Registered no: 2995468

Fastline Limited

Annual report and financial statements

for the year ended 31 March 2005

Fastline Limited

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Fastline Limited

Directors and advisors

Directors	N Broadbent M D Houghton R W Entwistle G K H Mason B L Westbrook
Secretary	Secretariat Services Limited
Registered office	Meridian House The Crescent York YO24 1AW
Auditors	RSM Robson Rhodes LLP St George House 40 Great George Street Leeds LS1 3DQ
Bankers	Royal Bank of Scotland plc 10th Floor 280 Bishopsgate London EC2M 4RB
Solicitors	Slaughter & May 1 Bunhill Row London EC1Y 8YY

Directors' report for the year ended 31 March 2005

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

Principal activities and review of the business

On 8 November 2004, the company changed its name from Jarvis Fastline Limited to Fastline Limited. Fastline Limited is one of two companies operating within the Jarvis Group's Rail activities. Fastline Limited provides specialist track renewal services to the rail industry.

Fastline Limited, a wholly owned subsidiary undertaking of Jarvis plc, is a guarantor of the majority of Jarvis plc Group's various financing facilities. During the year ended 31 March 2005 the company, with certain other Group companies, signed an Override Agreement, which was terminated in August 2005 along with certain other financing facilities as part of the Group's financial restructuring. However, the company remains a guarantor to the Group's remaining financing facilities, details of which are disclosed in Note 1(a) and Note 21 of the accounts.

On 29 January 2005, the company acquired the business and business assets of the plant and vehicle hire operation from Jarvis plc, which in turn had acquired the business and business assets from Jarvis Accommodation Services as a result of the restructuring and the Override Agreement. The tangible fixed assets were acquired at an independent market valuation. The other business assets were acquired at book value. On 29 January 2005, the company also acquired the entire issued shares in Jarvis Plant Hire (Holdings) Limited from Jarvis plc

Results for the year

The loss for the financial year reported in the accounts was £1,513,000 (2004: loss of £11,505,000).

Dividends

The Directors do not recommend the payment of a dividend (2004: £nil), leaving a retained loss of £1,513,000 (2004: retained loss of £11,505,000) to be transferred from reserves.

Directors

The directors holding office during the year ended 31 March 2005 together with dates of resignation and appointment are shown below:

M Brazier	(resigned 28 May 2004)
N Broadbent	
A Cunningham	(resigned 2 April 2004)
W R Davies	(resigned 16 June 2004)
R J Doyle	(resigned 16 June 2004)
M D Houghton	(appointed 16 June 2004)
K O Hyde	(resigned 28 September 2004)
C E Ives	(resigned 28 January 2005)

Directors' report (continued) for the year ended 31 March 2005

Directors (continued)

R N Johnson	(resigned 15 June 2004)
R W Kendall	(resigned 2 April 2004)
A P Lezala	(resigned 17 Jun 2005)
G K H Mason	
M S McKeever	(resigned 27 August 2004
M W Northard	(resigned and appointed alternate director to B L Westbrook 16 June 2004, resigned 31 March 2005)
A K Rae	(appointed 20 April 2004 and resigned 9 March 2005)
G Ray	(appointed 16 June 2004 and resigned 29 April 2005)
R W Entwistle	(appointed 21 October 2005)
B L Westbrook	

Directors' interests

At 31 March 2005 none of the directors had any interests in the shares of the company.

Directors' interests in the shares of Jarvis plc were as follows:

Interests in Jarvis plc shares of 5p each		
	At 1 April 2004 or date of appointment	**At 31 March 2005**
N Broadbent	4,367	4,367
M D Houghton	331	1,179
G K H Mason	500	500
B L Westbrook	38,218	43,801

On 13 April 2004 Mr A Cunningham sold 39,000 shares in Jarvis plc at a price of 180p per share.

On 31 March 2005 options over 4,000 shares in Jarvis plc, granted to Mr N Broadbent on 28 July 2000, were surrendered.

On 31 March 2005 options over 25,000 shares in Jarvis plc, granted to Mr G K H Mason on 28 July 2000, were surrendered.

On 31 March 2005 options over 19,000 shares in Jarvis plc, granted to Mr G K H Mason on 24 January 2001, were surrendered.

On 31 March 2005 options over 20,000 shares in Jarvis plc, granted to Mr B L Westbrook on 24 January 2001, were surrendered.

There is third party indemnity insurance in place for the directors of the company.

Directors' report (continued)
for the year ended 31 March 2005

Statement of directors' responsibilities for the financial statements

Company law, in the United Kingdom, 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 as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required:

- To select suitable accounting policies and then apply them consistently;
- To make judgements and estimates that are reasonable and prudent;
- To state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- To prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with these requirements. 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 reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Since the year end Ernst & Young LLP have resigned as auditors to the company and as the company is in the elective regime RSM Robson Rhodes LLP have been appointed by the Directors in their place.

