above results relate to continuing activities.

Note of historical cost profits and losses

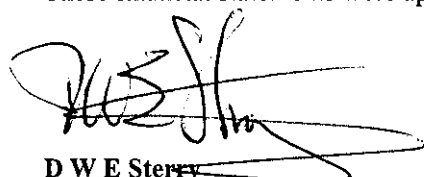
	2005 £'000	2004 £'000
Reported profit/(loss) on ordinary activities before taxation	1,484	(44)
Realisation of property revaluation gain of previous years	47	-
Difference between historical cost depreciation charge and the actual depreciation charge (including deficit on revaluation of properties) of the year calculated on the revalued amount	9	9
Historical cost profit/(loss) on ordinary activities before taxation	1,540	(35)
Historical cost profit/(loss) for the year after taxation and dividends	862	(39)

Balance sheet

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	7	4,300	3,226
Current assets			
Debtors	8	3,733	3,240
		3,733	3,240
Creditors: Amounts falling due within one year	9	(1,932)	(1,171)
Net current assets		1,801	2,069
Net assets		6,101	5,295
Capital and reserves			
Called up share capital	11	354	354
Revaluation reserve	12	969	1,016
Profit and loss account	13	4,778	3,925
Equity shareholder's funds	14	6,101	5,295

These financial statements were approved by the board of directors on

12 June 2005



D W E Sterry
Director

Notes to the annual report and accounts

1 Other operating income

	2005 £'000	2004 £'000
Ordinary - rent receivable	584	547
Exceptional - compensation received on disposal of property lease	856	-

On 8th November 2004 the company entered into an agreement under which it surrendered its leasehold interest in land on which certain activities of the group were based. During the year part of the land was vacated and compensation was received amounting to £856,000. Further compensation amounting to £2,400,000 in total, is contingent on the company surrendering its leasehold interest and vacating the site no later than 31 December 2007.

2 Net operating costs

	2005 £'000	2004 £'000
Depreciation - ordinary (note 7)	153	86
- exceptional write down of freehold buildings	81	-
Auditors' remuneration	3	3
Other fees paid to auditors	9	5
Operating lease rentals - land and buildings	69	69
Other administration costs	303	261
	618	424

3 Interest payable

	2005 £'000	2004 £'000
Due to other group undertakings	126	167

4 Staff numbers and costs

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

	Number of employees	
	2005	2004
Management	4	3
Administration	1	1
	5	4

The aggregate payroll costs of those employees were:

	2005	2004
	£'000	£'000
Salaries	81	71
Social security costs	9	8
Other pension costs (note 15)	8	7
	98	86

5 Emoluments of directors

	2005	2004
	£'000	£'000
As executives - salary and benefits	-	-

There are no (2004: £Nil) retirement benefits accruing to directors under the May Gurney Pension Scheme, a defined benefit scheme.

6 Taxation on profit/(loss) on ordinary activities**(a) Analysis of charge for the year:**

	2005 £'000	2004 £'000
Current tax		
Corporation tax on profit/(loss) for the year	28	204
(Over)/under provision in respect of previous year	(18)	3
Total current tax (note 6(b))	10	207
Deferred tax		
Origination and reversal of timing differences	172	(192)
Adjustment to the estimated recoverable amount of deferred tax assets arising in the previous year	(4)	(11)
Total deferred tax	168	(203)
Tax on profit/(loss) on ordinary activities	178	4

(b) Factors affecting the taxation charge for the year

The taxation assessed for the year is lower (2004: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £'000	2004 £'000
Profit/(loss) on ordinary activities before tax	1,484	(44)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%- expected charge/(credit)	445	(13)
Effects of:		
Expenses not deductible for tax purposes	81	25
Depreciation in excess of capital allowances and other timing differences	(172)	192
Rollover relief and indexation	(326)	-
Adjustments to tax charge in respect of previous year	(18)	3
Current taxation charge for year (note 6(a))	10	207

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 £78,000 (2004: £87,000).

