Registered no: 2995468

Fastline Limited

Annual report and financial statements

for the period ended 2 April 2007

Fastline Limited
Annual report and financial statements for the period ended 2 April 2007

Fastline Limited
Directors and advisors

Directors	M A A Akinlade R W Entwistle M D Houghton R M Thornton B L Westbrook
Secretary	Secretariat Services Limited
Registered office	Meridian House The Crescent York YO24 1AW
Auditors	Grant Thornton UK LLP St George House 40 Great George Street Leeds LS1 3DQ
Bankers	Lloyds TSB Bank plc PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS

Fastline Limited
Directors' report
for the period ended 2 April 2007

The directors present their report and the audited financial statements for the period ended 2 April 2007

Business review and principal activities

Fastline Limited (the "Company") is a wholly owned subsidiary undertaking of Jarvis plc (the "Parent" or "Jarvis") and a guarantor of the financing facilities of the Parent's group of companies (the "Group"), details of which are given in note 20 to the Financial Statements The Company provides specialist plant and transport solutions to the rail industry and is also a rail freight operating

Activity in those areas of the UK rail market where the Company was engaged was lower than in previous years as existing projects were completed and the start of new projects was delayed. The Company's success in bidding for work under the National On Track Plant contract mitigated the impact of this downturn and the Company is well placed to benefit from the increasing number of projects now being awarded

The Company is working with Network Rail and Jarvis Rail, its sister track renewals business, to develop innovative ways of delivering projects and renewals work that improve productivity and safety and increase efficiency The Company's plant and machinery is central to this innovation as increased mechanisation of tasks reduces the safety risk inherent in manual labour as well as improving productivity and efficiency

In the Summer of 2006 the Company's equipment was used in Europe for the first time The Company's unique Rapid Ballast Excavator dug 26km of track in 26 days as part of a track renewals project for BAM Rail This has given the Company much greater exposure in Europe which has yielded a number of enquiries for future business

The freight operations began operations in June 2006 and the Company now transports containers from Thamesport to Birmingham and Doncaster with significant opportunities in the pipeline

Results and dividends for the period

The loss for the period reported in the accounts was £8,186,000 (2006 Profit £2,514,000). The directors do not recommend the payment of a dividend (2006 £nil)

Key performance indicators (KPI's)

The KPI's of the Group, including non-financial measures, are disclosed in the Report and Accounts of Jarvis plc. As a subsidiary Company of the Group, the principal financial performance indicators used by the management team to measure the performance of Fastline Limited are revenue, operating (loss)/profit before non-recurring costs, operating margin and operating cashflow

Fastline Limited
Directors' report
for the period ended 2 April 2007 (continued)

Key performance indicators (continued)

Key performance indicator	**2007**	2006
	£'000	£'000
Revenue	95,432	108,386
Operating (loss)/profit before non-recurring costs	(145)	4,525
Operating margin	(0 2)%	3 6%
Operating cashflow adjusted for non recurring costs	2,296	3,614

Risks and Uncertainties

In order to manage the business effectively the directors have to identify and respond both to the risks inherent in the business environment and those particular to the fields in which the Company operates Business risk continues to be a formal consideration in the Monthly Operating Review meeting for the division's operational management Key issues are escalated within the Group management hierarchy

The Company's directors continue to evaluate the future prospects of the business, in conjunction with the Group directors The management team recognise the uncertainty for the business with the majority of its revenue arising from its On Track Machine supply to Network Rail The development of business in other areas including event lighting, small plant, freight transportation and plans to extend the market reach to international markets are representative of the management's desire to address these risks

Financial risk management

The Company's operations expose it to a variety of financial risks but the principal financial risk is funding and liquidity due to the contractual nature of the business and its commercial arrangements with clients The treasury department of the Group implements appropriate risk management strategies to ensure adequate cost effective funding whilst limiting the adverse effects of liquidity credit and interest rate risks on the Company The treasury team ensures that financial risks are identified by means of formalised reporting, a regular review of operational results and involvement in the planning and forecasting processes