Approval

The Report of the Directors was approved on 24 February (2006) and signed on its behalf by:

For and on behalf of
Secretariat Services Ltd

Secretariat Services Limited

Secretary

Independent auditors' report to the members of Fastline Limited

We have audited the financial statements for the year ended 31 March 2005 which comprise the profit and loss account, balance sheet, note of historical cost profit and losses and the related notes.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 Annual 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 are 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.

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 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1(a) of the financial statements concerning the company being able to continue trading within its agreed working capital facilities for at least the next 12 months. We consider that these matters should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes LLP

RSM Robson Rhodes LLP

Chartered Accountants and Registered Auditors

Leeds, England

24 February 2006

Profit and loss account for the year ended 31 March 2005

	Notes	**Year ended 31 March 2005 £'000**	Year ended 31 March 2004 £'000
Turnover	2, 4	**91,452**	176,186
Cost of sales	4	**(89,363)**	(196,685)
Gross profit / (loss)		**2,089**	(20,499)
Administration expenses		**(1,005)**	4,802
Operating profit / (loss)	3	**1,084**	(15,697)
Interest payable and similar charges	8	**(7)**	(3,242)
Profit / (loss) on ordinary activities before taxation		**1,077**	(18,939)
Tax on profit / (loss) on ordinary activities	9	**(2,590)**	7,434
Retained loss for the year	18	**(1,513)**	(11,505)

The results above reflect the continuing operations of the company.

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 10 to 27 form part of these financial statements.

Note of historical cost profits and losses

	Year ended 31 March 2005 £'000	Year ended 31 March 2004 £'000
Reported profit / (loss) on ordinary activities before taxation	**1,077**	(18,939)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	**-**	8
Historical cost profit / (loss) on ordinary activities before taxation	**1,077**	(18,931)
Historical cost loss for the year retained after taxation and dividends	**(1,513)**	(11,497)

The notes on pages 10 to 27 form part of these financial statements.

Balance sheet
at 31 March 2005

	Notes	31 March 2005 £'000	31 March 2004 £'000
Fixed assets			
Tangible assets	10	**17,215**	365
Investment in subsidiaries	11	**7,152**	-
		24,367	365
Current assets			
Stocks and work in progress	12	**371**	-
Debtors	13	**27,459**	55,879
Pension scheme prepayment falling due after more than one year	13	**7,333**	6,933
Cash at bank and in hand		**2**	502
		35,165	63,314
Creditors: amounts falling due within one year	15	**(65,454)**	(68,240)
Net current liabilities		**(30,289)**	(4,926)
Total assets less current liabilities		**(5,922)**	(4,561)
Creditors: amounts falling due in more than one year	16	**(152)**	-
Net liabilities		**(6,074)**	(4,561)
Capital and reserves			
Called up share capital	17	**5,000**	5,000
Profit and loss account	18	**(11,074)**	(9,561)
Equity shareholders' deficit	19	**(6,074)**	(4,561)

The notes on pages 10 to 27 form part of these financial statements.

The Financial Statements on pages 7 to 27 were approved by the Board on 24 February 2006 and were signed on its behalf by:

G K H Mason
Director

Notes to the Financial statements for the year ended 31 March 2005

1 Principal accounting policies

(a) Basis of preparation

The company is a subsidiary undertaking of Jarvis plc ("the Parent" or "Jarvis"), and a guarantor of the various financing facilities of the Parent's group of companies (the "Group"). In addition, the company is dependent upon the continued provision of finance by the Group to enable it to meet its liabilities as they fall due.

Although the Group has incurred significant trading losses and cash outflows during the last two years, the directors believe that the effects of internal restructuring and corporate disposals undertaken will bring about improved operating results as indicated in the detailed profit and cash flow forecasts. These forecasts indicate that, following the impact of the financial restructuring which was finalised on 29 September 2005, the Group will be able to trade within its agreed working capital facility of £38.5m for at least the next 12 months from the date of this report.

Given the financial situation of the Group described above, the company's Directors consider that the company will be able to trade and meet its liabilities as they fall due for at least the 12 months following the date of approval of these financial statements. Accordingly, these financial statements are prepared on a going concern basis.

(b) Accounting convention

The financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards and the Companies Act 1985.

(c) Tangible fixed assets

Tangible fixed assets other than freehold and leasehold properties are stated at cost to the company, being their purchase cost including fair value adjustments, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less any residual value, on a straight line basis over the expected useful economic lives of the assets concerned.

