

No. K29998



SKY GROUP OF COMPANIES PLC  
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 24TH MARCH 2005



GERALD EDELMAN

CHARTERED ACCOUNTANTS

25 HARLEY STREET · LONDON W1G 9BR

T +44 (0)20 7299 1400 · F +44 (0)20 7299 1401

E [gemail@geraldedelman.com](mailto:gemail@geraldedelman.com)

[www.geraldedelman.com](http://www.geraldedelman.com)

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2005

INDEX

| <u>CONTENTS</u>  | <u>PAGE</u> |
|--|-------------|
| REPORT OF THE DIRECTORS  | 1 - 2       |
| INDEPENDENT AUDITORS' REPORT   | 3           |
| CONSOLIDATED PROFIT AND LOSS ACCOUNT   | 4           |
| CONSOLIDATED BALANCE SHEET   | 5           |
| PARENT COMPANY BALANCE SHEET   | 6           |
| CASH FLOW STATEMENT  | 7           |
| NOTES TO THE FINANCIAL STATEMENTS  | 8 - 15      |
| THE FOLLOWING SCHEDULES ARE FOR MANAGEMENT INFORMATION PURPOSES ONLY AND DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS: |             |
| PARENT COMPANY'S DETAILED PROFIT AND LOSS ACCOUNT  | 16          |

# SKY GROUP OF COMPANIES PLC

## REPORT OF THE DIRECTORS

The directors submit their report and the audited consolidated financial statements for the year ended 24th March 2005.

### ACTIVITY

The principal activity of the group is property investment, dealing and development.

### RESULTS AND STATE OF AFFAIRS

The financial statements on pages 4 to 15 set out the consolidated results for the year ended 24th March 2005 and reflect the state of the company's and group's affairs at that date.

### DIVIDEND

The directors declared and paid interim dividends of £48,000 (2004: £48,000) during the year.

### FIXED ASSETS

Details of movements of fixed assets are shown in notes 9 and 10 to the financial statements. The directors have reviewed the open market values of the investment properties at 24th March 2005 and they consider them to have a value in excess of cost, but the cost of a professional valuation would not be justified.

### CREDITOR PAYMENT POLICY

The group's operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is the group's policy that payments to suppliers are made in accordance with those terms provided that suppliers also comply with all relevant terms and conditions. Details of the number of days' purchases represented by year end trade creditors are not given as there were no company nor group trade creditors at 24th March 2005.

### DIRECTORS AND THEIR INTERESTS

The members of the board during the year and their interests, including family interests, in the company's shares were as follows:-

|                                 | Interest<br>at end of year<br><u>number of shares</u> | Interest<br>at beginning of year<br><u>number of shares</u> |
|---------------------------------|---|---|
| M.L.A. Rose                     | -   | -   |
| J. Rose (resigned 19 July 2004) | -   | -   |
| N.Rose (appointed 19 July 2004) | -   | -   |

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by United Kingdom company law 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 results for that year.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements and that applicable accounting standards have been followed. The financial statements have been prepared on the going concern basis.

The directors are also responsible for maintaining 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 preventing and detecting fraud and other irregularities.

SKY GROUP OF COMPANIES PLC


REPORT OF THE DIRECTORS  
(CONTINUED)

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting for the re-appointment of Gerald Edelman, who have expressed their willingness to continue in office as auditors for the ensuing year.

BY ORDER OF THE BOARD

Dated .....  
23 September 2005

 ..... CHAIRMAN  
M. ROSE

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SKY GROUP COMPANIES PLC

We have audited the financial statements of Sky Group of Companies Plc on pages 4 to 15 for the year ended 24<sup>th</sup> March 2005. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and 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 auditor's 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

As described in the statement of directors' responsibilities on page 1-2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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 director 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.