Credit risk
The Company's credit risk is primarily attributable to the structure of its customer base with certain customers who operate through measured contracts and its exposure to leasing of plant assets for the business The Group's main working capital funding facility is syndicated with highly credit rated banks and institutions, with surplus cash being invested with highly credit rated banks

Interest rate risk
The Company benefits from loan facilities negotiated by the Group The Group facilities are predominantly subject to floating interest rates due to the type of facility in place

Fastline Limited
Directors' report
for the period ended 2 April 2007 (continued)

Financial risk management (continued)

Fundıng and lıquıdıty rısk
A key functıon of the Group's Treasury department ıs to ensure that the Company has suffıcıent cost effectıve facılıtıes to meet ıts oblıgatıons ın the short medıum and long terms wıth regard to the Company's underlyıng cash generatıon and usage In order to establısh the fundıng requırement the Group's treasury department monıtors

- Regular cash flow forecasts prepared by the Company's finance team,
- Budgets and forecasts,
- Actual tradıng results and resultant debt and balance sheet posıtıons; and
- Capıtal expendıture requests

Directors

The dırectors holdıng office durıng the perıod ended 2 Aprıl 2007 and subsequent to that date, together wıth dates of appointment and resıgnatıon, are shown below

M A A Akınlade	(Appoınted 31 May 2007)
N Broadbent	(Resıgned 30 November 2006)
R W Entwıstle	
M D Houghton	
G K H Mason	(Resıgned 31 May 2007)
R M Thornton	(Appoınted 21 December 2006)
B L Westbrook	

Employment policies

The Dırectors recognıse the need for communıcatıon wıth employees at every level All employees have access to a copy of the Jarvıs plc Annual Report and Accounts, whıch together wıth staff brıefings, ınternal notıceboard statements and newsletters, keeps them ınformed of the Group's progress

The Company continues to be commıtted to the health, safety and welfare of ıts employees and to observe the terms of the Health & Safety at Work Act 1974 and all other relevant regulatory and legislatıve requırements It ıs the polıcy of the Company that there shall be no dıscrımınatıon or less favourable treatment of employees, workers or job applıcants ın respect of race, colour, ethnıc or natıonal orıgıns, relıgıous belıefs, sex, sexual orıentatıon, dısabılıty, polıtıcal belıefs or marıtal status Full consıderatıon wıll be given to suıtable applıcatıons for employment from dısabled persons, where they have the necessary abılıtıes and skılls for that posıtıon, and, wherever possıble, to re-traın employees who have become dısabled so that they can contınue theır employment ın another posıtıon The Group and ıts subsıdıarıes engage, promote and traın staff on the basıs of theır capabılıtıes, qualıficatıons and experıence, wıthout dıscrımınatıon, gıvıng all employees an equal opportunıty to progress wıthin the Group

Fastline Limited
Directors' report
for the period ended 2 April 2007 (continued)

Creditor payment terms

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

During the period ended 2 April 2007 the Company on average paid its creditors within 63 days (2006 61 days) of receipt of the invoice

Environment

The Company's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business During the period covered by this report the Company has not incurred any fines or penalties or been investigated for any breach of environmental regulations

Statement of directors' responsibilities for the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and 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 as at the end of the financial period 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare 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 which 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

Fastline Limited
Directors' report
for the period ended 2 April 2007 (continued)

Disclosure to the auditors

At the date of making this report each of the Company's directors, as set out above, confirm the following

- so far as each director is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

Auditors

RSM Robson Rhodes LLP ("Robson Rhodes") merged its audit practice with that of Grant Thornton UK LLP ("Grant Thornton") with effect from 2 July 2007, with the successor firm being Grant Thornton Robson Rhodes resigned as auditors on 2 July 2007, creating a casual vacancy which the directors have filled by appointing Grant Thornton

By order of the board

On behalf of
Secretariat Services Limited
Secretary

14 August 2007

Fastline Limited

Independent Auditors' Report to the Shareholders of Fastline Limited

We have audited the financial statements on pages 9 to 20 These financial statements have been prepared on the basis of the accounting policies set out therein

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 financial statements in accordance with applicable law and United Kingdom 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 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

Fastline Limited

Independent Auditors' Report to the Shareholders of Fastline Limited (continued)