The principal rates of depreciation used for this purpose are:

Plant and machinery	$6^2/_3$ % - $33^1/_3$% per annum
Motor vehicles	25% per annum
Fixtures and fittings	10% - 25% per annum
Office equipment	25% - 50% per annum

In accordance with Financial Reporting Standard 11, any impairment of fixed assets will be charged to the profit and loss account in the year it arises.

Certain items of plant and equipment were revalued in 1996, and computer equipment was revalued in 1997. In accordance with the transitional provisions of FRS15, the valuations have not been updated.

(d) Stocks

Stocks and manufacturing work-in-progress are stated at the lower of cost, including attributable overheads, and net realisable value.

(e) Long term contracts

Amounts recoverable on contracts represent the cost of work carried out to date, including uncertified amounts where the directors have satisfied themselves that entitlement has been established, together with any attributable profit, less any foreseeable losses and progress payments received and receivable.
Attributable profit represents that part of the contract profit that is currently estimated to arise which fairly reflects the work completed by the accounting date. Such profits are recognised only when the outturn of the contract can be foreseen with reasonable certainty. Provision is made for losses as soon as they are foreseen.

(f) Pre-contract costs

All costs incurred in advance of a contract being awarded are written off to the profit and loss account, until the date that, in the opinion of the directors, it is virtually certain that the contract has been secured. Where the directors consider virtual certainty has been achieved but the contract has not been awarded, costs are carried as work in progress, to the extent that the contract is expected to result in future net cash inflows (i.e. future revenues less attributable costs).
Where guarantees have been given by a prospective client in respect of the reimbursement of pre-contract costs should the company's bid be unsuccessful, then relevant costs will be included as an asset to the extent that they are considered recoverable.

(g) Taxation

The charge or credit for taxation is based on the result for the year as adjusted for disallowable items.

(h) Deferred taxation

Full provision has been made for deferred taxation in respect of timing differences, that have originated but not reversed at the balance sheet date as the result of an event which results in an obligation to pay more or less tax in the future except that:

- Provision is made for gains on disposals of assets that have been rolled over into replacement assets only where there is a commitment to dispose of the replacement assets.
- Provision is not made for the remittance of a subsidiary, associate or joint venture's earnings that would cause tax to be payable where no commitment has been made to the remittance of the earnings.

- Deferred tax assets are recognised to the extent 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 a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates enacted at the balance sheet date

(i) Leases

Costs in respect of operating leases are charged against operating profit on a straight line basis over the lease term.
Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. Finance charges are allocated to the profit and loss account so as to produce a constant periodic rate of charge on the remaining balance of the obligation. Depreciation on such assets is charged to the profit and loss account over the shorter of the lease term and their useful life.

(j) Pensions

The company contributes to a defined benefit pension scheme and to personal pension plans according to the arrangements agreed with employees. For the defined benefit scheme the fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

FRS 17 *Retirement Benefits* was published in November 2000 and its provisions will in due course be adopted instead of the SSAP 24 approach set out above. In the meantime the company has complied with the transitional disclosure requirements of FRS 17. Further details of pension arrangements and required disclosures under the transitional provisions of FRS 17 are given in note 7.
Contributions to employees' personal pension arrangements during the period are charged to the profit and loss account as incurred.

(k) Cash flow statement

The company is a wholly owned subsidiary of Jarvis plc and the cash flows of the company are included in the consolidated cash flow statement of Jarvis plc. Consequently, the company is exempt under the terms of Financial Reporting Standard 1 (revised) from publishing a cash flow statement.

(l) Related party transactions

The company is a wholly owned subsidiary of Jarvis plc and as such the company has taken advantage under the terms of Financial Reporting Standard 8 not to disclose related party transactions which are eliminated on consolidation.

2 Turnover

Turnover, all of which arises from operations within the United Kingdom, excludes value added tax, and represents the value of contract work carried out during the year.

3 Operating profit / (loss)

	Year ended 31 March 2005 £'000	Year ended 31 March 2004 £'000
This is stated after charging / (crediting):		
Hire of plant and machinery	**35,590**	11,269
Auditors' remuneration – audit services	-	150
Auditors' remuneration – non-audit services	-	60
Depreciation charge for the year:		
- Tangible owned fixed assets	**909**	987
- Tangible fixed assets held under finance leases	**30**	63
- Loss on disposal of fixed assets	**288**	-
- Impairment charge	**1,468**	-
Operating lease rentals - plant and machinery	**5,123**	1,743
Waiver of debenture loans owed to other group undertaking	-	(5,750)
Operating exceptional items (note 4)	-	30,100

The audit fees for the year ended 31 March 2005 were borne by a fellow group undertaking.

4 Exceptional items

	Year ended 31 March 2005 £'000	Year ended 31 March 2004 £'000
Recognised in arriving at operating profit:		
Adjustment to turnover on rail contracts	-	14,100
Adjustment to cost of sales on rail contracts	-	16,000
	-	30,100

The turnover adjustment in 2004 reflected the lower than anticipated amount earned and received in respect of claims and entitlements on rail renewal contracts. In 2004 there was a counter-claim against the Group for £16.0m in respect of certain work for Network Rail.

