




Gerald Edelman

 Chartered Accountants

Company Registration No: 01529998 (England and Wales)

SKY GROUP OF COMPANIES PLC
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 24TH MARCH 2008

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SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES
FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2008

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SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS

The directors submit their report and the audited consolidated financial statements for the year ended 24th March 2008

ACTIVITY

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

BUSINESS REVIEW

The directors consider that the results are satisfactory and expect further suitable progress

RESULTS AND STATE OF AFFAIRS

The financial statements on pages 5 to 17 set out the consolidated results for the year ended 24th March 2008 and reflect the state of the company's and group's affairs at that date

DIVIDEND

The directors declared and paid interim dividends of £64,000 (2007 £64,000) 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 2008 and they consider them to have a value in excess of cost, but the cost of a professional valuation would not be justified

FUTURE DEVELOPMENTS

The directors intend to continue the development of the group's activities. The directors will pursue their established management policies and it is anticipated that there will be an effective response to the challenges of the coming year. Ongoing projects in the year ended 24th March 2008 have progressed and the group's results will reflect this in the coming years.

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 2008.

DIRECTORS AND THEIR INTERESTS

The members of the board during the year were as follows -

M L A Rose

N Rose

J Rose

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS
(CONTINUED)

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 and the group 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.

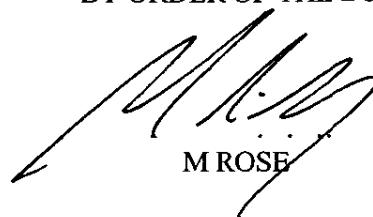
The directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for preventing and detecting fraud and other irregularities.

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

Date 14th October 2008



M ROSE

CHAIRMAN

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

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

We have audited the financial statements of Sky Group of Companies Plc and its Subsidiaries on pages 5 to 17 for the year ended 24th March 2008. 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 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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 and the group'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.

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

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

QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT SCOPE

The group's investment properties have not been re valued at the year end date as required by Statement of Standard Accounting Practice No 19 We have been unable to obtain any independent information to enable us to quantify the effects of this non-compliance on the financial statements

Except for the effect of any adjustments that would be necessary in stating the investment properties at open market value, in our opinion the financial statements

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and the group's affairs as at 24th March 2008 and of its results for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985.



GERALD EDELMAN
REGISTERED AUDITOR AND
CHARTERED ACCOUNTANTS

25 Harley Street
London W1G 9BR

Date 14th October 2008

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 24TH MARCH 2008

	<u>Note</u>	<u>2008</u>	<u>2007</u>
		£	£
Sale of properties		472,500	447,750
Cost of sales		(61,294)	(51,867)
		<u>411,206</u>	<u>395,883</u>
Gross rental and service charge income		344,298	491,697
Net property outgoings		(110,121)	(148,000)
<u>Net revenue from properties</u>		<u>234,177</u>	<u>343,697</u>
<u>Gross profit</u>		<u>645,383</u>	<u>739,580</u>
Administrative expenses		(108,608)	(110,100)
		<u>536,775</u>	<u>629,480</u>
Other operating income		3,455	6,842
<u>Trading profit</u>	2	<u>540,230</u>	<u>636,322</u>
Share of profit of associated undertakings		44,777	345,978
		<u>585,007</u>	<u>982,300</u>
Other interest receivable and similar income	4	99,179	51,381
Interest payable and similar charges	5	(135,115)	(157,931)
<u>Profit/(loss) on ordinary activities before taxation</u>		<u>549,071</u>	<u>875,750</u>
Taxation	6	(23,067)	(27,543)
<u>Net profit/(loss) for the financial year</u>	8	<u><u>526,004</u></u>	<u><u>848,207</u></u>

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

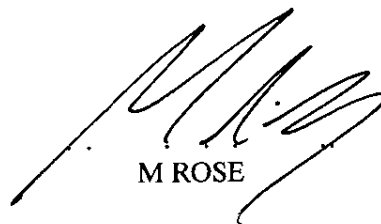
SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES
NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 24TH MARCH 2008

Note of historical cost profits and losses	<u>2008</u>	<u>2007</u>
	<u>£</u>	<u>£</u>
Reported profit/(loss) on ordinary activities before taxation	<u>549,071</u>	<u>875,750</u>
Historical cost profit/(loss) on ordinary activities before taxation	<u>549,071</u>	<u>875,750</u>
Historical cost profit/(loss) for the year retained after taxation and dividends	<u>462,004</u>	<u>784,207</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS AT 24TH MARCH 2008