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 affairs of the company as at 2 April 2007 and of its loss for the period then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the directors' report is consistent with the financial statements

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors

Leeds, England
14 August 2007

Fastline Limited
Profit and loss account
for the period ended 2 April 2007

	Notes	Period ended 2 April 2007 £'000	Year ended 31 March 2006 £'000
Turnover	2	**95,432**	108,386
Cost of sales		**(83,137)**	(83,976)
Gross profit		**12,295**	24,410
Administration expenses		**(16,704)**	(20,455)
Operating (loss) / profit	3	**(4,409)**	3,955
Dividends received from subsidiaries		**20**	305
Interest receivable	7	**2,578**	7
Interest payable and similar charges	8	**(6,154)**	(1,479)
(Loss)/profit on ordinary activities before taxation		**(7,965)**	2,788
Taxation	9	**(221)**	(274)
(Loss)/profit on ordinary activities after taxation	18	**(8,186)**	2,514

The results reported above reflect the continuing operations of the Company

The company has no recognised gains and losses other than the losses for the period ended 2 April 2007 and the profit for the year ended 31 March 2006 and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 11 to 20 form part of these financial statements

Fastline Limited
Balance sheet
as at 2 April 2007

	Notes	2 April 2007 £'000	31 March 2006 £'000
Fixed assets			
Tangible fixed assets	10	**15,742**	17,436
Investments	11	**20,487**	20,487
		36,229	37,923
Current assets			
Stocks - work in progress	12	**1,184**	1,398
Debtors	13	**19,967**	20,281
Cash at bank and in hand		**311**	-
		21,462	21,679
Creditors. amounts falling due within one year	15	**(74,159)**	(75,751)
Net current liabilities		**(52,697)**	(54,072)
Total assets less current liabilities		**(16,468)**	(16,149)
Creditors amounts falling due after more than one year	16	**(7,898)**	(31)
Net liabilities		**(24,366)**	(16,180)
Capital and reserves			
Called up share capital	17	**5,000**	5,000
Profit and loss account	18	**(29,366)**	(21,180)
Equity shareholders' deficit	18	**(24,366)**	(16,180)

The notes on pages 11 to 20 form part of these financial statements

The financial statements on pages 9 to 20 were approved by the Board on 14 August 2007 and were signed on its behalf by

M A A Akinlade
Director

Fastline Limited
Notes to the financial statements
for the period ended 2 April 2007

1. Principal accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards and the Companies Act 1985 The results are presented for the financial period 1 April 2006 to 2 April 2007 As a parent undertaking of a large group, the Company has extended its reporting period by two days in line with the reporting period of the Jarvis plc Group The comparative results are for the financial period 1 April 2005 to 31 March 2006

The Company is a subsidiary undertaking of Jarvis plc and is dependent upon the continued provision of financial support by Jarvis plc and its subsidiary undertakings in order to meet its liabilities as they fall due

(b) 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 lives of the assets concerned

The principal rates of depreciation used for this purpose are

Plant and machinery	5% - 20% 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 is charged to the profit and loss account in the period it arises

(c) Stocks

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

(d) Long-term contracts

When the outcome of a long-term contract can be estimated reliably, contract revenue is recognised by reference to the degree of completion of each contract, based on the amounts certified and to be certified by the customer

Incentive payments and insurance claims arising from long-term contracts are included where they have been agreed with the client Variations and other claims are included where it is probable that the amount will be settled, based on agreements in principle with the customer When the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable

1. Principal accounting policies (continued)

(d) Long-term contracts (continued)

Contract costs are recognised as expenses in the period in which they are incurred When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately

(e) 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 yet 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)

(f) Taxation

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

(g) 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 disposal 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 expected to apply in the period in which the timing differences reverse, based on tax rates enacted at the balance sheet date

Fastline Limited
Notes to the financial statements
for the period ended 2 April 2007 (continued)

1. Principal accounting policies (continued)

(h) 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

(i) Pensions

The Company contributes to defined contribution pension schemes and to personal pension plans according to the arrangements agreed with employees Contributions paid by the Company are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