5 Directors' emoluments

	Year ended 31 March 2005 £'000	Year ended 31 March 2004 £'000
Aggregate emoluments	342	Nil
Contributions to defined contribution pension arrangements	10	Nil
	352	Nil

Retirement benefits were accruing to two directors during the year (2004:Nil) under defined contribution pension arrangements in respect of qualifying service.

Highest Paid Director

	Year ended 31 March 2005 £'000	Year ended 31 March 2004 £'000
Directors' emoluments	238	Nil
Pension contributions	5	Nil
Directors' emoluments	243	Nil

The above details do not include the emoluments of certain directors which were paid by the parent and fellow subsidiary undertakings. The directors do not believe it is practicable to apportion this amount between their services as directors of the company and their services as directors of the parent and fellow subsidiary undertakings.

The emoluments of Messrs M Brazier, W R Davies and MS McKeever were paid by Jarvis Rail Limited and their emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of that company. The emoluments of Mr R J Doyle were paid by Prismo Limited and his emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of that company.

The emoluments of Messrs A Cunningham, K O Hyde, R N Johnson, R W Kendall, A P Lezala, and A K Rae were paid by Jarvis plc and their emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of that company.

The emoluments of Messrs N Broadbent, G K H Mason, M W Northard, G Ray and B L Westbrook were paid by Jarvis plc and are included in the employment costs of that company. It is not practicable to apportion their remuneration between their services as an employee of Jarvis plc and as directors of the company.

6 Employee information

The average monthly number of persons employed by the company including executive directors, during the year, was as follows:

	Year ended 31 March 2005 Number	Year ended 31 March 2004 Number
Renewals	**510**	1,033

The employment costs of all employees included above were:

	£'000	£'000
Wages and salaries	**17,731**	33,981
Social security costs	**1,722**	3,328
Pension costs	**159**	(247)
	19,612	37,062

Other pension costs in the year ended 31 March 2005 comprise the ongoing annual contributions of £551,000 (2004: £991,000) less a credit of £391,000 (2004: £1,238,000) relating to the amortisation of surpluses in pension schemes on a prospective basis over the average expected service lives of scheme members.

Excess contributions over the accumulated pension costs to the company's schemes totalling £7.3 million (2004: £6.9 million) are included in prepayments.

7 Pensions

(i) Overview, valuations and accounting under SSAP 24.

The company operates a number of pension arrangements comprising both defined benefit and defined contribution schemes. The defined benefit schemes are closed to new entrants, other than for new employees who qualify for participation in the Railways Pension Scheme ("RPS"). Other eligible new employees are offered participation in the Group's defined contribution scheme.

Eligible employees of the company participate in three shared cost sections of the RPS, a funded UK defined benefit scheme, the assets of which are held in trustee administered funds separate from the company and the Jarvis plc Group. At the date of signature of these financial statements the triennial actuarial valuation of the RPS as at 31 December 2004 is being prepared. The approved valuation is expected to be issued during March 2006. Consequently, for the purposes of making any disclosure in respect of SSAP 24 in the company's Annual Report and Financial statements for the year ended 31 March 2005, the latest available actuarial valuations are those as at 31 December 2001. At that date all three Jarvis sections were in surplus. As at 31 December 2001 the combined market value of the assets of the three sections was £371 million, and the average funding level was 157%.

Whilst there are as yet no official indications about the funding position of the RPS as at 31 December 2004, from an awareness of the assumptions to be used by the Actuary in his valuation it seems likely that the previous surpluses will be reduced, or possibly even reversed. As a consequence, the Directors of the company believe that to continue to build-up an accounting surplus by the roll-forward of an actuarial valuation which is now over three years old would no longer present financial statements showing a true and fair view. Using information prepared by the Scheme Actuaries as at 31 March 2004 as part of the calculations necessary for the compulsory transfer of RPS members at 1 April 2004 (see below), the company's Actuaries, PricewaterhouseCoopers, have approximated a SSAP24 position as at 31 March 2004. This exercise indicates that as at 31 March 2004 the combined market value of the assets of the three sections was £275 million, and the average funding level on the three Jarvis sections of the RPS had reduced to 123%.

For the year ended 31 March 2005, employer contributions to the three Jarvis sections of the RPS were 7.5% of pensionable pay. The employer contribution rates remain unchanged until 30 September 2005, after which date they increase to 9% for all three sections. There are further increases to the employer contribution rate on 17 June 2006, when the rates will become 16.74%, 16.56% and 16.2% for the Relayfast, Fastline, and Jarvis Facilities sections respectively. Based on the changes to employer contribution rates determined following the 31 December 2001 valuation, it is anticipated that total employer contributions to the RPS will increase to £2.3 million in the year ending 31 March 2006, and to £4.3 million in the year ending 31 March 2007.