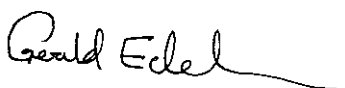
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 and the group's affairs as at 24<sup>th</sup> March 2005 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

25 Harley Street  
London W1G 9BR

23 September 2005

  
GERALD EDELMAN  
REGISTERED AUDITOR AND  
CHARTERED ACCOUNTANTS

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 24TH MARCH 2005

|   | <u>Note</u> | <u>2005</u> | <u>2004</u> |
|---|-------------|-------------|-------------|
|   |             | £           | £           |
| Sale of properties  |             | -           | 87,937      |
| Cost of sales   |             | -           | (1,900)     |
| <u>Gross profit</u>   |             | -           | 86,037      |
| Gross rental and service charge income                      |             | 431,887     | 393,302     |
| Net property outgoings                                      |             | (156,345)   | (75,228)    |
| <u>Net revenue from properties</u>                          |             | 275,542     | 318,074     |
| <u>Gross profit</u>   |             | 275,542     | 404,111     |
| Administrative expenses                                     |             | (74,835)    | (84,106)    |
| Other operating income                                      |             | 3,942       | 4,741       |
| <u>Trading profit</u>                                       | 2           | 204,649     | 324,746     |
| Share of loss of associated undertakings                    |             | (187,916)   | (50)        |
|   |             | 16,733      | 324,696     |
| Other interest receivable and similar income                | 4           | 38,475      | 61,723      |
| Interest payable and similar charges                        | 5           | (189,693)   | (175,504)   |
| <u>(Loss)/profit on ordinary activities before taxation</u> |             | (134,485)   | 210,915     |
| Taxation  | 6           | (19,504)    | (29,298)    |
| <u>(Loss)/profit on ordinary activities after taxation</u>  |             | (153,989)   | 181,617     |
| Dividends   | 7           | (48,000)    | (48,000)    |
| <u>Net (loss)/profit for the financial year</u>             | 8           | (201,989)   | £133,617    |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

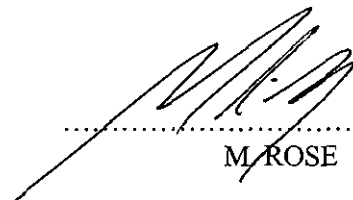
There are no recognised gains and losses other than those passing through the profit and loss account.

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 24TH MARCH 2005

|  | <u>Note</u> | <u>2005</u>        | <u>2004</u>        |
|--|-------------|--------------------|--------------------|
|  |             | £                  | £                  |
| <u>FIXED ASSETS</u>  |             |                    |                    |
| Tangible assets  | 9           | 1,493,612          | 1,494,778          |
| Investments  | 10          | 5,033,154          | 5,221,070          |
|  |             | <u>6,526,766</u>   | <u>6,715,848</u>   |
| <u>CURRENT ASSETS</u>  |             |                    |                    |
| Stock of properties  | 11          | 838,243            | 838,243            |
| Debtors  | 12          | 129,401            | 84,448             |
| Cash at bank and in hand                                       |             | 824,117            | 1,005,869          |
|  |             | <u>1,791,761</u>   | <u>1,928,560</u>   |
| <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>          | 13          | <u>(2,134,567)</u> | <u>(2,150,605)</u> |
| <u>NET CURRENT LIABILITIES</u>                                 |             | (342,806)          | (222,045)          |
| <u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>                   |             | 6,183,960          | 6,493,803          |
| <u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u> | 14          | <u>(455,950)</u>   | <u>(563,804)</u>   |
|  |             | <u>5,728,010</u>   | <u>5,929,999</u>   |
| <u>CAPITAL AND RESERVES</u>                                    |             |                    |                    |
| Called up share capital  | 15          | 100,000            | 100,000            |
| Other reserve  | 16          | 1,050,820          | 1,050,820          |
| Profit and loss account  | 17          | 4,577,190          | 4,779,179          |
|  | 18          | <u>5,728,010</u>   | <u>5,929,999</u>   |