The Company contributes to defined benefit pension schemes according to the arrangements agreed with employees These schemes are valued every three years by a qualified actuary, the rates of contribution payable being determined by the actuary In the intervening years, the appropriateness of the last valuation is reviewed annually The Company is unable to identify its share of the underlying assets and liabilities of these defined benefit schemes on a consistent and reasonable basis and is therefore accounting for these as defined contribution schemes, in accordance with FRS 17 - Retirement Benefits

(j) 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

(k) Related party transactions

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

(l) Consolidated accounts

By virtue of section 228 of the Companies Act 1985, the results of the Company's subsidiary undertakings have not been consolidated in these financial statements as the Company is itself a wholly owned subsidiary of Jarvis plc, a company incorporated in England & Wales, which is preparing consolidated accounts The financial statements present information about the Company and not its group

2. Turnover

Turnover excludes value added tax and represents the value of contract work carried out during the period All turnover arises from operations within the United Kingdom with the exception of £317,000 (2006 £nil) which has arisen from operations within other European countries

3. Operating (loss) / profit

	Period ended 2 April 2007 £'000	Year ended 31 March 2006 £'000
This is stated after charging / (crediting)		
Hire of plant and machinery	**14,847**	34,997
Depreciation charge for the period		
- Tangible owned fixed assets	**2,345**	(1,206)
- Tangible fixed assets held under finance leases	**96**	140
Loss on disposal of fixed assets	**-**	155
Impairment charge	**2,720**	-
Operating lease rentals - plant and machinery	**16,845**	19,548
Redundancy costs	**1,544**	570

The redundancy costs arise from the Group's ongoing overhead reduction and rationalisation programme

The audit fees for the period ended 2 April 2007 and the year ended 31 March 2006 were borne by a fellow group undertaking

4. Directors' emoluments

	Period ended 2 April 2007 £'000	Year ended 31 March 2006 £'000
Aggregate emoluments	**193**	173
Contributions to defined contribution pension arrangements	**26**	14
	219	187

Highest Paid Director

	Period ended 2 April 2007 £'000	Year ended 31 March 2006 £'000
Aggregate emoluments	**193**	173
Contributions to defined contribution pension arrangements	**26**	14
	219	187

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

5. Employee information

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

	Period ended 2 April 2007 Number	Year ended 31 March 2006 Number
Plant operations	**756**	726
Transport	**25**	25
Freight	**15**	-
Total	**796**	751

The employment costs of all employees included above were

	Period ended 2 April 2007 £'000	Year ended 31 March 2006 £'000
Wages and salaries	**29,216**	27,225
Social security costs	**2,955**	2,759
Pension costs	**1,436**	887
	33,607	30,871

6. Retirement benefits

The Company operates a number of pension arrangements comprising both defined benefit and defined contribution schemes The Railway Pension Scheme (RPS) is the only material scheme for the purpose of calculating defined benefit costs and pension scheme assets and liabilities, in accordance with FRS17 – Retirement Benefits The RPS is a funded UK defined benefit scheme, the assets of which are held in trustee administered funds separate from the Company and the Group

The defined benefit schemes are closed to new entrants, other than for new employees who qualify for participation in the RPS Other eligible new employees are offered participation in the Group's defined contribution scheme

Eligible employees participate in three shared cost sections of the RPS, comprising Jarvis Facilities, Fastline and Relayfast sections The Company is unable to identify its share of the RPS underlying assets and liabilities on a consistent and reasonable basis and is therefore accounting for it as a defined contribution scheme, in accordance with FRS 17

The IAS19 surplus on the three Jarvis sections of the RPS, as recognised in the Jarvis plc annual report and accounts, was £36 4 million (2006 £22 0 million) At a group level a valuation on an FRS 17 basis is not performed

For the period ended 31 March 2007, employer contributions to the three Jarvis sections of the RPS were 9% of pensionable pay until 17 June 2006, after which date they increased to 16 74%, 16 56% and 16 2% for the Relayfast, Fastline, and Jarvis Facilities sections respectively Total employer contributions paid by the Company in respect of the three RPS sections for the period ended 31 March 2007 were £1 2 million (2006 £0 6 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 period ended 2 April 2007 was £0 3 million (2006 £0 3 million)