There may be further changes necessary to the employer contribution rates for the three Jarvis sections, together with the determination of any special employer's contributions necessary, following the finalisation of the actuarial valuation as at 31 December 2004. It is anticipated that any changes will be determined during the year ending 31 March 2006.

Total employer contributions paid by the company in respect of the RPS sections for the year ended 31 March 2005 were £0.43 million (2004: £0.67 million). For other eligible employees, contributions are made to defined contribution arrangements based on a pre-determined percentage of individual salaries. The cost of contributions to defined contribution arrangements, and other non-material defined benefit schemes accounted for as defined contribution schemes, for the year ended 31 March 2005 was £0.19 million (2004: £0.37 million). Unpaid contributions as at 31 March 2005 relating to defined contribution arrangements were £0.03 million (2004: £0.07 million).

The RPS sections are the only material schemes for the purpose of calculating defined benefit costs, and pension scheme assets and liabilities in accordance with FRS 17 - Retirement Benefits, and they are discussed in more detail below.

For accounting purposes, a common approach has been adopted for all the UK funded defined benefit schemes. The assumptions that have the most significant effect on the valuations are those relating to the rates of return on investments and the rates of increase in both salaries and pensions. At the dates of the respective actuarial valuations it was assumed that the rates of return on investments would be between 7.5% and 7.7% per annum, that increases in salaries would be between 4.0% and 4.25% per annum, and that increases to present and future pensions would be between 2.75% and 2.9% per annum. The assets of the schemes were shown at their market values as at the date of the valuation.

The valuations, carried out by an independent qualified actuary, used the projected unit method. For all defined benefit schemes, the surplus is spread on a straight-line basis. Under the projected unit method of valuation the current service cost will increase as members approach retirement.

Excess contributions over the accumulated pension costs to the Group's UK defined benefit schemes totalling £7.33 million (2004: £6.94 million) are included in the balance sheet within prepayments.

(ii) Pensions: FRS 17 transitional disclosures of assumptions, assets and net liability

The additional transitional disclosures required by FRS 17 *Retirement Benefits* are set out below:

Major assumptions	**31 March 2005 %**	**31 March 2004 %**	**31 March 2003 %**
Rate of increase in salaries*	**4.00**	4.25	4.00
Rate of increase to pensions in payment	**2.90**	2.75	2.50
Rate of increase to deferred pensions	**2.90**	2.75	2.50
Discount rate for scheme liabilities	**5.40**	5.60	5.50
Retail price inflation	**2.90**	2.75	2.50

* plus promotional increases of 0.75% per annum

The expected long term rate of returns and market value of the assets of the schemes at 31 March 2005 were as follows:

Rates of return and market values of assets:	**31 March 2005 Expected long term rate of return %**	**31 March 2005 Market value £ million**
Equities	**7.70**	**45.41**
Bonds (including gilts)	**5.05**	**15.34**
Property	**6.50**	**6.68**
Hedge funds	**6.80**	**3.49**
Cash	**4.75**	**(0.22)**
Total market value of assets		**70.70**
Less: Present value of scheme liabilities*		**(73.83)**
Liability in the scheme		**(3.13)**
Add: Liability attributable to employees		**1.25**
Liability attributable to employer before deferred taxation		**(1.88)**
Related deferred taxation asset**		**-**
Net pension liability		**(1.88)**

*The present value of scheme liabilities has been estimated by a qualified independent actuary by updating the assumptions used at the time of the last full triennial actuarial valuation.
**No deferred taxation asset has been shown as at 31 March 2005 as the Jarvis Group has incurred substantial losses for tax purposes during the year.

The comparative figures as at 31 March 2004 were as follows:

	31 March 2004 Expected long term rate of return	31 March 2004 Market value
Rates of return and market values of assets:	**%**	**£ million**
Equities	**7.50**	**52.63**
Bonds (including gilts)	**5.20**	**6.88**
Property	**7.50**	**4.78**
Hedge funds	**0.00**	**0.00**
Cash	**4.00**	**(0.07)**
Total market value of assets		**64.22**
Less: Present value of scheme liabilities*		**(71.11)**
Liability in the scheme		**(6.89)**
Add: Liability attributable to employees		**2.76**
Liability attributable to employer before deferred taxation		**(4.13)**
Related deferred taxation asset**		**-**
Net pension liability		**(4.13)**

The comparative figures as at 31 March 2003 were as follows:

	31 March 2003 Expected long term rate of return	31 March 2003 Market value
Rates of return and market values of assets:	**%**	**£ million**
Equities	**7.50**	**42.20**
Bonds (including gilts)	**5.00**	**3.72**
Property	**7.25**	**4.07**
Hedge funds	**0.00**	**0.00**
Cash	**3.75**	**(0.08)**
Total market value of assets		**49.91**
Less: Present value of scheme liabilities*		**(63.72)**
Liability in the scheme		**(13.81)**
Add: Liability attributable to employees		**5.56**
Liability attributable to employer before deferred taxation		**(8.25)**
Related deferred taxation asset		**2.60**
Net pension liability		**(5.65)**

* The present value of scheme liabilities has been estimated by a qualified independent actuary by updating the assumptions used at the time of the last full triennial actuarial valuation.