The financial statements on pages 4 to 15 were approved by the board of directors on 23 September 2005 and were signed on its behalf by:

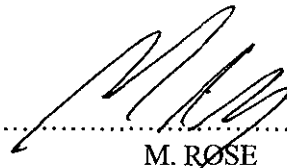
  
 .....DIRECTOR  
 M. ROSE

SKY GROUP OF COMPANIES PLC

BALANCE SHEET AS AT 24TH MARCH 2005

|   | <u>Note</u> | <u>2005</u>        | <u>2004</u>        |
|---|-------------|--------------------|--------------------|
|   |             | £                  | £                  |
| <u>FIXED ASSETS</u>                                   |             |                    |                    |
| Tangible assets                                       | 9           | 6,600              | 7,766              |
| Investments   | 10          | 302                | 302                |
|   |             | <u>6,902</u>       | <u>8,068</u>       |
| <u>CURRENT ASSETS</u>                                 |             |                    |                    |
| Debtors   | 12          | 2,853,078          | 2,576,936          |
| Cash at bank and in hand                              |             | <u>700,764</u>     | <u>838,390</u>     |
|   |             | 3,553,842          | 3,415,326          |
| <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u> |             |                    |                    |
|   | 13          | <u>(2,326,453)</u> | <u>(2,340,834)</u> |
| <u>NET CURRENT ASSETS</u>                             |             |                    |                    |
|   |             | <u>1,227,389</u>   | <u>1,074,492</u>   |
|   |             | <u>1,234,291</u>   | <u>1,082,560</u>   |
| <u>CAPITAL AND RESERVES</u>                           |             |                    |                    |
| Called up share capital                               | 15          | 100,000            | 100,000            |
| Profit and loss account                               | 17          | <u>1,134,291</u>   | <u>982,560</u>     |
|   | 18          | <u>1,234,291</u>   | <u>1,082,560</u>   |

The financial statements on pages 4 to 15 were approved by the board of directors on 23 September 2005 and were signed on its behalf by:

  
 .....DIRECTOR  
 M. ROSE



SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

CASH FLOW STATEMENT FOR THE YEAR ENDED 24TH MARCH 2005

|   | <u>Note</u> | <u>2005</u>             | <u>2004</u>             |
|---|-------------|-------------------------|-------------------------|
|   |             | £                       | £                       |
| Net cash movement from operating activities                                   | 19          | 172,816                 | (136,845)               |
| <u>Returns on investments and servicing of finance</u>                        |             |                         |                         |
| Interest received   |             | 38,475                  | 61,673                  |
| Interest paid   |             | <u>(189,693)</u>        | <u>(175,504)</u>        |
| <u>Net cash movement from returns on investments and servicing of finance</u> |             | (151,218)               | (113,831)               |
| Taxation  |             | (49,242)                | (29,298)                |
| <u>Equity dividends paid</u>  |             | <u>(48,000)</u>         | <u>(48,000)</u>         |
| <u>Cash outflow before use of liquid resources and financing</u>              |             | (75,644)                | (327,974)               |
| <br><u>FINANCING</u>  |             |                         |                         |
| Repayment of bank loan  |             | <u>(106,108)</u>        | <u>(101,985)</u>        |
| Decrease in cash in the year  | 20,21       | <u><u>(181,752)</u></u> | <u><u>(429,959)</u></u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2005

1. ACCOUNTING POLICIES

The principal accounting policies adopted are as follows:-

a) Convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investment properties, and in accordance with applicable accounting standards.

b) Consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the parent company and its subsidiary undertakings made up to the end of the financial year. The results of subsidiaries sold or acquired are included in the profit and loss account up to or from the date of the control passes. Intra-group sales and profits are eliminated fully on consolidation.