	<u>Note</u>	<u>2008</u>	<u>2007</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	9	1,812,113	1,261,394
Investments	10	3,152,602	3,107,825
		<u>4,964,715</u>	<u>4,369,219</u>
<u>CURRENT ASSETS</u>			
Stock of properties	11	747,750	797,770
Debtors	12	56,840	55,879
Cash at bank and in hand		<u>1,736,561</u>	<u>2,212,360</u>
		2,541,151	3,066,009
<u>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	13	<u>(1,361,712)</u>	<u>(2,103,078)</u>
<u>NET CURRENT ASSETS/(LIABILITIES)</u>		<u>1,179,439</u>	<u>962,931</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>6,144,154</u>	<u>5,332,150</u>
<u>CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR</u>	14	<u>(350,000)</u>	-
		<u>5,794,154</u>	<u>4,369,219</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	15	100,000	100,000
Other reserve	16	896,993	896,993
Profit and loss account	17	<u>4,797,161</u>	<u>4,335,157</u>
	18	<u>5,794,154</u>	<u>5,332,150</u>

The financial statements on pages 5 to 17 were approved by the board of directors on 14th October 2008 and were signed on its behalf by


M ROSE

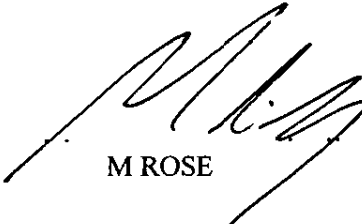
DIRECTOR

SKY GROUP OF COMPANIES PLC

BALANCE SHEET AS AT 24TH MARCH 2008

	<u>Note</u>	<u>2008</u>	<u>2007</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	9	4,054	4,770
Investments	10	302	302
		<u>4,356</u>	<u>5,072</u>
<u>CURRENT ASSETS</u>			
Debtors	12	2,010,860	2,008,328
Cash at bank and in hand		<u>1,662,262</u>	<u>1,975,665</u>
		3,673,122	3,983,993
<u>CREDITORS AMOUNTS FALLING DUE WITHIN</u>			
<u>ONE YEAR</u>	13	<u>(2,018,380)</u>	<u>(2,507,877)</u>
<u>NET CURRENT ASSETS</u>		<u>1,654,742</u>	<u>1,476,116</u>
		<u>1,659,098</u>	<u>1,481,188</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	15	100,000	100,000
Profit and loss account	17	<u>1,559,098</u>	<u>1,381,188</u>
	18	<u>1,659,098</u>	<u>1,481,188</u>

The financial statements on pages 5 to 17 were approved by the board of directors on 14th October 2008 and were signed on its behalf by


M ROSE

DIRECTOR

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES
CASH FLOW STATEMENT FOR THE YEAR ENDED 24TH MARCH 2008

	<u>Note</u>	<u>2008</u>	<u>2007</u>
		£	£
Net cash movement from operating activities	19	603,255	517,442
<u>Returns on investments and servicing of finance</u>			
Interest received		99,179	51,381
Interest paid		<u>(135,115)</u>	<u>(157,931)</u>
<u>Net cash movement from returns on investments and servicing of finance</u>		(35,936)	(106,550)
Taxation		(27,683)	(3,661)
<u>Capital expenditure and financial investments</u>			
Purchase of tangible fixed assets		(551,435)	(279,389)
Sale of tangible fixed assets, 50% of joint venture		-	-
<u>Acquisitions and disposals</u>			
Share buy back in participating interest		-	993,892
<u>Equity dividends paid</u>		<u>(64,000)</u>	<u>(64,000)</u>
<u>Cash inflow/(outflow) before use of liquid resources and financing</u>		(75,799)	1,057,734
<u>FINANCING</u>			
<u>Debt due within a year</u>			
Repayment of bank loan		(750,000)	-
<u>Debt due after a year</u>			
Bank loan		350,000	-
Increase/(decrease) in cash in the year	20, 21	<u>(475,799)</u>	<u>1,057,734</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2008

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. The true and fair view overrides provisions of the Companies Act 1985 have been invoked, see 'Investment properties' below.

b) Consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the parent company and its subsidiary undertakings, joint arrangements 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 Section 230 of the Companies Act 1985, a separate profit and loss account for the parent company is not presented with these financial statements.

The group's interest in joint arrangements have been included in the financial statements on the basis of the group's share of assets and liabilities in the joint arrangements in accordance with Financial Reporting Standard No 9 Associates and Joint Ventures.

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 period to 30 June 2007, being the last available accounts.

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
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SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2008 (CONTINUED)

1 ACCOUNTING POLICIES - (continued)

g) 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.

h) Turnover

Turnover comprises amounts receivable from sale of trading properties, rents and service charge receivable net of Value Added Tax.

i) Investments

Fixed asset investments are stated at cost less provision for diminution in value.