**No deferred taxation asset has been shown as at 31 March 2004 as the Jarvis Group has incurred substantial losses for tax purposes during the year.

(iii) Pensions: FRS 17 transitional disclosures of profit and loss and other recognised gains and losses

An analysis of the defined benefit cost for the RPS sections calculated under FRS 17 for the year ended 31 March 2005 is as follows:

	31 March 2005 £ million	31 March 2004 £ million
The following amounts have been (charged)/credited against operating profit:		
Current service cost	**(1.57)**	(2.49)
Amortisation of gain arising on members transferring into the scheme in prior period	**0.70**	0.25
Curtailment gains	**5.56**	-
Settlement losses	**(1.36)**	-
Total operating charge	**3.33**	(2.24)
The following amounts have been (charged)/credited against financing provisions:		
Expected return on the assets of the pension scheme	**5.68**	3.48
Interest cost on liabilities attributable to employer	**(5.23)**	(3.52)
Interest cost on liabilities attributable to employees	**0.10**	0.30
Net other finance income	**0.55**	0.26

The service costs for the RPS are expected to rise over time as entry to all schemes is closed except to employees with protected, or indefeasible rights, to entry.

	31 March 2005 £ million	31 March 2004 £ million
The following amounts have been recognised in the statement of total recognised gains and losses:		
Actual return less expected return on pension scheme assets	**7.54**	11.96
Experience losses arising on scheme liabilities	**(1.02)**	0.09
Loss arising from changes in the assumptions underlying the present values of scheme liabilities	**(6.35)**	(3.27)
Change in the deficit attributable to employees	**(1.50)**	(2.80)
Interest cost on liabilities attributable to employees	**(0.10)**	(0.30)
Net actuarial (loss) / gain recognised in the statement of total recognised gains and losses	**(1.43)**	5.68

Analysis of movements in the pension liability before deferred taxation during the year:	**31 March 2005 £ million**	31 March 2004 £ million
Pension liability attributable to employer before deferred taxation brought forward	**(4.13)**	(8.25)
Current service cost	**(1.57)**	(2.49)
Curtailment gains	**5.56**	-
Settlement losses	**(1.36)**	-
Net other finance income	**0.55**	0.26
Net actuarial (loss)/gain recognised in the statement of total recognised gains and losses	**(1.43)**	5.68
Contributions paid by the employer	**0.50**	0.67
Pension liability attributable to employer before deferred taxation carried forward	**(1.88)**	(4.13)

History of experience gains and losses	**31 March 2005**	**31 March 2004**	31 March 2003
Difference between the expected and actual return on scheme assets:			
Amount (£ million)	**7.55**	**11.96**	(21.72)
Percentage of scheme assets	**11%**	**19%**	44%
Experience gains and (losses) on scheme liabilities:			
Amount (£ million)	**(1.02)**	**(0.09)**	0.80
Percentage of the present value of scheme liabilities	**(1%)**	**0%**	1%
Total amount recognised in STRGL:			
Amount (£ million)	**(1.43)**	**5.68**	(15.30)
Percentage of the present value of scheme liabilities	**(2%)**	**8%**	8%

(iv) Pensions: summary of differences between FRS 17 and SSAP 24 presentations

The full adoption of FRS 17 at 31 March 2005 would have had the following impact upon the Company's profit and loss account for the year:

	31 March 2005 £ million	31 March 2004 £ million
Increase/(reduction) in operating income	**3.44**	(2.90)
Increase in finance income	**0.55**	0.26
Increase/(decrease) *in profit before taxation*	**3.99**	(2.64)
Related deferred taxation	**-**	-
Net increase/(decrease) in profit after taxation	**3.99**	(2.64)

Total net assets, profit and loss reserve and shareholder's funds would have been adjusted at 31 March 2005 as follows:

	31 March 2005 £ million	31 March 2004 £ million
Increase/(decrease) in profit after taxation	3.99	(2.64)
Recognised through the statement of total recognised gains and losses:		
Net actuarial (loss)/gain	(1.43)	5.68
Related deferred taxation	-	(1.72)
Adjustment in current year in respect of brought forward deferred taxation balance	(0.29)	(0.47)
Movement in the year	2.27	0.85
Movement from prior years	(9.28)	(10.13)
Cumulative effect on net assets and profit and loss reserve	(7.01)	(9.28)