In accordance with S230 of the Companies Act 1985, a separate profit and loss account for the parent company is not presented with these financial statements.

c) Associated undertakings

The group's share of post acquisition retained profits and reserves of the associated undertakings are included in the consolidated balance sheet. The consolidated profit and loss account for the year includes the relevant share of the results of associated undertakings for the 18 months to 30 June 2004 when the companies changed their accounting reference date to 30 June from 31 December.

d) Investment properties

In accordance with Statement of Standard Accounting Practice No. 19:-

- i) Properties held for investment are periodically revalued. Where the revaluation is adopted in the group's financial statements the net surplus is transferred to the revaluation reserve.
- ii) No depreciation is provided in respect of the investment properties. The directors consider that this accounting policy, which is a departure from the accounting requirement of the Companies Act 1985, is necessary to ensure that the financial statements show a true and fair view.

e) Trading properties

Properties which are held for trading are included at the lower of cost and net realisable value.

f) Depreciation

Depreciation is provided on all tangible fixed assets, except investment properties, at annual rates calculated to write off the cost of each asset over its expected useful life, as follows:

|                                  |                               |
|----------------------------------|-------------------------------|
| Fixtures, fittings and equipment | - 15% reducing balance method |
|----------------------------------|-------------------------------|

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2005 (CONTINUED)

1. ACCOUNTING POLICIES - (continued)

g) Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

h) Pension costs

The company operates a defined contribution scheme. The charge to the profit and loss account is the contribution paid to the scheme in respect of the period.

i) Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Recognition of deferred tax asset is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. The company has not adopted a policy of discounting deferred tax assets and liabilities.

Investment properties are held as long term investments and there is no intention to dispose of them. Therefore, no provision is made for the potential liability to taxation which would result in the event of realisation of the properties at the amounts at which they are stated in the financial statements. If they were disposed of, the taxation liability could amount to approximately £Nil.

j) Turnover

Turnover is derived from proceeds received on the sale of properties.

2. TRADING PROFIT

|  | <u>2005</u>       | <u>2004</u>       |
|--|-------------------|-------------------|
|  | £                 | £                 |
| Trading profit is stated after charging: |                   |                   |
| Staff costs (note 3)                     | 558               | 18,317            |
| Auditors' remuneration                   | 28,417            | 25,355            |
| Depreciation                             | 1,166             | 1,370             |
|  | <u>          </u> | <u>          </u> |

3. STAFF COSTS

| a) <u>Staff costs comprise:</u> | <u>2005</u>       | <u>2004</u>       |
|---------------------------------|-------------------|-------------------|
|                                 | £                 | £                 |
| Wages and salaries              | -                 | 16,667            |
| Social security costs           | 558               | 1,650             |
|                                 | <u>          </u> | <u>          </u> |
|                                 | 558               | £18,317           |
|                                 | <u>          </u> | <u>          </u> |

b) Employees

The average number of employees, in administration, during the year was 2. (2004 - 2).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2005 (CONTINUED)

3. STAFF COSTS - (continued)

|   | <u>2005</u> | <u>2004</u> |
|---|-------------|-------------|
|   | £           | £           |
| c) <u>Directors' remuneration</u>                                       |             |             |
| i) Directors' remuneration is included in staff costs and consists of:- |             |             |
| Fees, including benefits in kind  | -           | £ 16,667    |

4. INVESTMENT INCOME

|                | <u>2005</u>    | <u>2004</u>     |
|----------------|----------------|-----------------|
|                | £              | £               |
| Bank interest  | 37,314         | 43,955          |
| Other interest | 1,161          | 17,768          |
|                | <u>£38,475</u> | <u>£ 61,723</u> |

5. INTEREST PAYABLE

|                | <u>2005</u>     | <u>2004</u>     |
|----------------|-----------------|-----------------|
|                | £               | £               |
| Bank interest  | 38,104          | 38,841          |
| Other interest | 151,589         | 136,663         |
|                | <u>£189,693</u> | <u>£175,504</u> |