7 Tangible fixed assets

	Freehold land and buildings £'000
Cost or valuation	
At 27 March 2004	3,721
Additions	819
Transfer from group undertaking	916
Disposals	(250)
At 31 March 2005	5,206
Depreciation	
At 27 March 2004	495
Transfer from group undertaking	200
Charge for the year	234
Eliminated on disposals	(23)
At 31 March 2005	906
Net book value at 31 March 2005	4,300
Net book value at 26 March 2004	3,226

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.

During the year the company completed the sale of freehold land held at Sutton, Cambridgeshire, which realised a profit before tax of £788,000 (2004: £Nil).

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

	2005 £'000	2004 £'000
Valuation at 31 December 1988	323	323
Valuation at 31 March 1995	1,067	1,317
Cost	3,816	2,081
	5,206	3,721

	2005 £'000	2004 £'000
Freehold land and buildings includes land which is not depreciated of:	2,220	1,644

The book values of freehold land and buildings under the historical cost convention would be as follows:

	2005 £'000	2004 £'000
Cost	4,351	2,819
Accumulated depreciation	(816)	(414)
Net book value	3,535	2,405

8 Debtors

	2005 £'000	2004 £'000
Trade debtors	24	10
Amounts due from group undertakings (note 10)	3,622	2,966
Deferred tax asset	35	203
Prepayments and accrued income	52	61
	3,733	3,240

	2005 £'000	2004 £'000
Deferred tax asset		
At 27 March 2004	203	-
Profit and loss account (charge)/credit	(168)	203
At 31 March 2005	35	203

Deferred taxation at 30%, calculated using the liability method, is in respect of:

	2005 £'000	2004 £'000
Excess capital allowances	33	7
Other timing differences	2	196
Deferred tax asset	35	203

9 Creditors: Amounts falling due within one year

	2005 £'000	2004 £'000
Trade creditors	2	2
Amounts owed to group undertakings (note 10)	1,075	827
Corporation tax	31	204
Other taxes & social security	44	-
Dividend	500	-
Accruals and deferred income	280	138
	1,932	1,171

10 Group undertakings

	2005 £'000	2004 £'000
Amounts owed by:		
Ultimate parent undertaking	657	-
Intermediate parent undertaking	2,439	2,440
Fellow subsidiary undertakings	526	526
	3,622	2,966
Amounts owed to:		
Fellow subsidiary undertakings	(1,075)	(827)
Net amount owed by group undertakings	2,547	2,139

11 Share capital

	2005 £'000	2004 £'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

12 Revaluation reserve

	2005 £'000	2004 £'000
At 27 March 2004	1,016	1,016
Transfer to profit and loss account (note 13)	(47)	-
At 31 March 2005	969	1,016

13 Profit and loss account

	2005 £'000	2004 £'000
At 27 March 2004	3,925	3,973
Transfer from revaluation reserve (note 12)	47	-
Profit/(loss) for the financial year	806	(48)
At 31 March 2005	4,778	3,925

14 Reconciliation of movements in equity shareholder's funds

	2005 £'000	2004 £'000
Profit/(loss) for the financial year	1,306	(48)
Dividends	(500)	-
Net increase/(decrease) in equity shareholder's funds	806	(48)
Opening equity shareholder's funds	5,295	5,343
Closing equity shareholder's funds	6,101	5,295

15 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 74% 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 2005 amounted to £8,000 (2004: £7,000).

16 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 2005, the net indebtedness of all other group companies amounted to £Nil (2004: £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 2005, indemnities outstanding for other group companies amounted to £2,233,511 (2004: £2,174,702).

17 Commitments

(i) Operating lease commitments

Annual commitments under operating leases expiring:

	2005 £'000	2004 £'000
After five years		
Land and buildings	69	69

(ii) Tangible fixed assets

At 31 March 2005 the company had a £130,000 (2004: £Nil) capital commitment for the purchase of buildings at Wymondham, Norfolk.

18 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.

19 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, a company incorporated in England, which owns the entire share capital of May Gurney Group Limited.

20 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.