	31 March 2005 £ million	31 March 2004 £ million
Reconciliation between SSAP 24 and FRS 17 presentations:		
SSAP 24 prepayment	(7.33)	(6.94)
Related deferred taxation	2.20	2.09
Net SSAP 24 prepayment	(5.13)	(4.85)
FRS 17 liability net of deferred taxation	(1.88)	(4.13)
Deferred gain on members transferring into the scheme in prior years net of taxation	-	(0.30)
Reduction in net assets and profit and loss reserve	(7.01)	(9.28)

	31 March 2005 £ million	31 March 2004 £ million
Net liabilities as stated in the balance sheet	(6.07)	(4.56)
Less: SSAP 24 prepayment	(7.33)	(6.94)
Add: Related deferred taxation	2.20	2.09
Net liabilities excluding defined benefit assets under SSAP 24	(11.20)	(9.41)
Less: FRS17 defined benefit liabilities net of deferred taxation (Note 7(ii))	(1.88)	(4.13)
Deferred gain on members transferring into the scheme in prior years net of taxation	-	(0.30)
Net liabilities including defined benefit liabilities under FRS 17	(13.08)	(13.84)

	31 March 2005 £ million	31 March 2004 £ million
Company profit and loss reserve as stated in the balance sheet	**(11.07)**	(9.56)
Less: SSAP 24 prepayment	**(7.33)**	(6.94)
Add: Related deferred taxation	**2.20**	2.09
Profit and loss reserve excluding amounts relating to defined benefit assets under SSAP 24	**(16.20)**	(14.41)
Less: FRS 17 defined benefit liabilities net of deferred taxation	**(1.88)**	(4.13)
Deferred gain on members transferring into the scheme in prior years net of taxation	**-**	(0.30)
Profit and loss reserve including amounts relating to defined benefit liabilities under FRS 17	**(18.08)**	(18.84)

8 Interest payable and similar charges

	Year ended 31 March 2005 £'000	Year ended 31 March 2004 £'000
On loans from ultimate parent undertaking	**-**	3,238
On corporation tax	**-**	4
On finance leases	**5**	-
Other bank interest	**2**	-
	7	3,242

9 Taxation

9(a) Analysis of tax charge/(credit) in the year

The tax charge/(credit) for the year comprises:	Year ended 31 March 2005 £'000	Year ended 31 March 2004 £'000
United Kingdom corporation tax at 30% (2004: 30%):		
Current year	**-**	-
Prior years	**(360)**	316
Total current tax	**(360)**	(2,335)
Deferred Tax :		
Current year	**2,986**	(5,415)
Prior years	**(36)**	316
Total deferred tax	**2,950**	(5,099)
	2,590	(7,434)

9(b) Factors affecting tax credits for the period

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

	Year ended 31 March 2005 £'000	Year ended 31 March 2004 £'000
Profit / (Loss) on ordinary activities before tax	**1,077**	(18,939)
Profit / (Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004:30%)	**324**	(5,682)
Effects of:		
Expenses not deductible for tax purposes	**27**	(1,631)
Utilisation of tax losses	**(421)**	1,863
Short-term timing differences	**70**	5,450
Adjustments to tax charge in respect of previous periods	**(360)**	(2,335)
Current tax credit for year (note 9(a))	**(360)**	(2,335)

10 Tangible fixed assets

	Plant & equipment £'000	Total £'000
Cost or valuation:		
At 1 April 2004	**4,135**	4,135
Additions	**19,544**	19,544
Disposals	**(2,599)**	(2,599)
At 31 March 2005	**21,080**	21,080
Depreciation:		
At 1 April 2004	**3,770**	3,770
Charge in the year	**939**	939
Impairment charge	**1,468**	1,468
Eliminated on disposals	**(2,312)**	(2,312)
At 31 March 2005	**3,865**	3,865
Net book value:		
At 31 March 2005	**17,215**	17,215
At 31 March 2004	**365**	365

The net book value of tangible fixed assets includes an amount of £226,620 (2004: £256,027) in respect of assets held under finance leases.