6. TAXATION

|  | <u>2005</u>      | <u>2004</u>    |
|--|------------------|----------------|
|  | £                | £              |
| Domestic current year tax  |                  |                |
| UK corporation tax   | 9,660            | 39,398         |
| Prior year adjustment  | 9,844            | (10,100)       |
| Current tax charge   | <u>19,504</u>    | <u>29,298</u>  |
| Factors affecting the tax charge for the year  |                  |                |
| Profit/(loss) on ordinary activities before taxation   | <u>(134,485)</u> | <u>210,915</u> |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2003 : 30.00%) | <u>(40,346)</u>  | <u>63,275</u>  |
| Effects of:  |                  |                |
| Non deductible expenses  | 4,860            | 3,646          |
| Depreciation   | 350              | 411            |
| Capital allowances   | (4,986)          | (6,648)        |
| Tax losses utilised  | -                | (29,730)       |
| Taxation attributable to associated undertaking  | 56,375           | 10,319         |
| Adjustments to previous periods  | 9,844            | (10,100)       |
| Other tax adjustments  | <u>(6,593)</u>   | <u>(1,875)</u> |
| Current tax charge   | <u>19,504</u>    | <u>29,298</u>  |

**SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2005 (CONTINUED)**

|    |   |                  |                                       |
|----|---|------------------|---------------------------------------|
| 7. | <b>DIVIDENDS</b>                              | <u>2005</u>      | <u>2004</u>                           |
|    |   | £                | £                                     |
|    | Ordinary interim dividends paid               | <u>48,000</u>    | <u>48,000</u>                         |
| 8. | <b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b> | <u>2005</u>      | <u>2004</u>                           |
|    |   | £                | £                                     |
|    | The group profit/(loss) is attributable to:   |                  |                                       |
|    | Parent company                                | 151,731          | 149,986                               |
|    | Subsidiary undertakings                       | (165,804)        | (16,369)                              |
|    | Associated undertakings                       | (187,916)        | -                                     |
|    |   | <u>(201,989)</u> | <u>£ 133,617</u>                      |
| 9. | <b>TANGIBLE FIXED ASSETS</b>                  |                  |                                       |
|    | a) <u>The Group</u>                           |                  |                                       |
|    |   | <u>Total</u>     | <u>Freehold investment properties</u> |
|    | <u>Cost/valuation</u>                         | £                | £                                     |
|    | At 25th March 2004 and 25th March 2005        | <u>1,528,662</u> | <u>1,487,012</u>                      |
|    | <u>Depreciation</u>                           |                  |                                       |
|    | At 24th March 2004                            | 33,884           | -                                     |
|    | Charge for the year                           | 1,166            | 1,166                                 |
|    | At 24 <sup>th</sup> March 2005                | <u>35,050</u>    | <u>-</u>                              |
|    | <u>Balance sheet as at 24th March 2005</u>    | <u>1,493,612</u> | <u>1,487,012</u>                      |
|    | <u>Balance sheet as at 24th March 2004</u>    | <u>1,494,778</u> | <u>1,487,012</u>                      |
|    |   |                  | <u>6,600</u>                          |
|    |   |                  | <u>7,766</u>                          |

The group's freehold investment properties are included in the financial statements at cost which, in the opinion of the directors, have a value in excess of cost but the cost of a professional valuation would not be justified.

|  |                |                              |
|--|----------------|------------------------------|
| b) <u>The Company</u>                      |                |                              |
|  | <u>Total</u>   | <u>Fixtures and fittings</u> |
| <u>Cost</u>                                | £              | £                            |
| At 25th March 2004 and 25th March 2005     | <u>41,650</u>  | <u>41,650</u>                |
| <u>Depreciation</u>                        |                |                              |
| At 25th March 2004                         | 33,884         | 33,884                       |
| Charge for the year                        | 1,166          | 1,166                        |
| At 24th March 2005                         | <u>35,050</u>  | <u>35,050</u>                |
| <u>Balance sheet as at 24th March 2005</u> | <u>6,600</u>   | <u>6,600</u>                 |
| <u>Balance sheet as at 24th March 2004</u> | <u>£ 7,766</u> | <u>7,766</u>                 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2005 (CONTINUED)