7. Interest receivable

	Period ended 2 April 2007 £'000	Year ended 31 March 2006 £'000
Interest receivable from other group undertakings	**2,514**	7
Other bank interest	**64**	-
	2,578	7

8. Interest payable and similar charges

	Period ended 2 April 2007 £'000	Year ended 31 March 2006 £'000
On loans from ultimate parent undertaking	**4,148**	1,460
On finance leases	**8**	19
Other bank interest	**1,998**	-
	6,154	1,479

9. Taxation

(a) Analysis of tax charge in the period

	Period ended 2 April 2007 £'000	Year ended 31 March 2006 £'000
Current tax		
United Kingdom corporation tax	-	-
Adjustment in respect of previous years	**(231)**	272
Payment for group relief	-	2
Current tax (credit)/charge	**(231)**	274
Deferred tax		
Origination and reversal of timing differences	**452**	-
Tax charge on (loss)/profit on ordinary activities	**221**	274

(b) Factors affecting current tax (credit)/charge

	Period ended 2 April 2007 £'000	Year ended 31 March 2006 £'000
(Loss)/profit on ordinary activities before taxation	**(7,965)**	2,788
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	**(2,390)**	836
Effects of		
Expenses not deductible for tax purposes	**236**	(72)
Capital allowances for the year in excess of depreciation	**119**	366
Utilisation of tax losses	**2,035**	(1,094)
Short-term timing differences	**452**	(34)
Adjustment to tax charge in respect of previous years	**(231)**	272
Current tax charge for the period (note 9(a))	**221**	274

Fastline Limited
Notes to the financial statements
for the period ended 2 April 2007 (continued)

10. Tangible fixed assets

	Plant, equipment & motor vehicles
Cost	**£'000**
At 1 April 2006	33,846
Reclassify opening balance	(9,350)
Additions	3,539
Disposals	(72)
At 2 April 2007	**27,963**
Depreciation	
At 1 April 2006	16,410
Reclassify opening balance	(9,350)
Charge for the period	2,441
Impairment	2,720
At 2 April 2007	**12,221**
Net Book Value	
At 2 April 2007	**15,742**
At 31 March 2006	17,436

The expected useful lives of specific items of plant have been revised during the period from 3 years to 5 years The impact of this change in estimate has been to increase the net book value of plant and reduce the loss for the year by £2,058,000

During the period, certain assets that had previously been fully impaired were refurbished and, in accordance with FRS11, the impairment previously charged on those assets was reversed The impact of this reversal was to increase the net book value of plant and equipment at 2 April 2007 by £24,000 (2006 £Nil)

Where an asset has been refurbished, the policy of the Company is to extend the life of that asset by five years and this policy has been applied for the first time in this period This has resulted in an increase in the net book value of the assets of £200,000 (2006 £Nil)

11. Investment in subsidiaries

	2 April 2007 £'000	31 March 2006 £'000
Cost		
At 1 April 2006	20,487	7,152
Acquisition - Jarvis Plant Hire (Holdings) Limited	-	1,508
- On Track Plant Limited	-	11,827
At 2 April 2007	**20,487**	**20,487**

Name of undertaking	Country of Incorporation	Description of shares held	Nature of Business	Holding
Jarvis Plant Hire (Holdings) Limited	England and Wales	Ordinary	Intermediate holding company	100%
On Track Plant Limited	England and Wales	Ordinary	Hire of rail plant	100%

Fastline Limited
Notes to the financial statements
for the period ended 2 April 2007 (continued)

12. Stocks - work in progress

	2 April 2007 £'000	31 March 2006 £'000
Stock of spares	**1,184**	1,398

13. Debtors

	2 April 2007 £'000	31 March 2006 £'000
Amounts falling due within one year		
Trade debtors	**14,418**	9,996
Amounts recoverable on contracts	**1,005**	3,228
Prepayments and accrued income	**4,544**	1,586
Amounts owed by group undertakings	-	2,009
Other taxation	-	3,010
Deferred tax (note 14)	-	452
	19,967	20,281

Included in prepayments is an amount of £300,000 (2006 £Nil) which is recoverable after more than one year