11 Investment in subsidiaries

	31 March 2005 £'000	31 March 2004 £'000
At 1 April	-	-
Acquisitions	7,152	-
At 31 March	7,152	-

Name of Undertaking	**Country of Incorporation**	**Description of shares held**	**Nature of Business**
Jarvis Plant Hire (Holdings)Limited	England and Wales	Ordinary	Intermediate holding company

On 29 January 2005, the company acquired the business and business assets of the plant and vehicle hire operation from Jarvis plc, which in turn had acquired the business and business assets from Jarvis Accommodation Services as a result of the restructuring and the override agreement. The tangible fixed assets were acquired at an independent market valuation. The other business assets were acquired at book value. On 29 January 2005, the company also acquired the entire issued shares in Jarvis Plant Hire (Holdings) Limited from Jarvis plc

12 Stocks and work in progress

	31 March 2005 £'000	31 March 2004 £'000
Work in progress	**371**	-
	371	-

13 Debtors

	31 March 2005 £'000	31 March 2004 £'000
Amounts falling due within one year:		
Amounts recoverable on contracts	**18,323**	44,698
Prepayments and accrued income	**1,533**	2,859
Amounts owed by group undertakings	**6,187**	2,453
Corporation tax	**964**	2,467
Deferred taxation (Note 14)	**452**	3,402
	27,459	55,879
Amounts falling due after more than one year:		
Pension scheme prepayment	7,333	6,933

14 Deferred Taxation

	Deferred Taxation £'000
At 1 April 2004	(3,402)
Credit to the profit and loss account	2,950
At 31 March 2005	**(452)**

	31 March 2005 £'000	31 March 2004 £'000
Tax effect of timing differences because of:		
Fixed asset timing differences	**-**	83
Other	**(452)**	(3,485)
	(452)	(3,402)

15 Creditors: amounts falling due within one year

	31 March 2005 £'000	31 March 2004 £'000
Trade creditors	**5,952**	17,340
Amounts owed to group undertakings	**43,274**	35,246
Obligations under finance leases	**112**	-
Other taxation and social security	**1,594**	3,544
Other creditors	**-**	3,672
Accruals and deferred income	**14,522**	8,236
Trade balance with JV's and associates	**-**	202
	65,454	68,240

Amounts owed to group undertakings are included under amounts falling due within one year as the dates of their repayment are not fixed. Whilst the amounts are technically repayable on demand and hence are included in creditors falling due within one year, the directors are of the opinion that, in the ordinary course of business, repayment within such a time scale would not be required

16 Creditors: amounts falling due in more than one year

	31 March 2005 £'000	31 March 2004 £'000
Obligations under finance leases	**152**	-
	152	-

17 Called up share capital

	31 March 2005 No '000	31 March 2005 £'000	31 March 2004 No'000	31 March 2004 £'000
Authorised				
Ordinary shares of £1 each	**10,000**	**10,000**	10,000	10,000

	31 March 2005 No '000	31 March 2005 £'000	31 March 2004 No'000	31 March 2004 £'000
Allotted, called up and fully paid				
Ordinary shares of £1 each	**5,000**	**5,000**	5,000	5,000

18 Reserves

	Profit & loss account £'000
At 1 April 2004	(9,561)
Retained loss for the year	(1,513)
At 31 March 2005	**(11,074)**

19 Reconciliation of movement on shareholders' deficits

	31 March 2005 £'000	31 March 2004 £'000
Opening shareholders' (deficit) / funds	**(4,561)**	6,944
Retained loss for the year	**(1,513)**	(11,505)
Closing shareholders' deficit	**(6,074)**	**(4,561)**

20 Capital commitments

The company had capital commitments of £670,000 at 31 March 2005 (2004: £Nil).

21 Contingent liabilities

Guarantees have been given by the company in the ordinary course of business, without limit, in respect of loans and overdrafts of its ultimate parent (Jarvis plc) and fellow subsidiary undertakings (together 'the Group'), which amounted to £300m as at 31 March 2005 (2004: £179m). Subsequent to the balance sheet date, the company issued guarantees in respect of a number of additional facilities secured by the Group which, along with the guarantees outlined above, were released as a result of the debt for equity conversion completed on 31 August 2005. Consequently, as at 24 February 2006, the company is a guarantor of the Group's working capital facilities of £38.5m.

A termination of the Group's working capital facilities would crystallise the company's guarantee, both in respect of the repayment of these facilities and in respect of other costs associated with early redemption.

The company has also guaranteed performance bonds in respect of contracts entered into by fellow subsidiary undertakings in the normal course of business.

22 Financial commitments

The company had the following annual obligations under operating leases:

	31 March 2005 Vehicles, plant and machinery £'000	31 March 2004 Vehicles, plant and machinery £,000
Expiring between two and five years	**920**	920
Expiring in over five years	**1,555**	1,555
	2,475	2,475

23 Immediate and ultimate Parent undertaking and controlling party

The company's immediate parent undertaking is Jarvis Fastline Group Limited, a company registered in England and Wales. The Company's ultimate parent undertaking and ultimate controlling party is Jarvis plc, a company registered in England and Wales whose financial statements may be obtained from the Secretary, Jarvis plc, Meridian House, The Crescent, York, YO24 1AW.