10. FIXED ASSET INVESTMENTS

|    |   |                                     |
|----|---|-------------------------------------|
| a) | <u>The Group</u>                          | <u>Associated undertakings</u><br>£ |
|    | <u>Shares at cost</u>                     |                                     |
|    | At 25th March 2004                        | 779,363                             |
|    | Share of post acquisition reserves        | 4,253,791                           |
|    | At 24th March 2005                        | <u>5,033,154</u>                    |
| b) | <u>Parent Company</u>                     | <u>Subsidiary undertakings</u><br>£ |
|    | <u>Shares at cost</u>                     |                                     |
|    | At 25th March 2004 and 24th March 2005    | <u>302</u>                          |
| c) | <u>Details of fixed asset investments</u> |                                     |

The group's and the company's fixed asset investments and shareholdings therein are as follows:

Company

| <u>Name</u>                      | <u>Country of incorporation</u> | <u>Class of Shares held</u> | <u>Proportion shares held direct/indirect</u> | <u>Activity</u>     |
|----------------------------------|---------------------------------|-----------------------------|---|---------------------|
| <u>Subsidiary undertakings</u>   |                                 |                             |   |                     |
| Sky Properties Limited           | England and Wales               | Ordinary                    | 100%  | Property dealing    |
| Sky Invest Limited               | England and Wales               | Ordinary                    | 100%  | Property investment |
| Geoplanetary Investments Limited | England and Wales               | Ordinary                    | 100%  | Dormant             |
| Subject Properties Limited       | England and Wales               | Ordinary                    | 100%  | Dormant             |
| <u>Associated undertakings</u>   |                                 |                             |   |                     |
| Riverview Holdings Limited       | England and Wales               | Ordinary 'B'                | 25%   | Property investment |
| Blastland Limited                | England Wales                   | Ordinary                    | 25%   | Property investment |
| Imagegreen Limited               | England and Wales               | Ordinary                    | 25%   | Property investment |
| Alphaxa Limited                  | England and Wales               | Ordinary                    | 25%   | Dormant             |
| Citywoode Limited                | England and Wales               | Ordinary                    | 25%   | Dormant             |
| Skyewoode Estates Limited        | England and Wales               | Ordinary                    | 25%   | Dormant             |
| Vylake Limited                   | England and Wales               | Ordinary                    | 25%   | Dormant             |
| <u>Joint ventures</u>            |                                 |                             |   |                     |
| Lloyds Wharf                     | England                         | -                           | 70%   | Property investment |
| Alma Road                        | England                         | -                           | 50%   | Property investment |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2005 (CONTINUED)