14. Deferred tax asset

	2 April 2007 £'000	31 March 2006 £'000
Deferred tax asset		
At 1 April 2006	**452**	452
Charge to the profit and loss account (note 9a)	**(452)**	-
At 2 April 2007	-	452
The deferred tax asset consists of		
Accelerated capital allowances	-	452
	-	452

15. Creditors: amounts falling due within one year

	2 April 2007 £'000	31 March 2006 £'000
Bank loan	**17,337**	-
Bank overdraft	-	352
Trade creditors	**3,711**	5,318
Amounts owed to group undertakings	**45,697**	61,484
Obligations under finance leases	**32**	120
Corporation tax due	-	1,265
Other taxation and social security	**1,482**	11
Other creditors	**60**	205
Accruals and deferred income	**5,840**	6,996
	74,159	75,751

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

Fastline Limited
Notes to the financial statements
for the period ended 2 April 2007 (continued)

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

	2 April 2007 £'000	31 March 2006 £'000
Bank loan	**25,235**	-
Obligations under finance leases	**-**	151
Less included in creditors falling due within one year	**(17,337)**	(120)
	7,898	31
The borrowing is repayable over the following period		
Not later than one year	**17,337**	120
Between one and two years	**882**	31
Between two and five years	**7,016**	-
	25,235	151

The Group completed a refinancing of its banking facilities on 27 July 2006 with a new three-year committed facility of £67m arranged by Burdale Financial Limited, the secured asset-based lending subsidiary of the Bank of Ireland, secured by way of a fixed and floating charge on the Group's assets, in particular its plant, machinery and receivables under its rail renewals and plant hire contracts Fastline Limited, on behalf of the Group, is a borrower under the terms of this facility agreement

The new facilities are split into a senior tranche of up to £55m and a subordinated facility of up to £12m The margin on the senior facility is up to 3 75 per cent over LIBOR while the margin on the subordinated facility is 8 per cent over LIBOR (rising to 10 per cent in certain circumstances) The senior facility may incur a further two per cent margin (and the subordinated facility may incur a further four per cent margin) if there is a continuing event of default (or a continuing event of subordinated default) The senior facility comprises both term and revolving facilities £5 4m of the revolving portion is subject to monthly reductions from January 2007 onwards The subordinated facility is subject to repayments of £2m in January 2008 and a further £2m in January 2009, subject to cashflow and headroom tests Voluntary repayment of the subordinated facility is not permitted for one year from signing Repayment of the subordinated facility is subject to cash flow and headroom tests and the facilities are subject to an EBITDA financial covenant

17. Share capital

	2 April 2007 No '000	31 March 2006 No '000
Authorised		
Ordinary shares of £1 each	**10,000**	10,000

	2 April 2007 £'000	31 March 2006 £'000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**5,000**	5,000

18. Reconciliation of movements in shareholders' deficit

	Share capital	Profit & loss account	Total shareholders' deficit
	£'000	£'000	£'000
At 1 April 2006	5,000	(21,180)	(16,180)
Loss for the period	-	(8,186)	(8,186)
At 2 April 2007	**5,000**	(29,366)	(24,366)

19. Capital and lease commitments

The Company had no capital commitments at 2 April 2007 (2006 £1,179,000)

20. 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 £67m as at 2 April 2007 (2006 £38 5m) The Group completed a refinancing of its banking facilities on 27 July 2006 with a new committed facility of £67m arranged by Burdale Financial Limited, the secured asset-based lending subsidiary of the Bank of Ireland, secured by way of a fixed and floating charge on the Group's assets, in particular its plant, machinery and receivables under its rail renewal and plant hire contracts These facilities will expire on 26 July 2009 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

21. Financial commitments

The Company has the following obligations under non-cancellable operating leases

	2 April 2007 Vehicles, plant and machinery	31 March 2006 Vehicles, plant and machinery
	£'000	£'000
Expiring within one year	**9,827**	13,310
Expiring between two and five years	**13,478**	15,897
Expiring in over five years	**1,770**	631
	25,075	29,838

22. 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 and incorporated in England and Wales, whose annual report and financial statements may be obtained from the Secretary, Jarvis plc, Meridian House, The Crescent, York, YO24 1AW