| 11. STOCK  | <u>The Group</u> |                  | <u>Parent Company</u> |                   |
|--|------------------|------------------|-----------------------|-------------------|
|  | <u>2005</u>      | <u>2004</u>      | <u>2005</u>           | <u>2004</u>       |
|  | £                | £                | £                     | £                 |
| Trading properties   | 838,243          | 838,243          | -                     | -                 |
|  | <u>838,243</u>   | <u>838,243</u>   | <u>-</u>              | <u>-</u>          |
|  |                  |                  |                       |                   |
| 12. DEBTORS  | <u>The Group</u> |                  | <u>Parent Company</u> |                   |
|  | <u>2005</u>      | <u>2004</u>      | <u>2005</u>           | <u>2004</u>       |
|  | £                | £                | £                     | £                 |
| Trade debtors  | 12,950           | -                | -                     | -                 |
| Amount due from subsidiary undertaking                         | -                | -                | 2,847,467             | 2,570,271         |
| Amount due from associated undertaking                         | 60,834           | 15,834           | -                     | -                 |
| Other debtors  | 52,171           | 67,092           | 3,508                 | 6,665             |
| Prepayments and accrued income                                 | 3,446            | 1,522            | 2,103                 | -                 |
|  | <u>129,401</u>   | <u>£84,448</u>   | <u>2,853,078</u>      | <u>£2,576,936</u> |
|  |                  |                  |                       |                   |
| 13. CREDITORS: AMOUNTS FALLING DUE<br>WITHIN ONE YEAR          | <u>The Group</u> |                  | <u>Parent Company</u> |                   |
|  | <u>2005</u>      | <u>2004</u>      | <u>2005</u>           | <u>2004</u>       |
|  | £                | £                | £                     | £                 |
| Bank loans and overdrafts(note 14)                             | 40,759           | 39,013           | -                     | -                 |
| Other loan   | 2,000,000        | 2,000,000        | 2,000,000             | 2,000,000         |
| Corporation tax  | 9,660            | 39,398           | -                     | 29,079            |
| Other creditors  | 23,827           | 24,105           | 2,556                 | 1,765             |
| Other taxes & social security                                  | 5,244            | -                | 5,244                 | -                 |
| Amounts due to subsidiary undertakings                         | -                | -                | 273,426               | 273,426           |
| Accruals and deferred income                                   | 55,034           | 48,046           | 45,184                | 36,521            |
| Directors' current account                                     | 43               | 43               | 43                    | 43                |
|  | <u>2,134,567</u> | <u>2,150,605</u> | <u>2,326,453</u>      | <u>2,340,834</u>  |
|  |                  |                  |                       |                   |
| 14. CREDITORS: AMOUNTS FALLING DUE AFTER<br>MORE THAN ONE YEAR | <u>The Group</u> |                  | <u>Parent Company</u> |                   |
|  | <u>2005</u>      | <u>2004</u>      | <u>2005</u>           | <u>2004</u>       |
|  | £                | £                | £                     | £                 |
| Bank loans   | <u>£455,950</u>  | <u>£563,804</u>  | <u>£ -</u>            | <u>£ -</u>        |

The bank borrowings are secured on certain of the trading and investment properties and bear interest at between 2% and 2½% above LIBOR.

| 15. CALLED UP SHARE CAPITAL              | <u>2005</u>      | <u>2004</u>      |
|--|------------------|------------------|
|  |                  |                  |
| <u>Authorised, issued and fully paid</u> |                  |                  |
| 100,000 Ordinary shares of £1 each       | <u>£ 100,000</u> | <u>£ 100,000</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2005 (CONTINUED)

|     |  |                    |                    |                       |
|-----|--|--------------------|--------------------|-----------------------|
| 16. | <u>OTHER RESERVE</u>   |                    | <u>The Group</u>   | <u>Parent Company</u> |
|     |  | <u>2005</u>        | <u>2004</u>        | <u>2005</u>           |
|     |  | £                  | £                  | £                     |
|     | Balance at 25 March 2004 and 24 March 2005   | <u>1,050,820</u>   | <u>1,050,820</u>   | <u>-</u>              |
| 17. | <u>PROFIT AND LOSS ACCOUNT</u>   |                    | <u>The Group</u>   | <u>Parent Company</u> |
|     |  | <u>2005</u>        | <u>2004</u>        | <u>2005</u>           |
|     |  | £                  | £                  | £                     |
|     | Balance at 25th March 2004   | 4,779,179          | 4,645,562          | 982,560               |
|     | Retained (loss)/profit for the year  | (201,989)          | 133,617            | 151,731               |
|     | <u>Balance at 24th March 2005</u>  | <u>£ 4,577,190</u> | <u>£ 4,779,179</u> | <u>£ 1,134,291</u>    |
| 18. | <u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>                                |                    | <u>The Group</u>   | <u>Parent Company</u> |
|     |  | <u>2005</u>        | <u>2004</u>        | <u>2005</u>           |
|     |  | £                  | £                  | £                     |
|     | (Loss)/profit for the financial year   | (201,989)          | 133,617            | 151,731               |
|     | Opening shareholders' funds  | 5,929,999          | 5,796,382          | 1,082,560             |
|     | Closing shareholders' funds  | <u>5,728,010</u>   | <u>5,929,999</u>   | <u>1,234,291</u>      |
| 19. | <u>RECONCILIATION OF OPERATING PROFIT TO NET CASH MOVEMENT FROM OPERATING ACTIVITIES</u> |                    | <u>2005</u>        | <u>2004</u>           |
|     |  |                    | £                  | £                     |
|     | Trading profit   |                    | 204,649            | 324,746               |
|     | Depreciation charges   |                    | 1,166              | 1,370                 |
|     | Movement in stocks   |                    | -                  | 500                   |
|     | Movement in debtors  |                    | (44,953)           | 47,796                |
|     | Movement in creditors  |                    | 11,954             | (511,257)             |
|     | <u>Net cash movement from operating activities</u>                                       |                    | <u>172,816</u>     | <u>(136,845)</u>      |
| 20. | <u>ANALYSIS OF CHANGES IN NET FUNDS</u>  | <u>25 March</u>    | <u>Cashflow</u>    | <u>25 March</u>       |
|     |  | <u>2004</u>        | <u>2005</u>        | <u>2005</u>           |
|     |  | £                  | £                  | £                     |
|     | <b>Net cash:</b>   |                    |                    |                       |
|     | Cash at bank and in hand   | 1,005,869          | (181,752)          | 824,117               |
|     | <b>Debt:</b>   |                    |                    |                       |
|     | Bank loan:   | (602,817)          | (106,108)          | (496,709)             |
|     | <b>Net funds</b>   | <u>403,052</u>     | <u>(75,644)</u>    | <u>327,408</u>        |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2005 (CONTINUED)

|     |   |                  |                  |
|-----|---|------------------|------------------|
| 21. | <u>RECONCILIATION OF NET CASH FLOW TO MOVEMENTS<br/>IN NET DEBT</u> | <u>2005</u><br>£ | <u>2004</u><br>£ |
|     | Decrease in cash in year  | (181,752)        | (429,959)        |
|     | Cash movement from decrease in debt                                 | 106,108          | 101,985          |
|     | Net movement in net funds in the year                               | (75,644)         | (327,974)        |
|     | Opening net funds   | 403,052          | 731,026          |
|     | Closing net funds   | 327,408          | 403,052          |

22. CONTINGENT LIABILITY

The company has guaranteed the bank borrowings of one of its subsidiary undertakings, which amounted to £49,294 at 24th March 2005 (2004 - £90,052).

|     |                                   |                           |                    |                      |                      |
|-----|-----------------------------------|---------------------------|--------------------|----------------------|----------------------|
| 23. | <u>RELATED PARTY TRANSACTIONS</u> | <u>2005</u>               | <u>2005</u>        | <u>2004</u>          | <u>2004</u>          |
|     |                                   |                           | Balance            |                      | Balance              |
|     | <u>Party</u>                      | <u>Relationship</u>       | <u>Transaction</u> | <u>Value</u>         | <u>Value</u>         |
|     |                                   |                           | <u>Value</u>       | <u>due from/(to)</u> | <u>due from/(to)</u> |
|     |                                   |                           | £                  | £                    | £                    |
|     | M. Rose                           | Director                  | Loan account       | -                    | (43)                 |
|     | Riverview<br>Holdings Limited     | Associated<br>undertaking | Loan account       | 45,000               | 60,834               |
|     |                                   |                           |                    | 79,375               | 15,834               |

The group has taken advantage of the exemptions available whereby no disclosure is required for related party transactions and balances fully eliminated on consolidation.