2 <u>TRADING PROFIT</u>	<u>2008</u>	<u>2007</u>
	£	£
Trading profit is stated after charging		
Staff costs (note 3)	22,409	23,038
Auditors' remuneration	26,957	22,671
Depreciation	716	840
	<u>22,409</u>	<u>23,038</u>

3 STAFF COSTS

a) <u>Staff costs comprise</u>	<u>2008</u>	<u>2007</u>
	£	£
Wages and salaries	20,000	20,000
Social security costs	2,409	3,038
	<u>22,409</u>	<u>23,038</u>

b) Employees

The average number of employees, in administration, during the year was 3 (2007 - 3)

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2008 (CONTINUED)

3	<u>STAFF COSTS - (continued)</u>	<u>2008</u>	<u>2007</u>
		£	£
	c) <u>Directors' remuneration</u>		
	i) Directors' remuneration is included in staff costs and consists of -		
	Fees, including benefits in kind	<u>20,000</u>	<u>20,000</u>
4	<u>INVESTMENT INCOME</u>	<u>2008</u>	<u>2007</u>
		£	£
	Bank interest	98,169	49,005
	Other interest	<u>1,010</u>	<u>2,376</u>
		<u>99,179</u>	<u>51,381</u>
5	<u>INTEREST PAYABLE</u>	<u>2008</u>	<u>2007</u>
		£	£
	Bank interest	11,166	-
	Other interest	<u>123,949</u>	<u>157,931</u>
		<u>135,115</u>	<u>157,931</u>
6	<u>TAXATION</u>	<u>2008</u>	<u>2007</u>
		£	£
	Domestic current year tax		
	UK corporation tax	22,958	27,574
	Prior year adjustment	<u>109</u>	<u>(31)</u>
	Current tax charge	<u>23,067</u>	<u>27,543</u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	<u>549,071</u>	<u>875,750</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2007 30.00%)	<u>164,721</u>	<u>262,725</u>
	Effects of		
	Non deductible expenses	6,291	6,143
	Depreciation	840	252
	Capital allowances	(2,104)	(2,805)
	Tax losses utilised	(61,490)	(238,741)
	Other taxation adjustments	79,421	-
	Adjustments to previous periods	<u>109</u>	<u>(31)</u>
	Current tax charge	<u>23,067</u>	<u>27,543</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2008 (CONTINUED)

7	<u>DIVIDENDS</u>	<u>2008</u> £	<u>2007</u> £
	Ordinary interim dividends paid	<u>64,000</u>	<u>64,000</u>
8	<u>RETAINED PROFIT FOR THE FINANCIAL YEAR</u>	<u>2008</u> £	<u>2007</u> £
	The group profit/(loss) is attributable to		
	Parent company	177,910	93,974
	Subsidiary undertakings	239,317	344,255
	Associated undertakings	44,777	345,978
		<u>462,004</u>	<u>784,207</u>
9	<u>TANGIBLE FIXED ASSETS</u>		
	a) <u>The Group</u>		
	<u>Cost/valuation</u>	<u>Total</u> £	Freehold investment properties £
	At 25 th March 2007	1,298,274	1,256,624
	Additions	551,435	551,435
	At 24 th March 2008	<u>1,849,709</u>	<u>1,808,059</u>
	<u>Depreciation</u>		Fixtures fittings and equipment £
	At 25 th March 2007	36,880	36,880
	Charge for the year	716	716
	At 24 th March 2008	<u>37,596</u>	<u>37,596</u>
	<u>Balance sheet as at 24th March 2008</u>	<u>1,812,113</u>	<u>1,808,059</u>
	<u>Balance sheet as at 24th March 2007</u>	<u>1,261,394</u>	<u>4,770</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>Cost</u>	<u>Total</u> £	Fixtures and fittings £
At 25 th March 2007 and 24 th March 2008	<u>41,650</u>	<u>41,650</u>
<u>Depreciation</u>		
At 25 th March 2007	36,880	36,880
Charge for the year	716	716
At 24 th March 2008	<u>37,596</u>	<u>37,596</u>
<u>Balance sheet as at 24th March 2008</u>	<u>4,054</u>	<u>4,054</u>
<u>Balance sheet as at 24th March 2007</u>	<u>4,770</u>	<u>4,770</u>

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2008 (CONTINUED)

10 FIXED ASSET INVESTMENTS

a) <u>The Group</u>	<u>Associated undertakings</u> £
<u>Shares at cost</u>	
At 25 th March 2007	3,107,825
Share of profit	44,777
At 24 th March 2008	<u>3,152,602</u>

b) <u>Parent Company</u>	<u>Subsidiary undertakings</u> £
<u>Shares at cost</u>	
At 25 th March 2007 and 24 th March 2008	<u>302</u>

c) Details of fixed asset investments

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'	29 17%	Property investment
Blastland Limited	England Wales	Ordinary	29 17%	Property investment
Imagegreen Limited	England and Wales	Ordinary	29 17%	Property investment
Alphaxa Limited	England and Wales	Ordinary	29 17%	Dormant
Citywoode Limited	England and Wales	Ordinary	29 17%	Dormant
Skyewoode Estates Limited	England and Wales	Ordinary	29 17%	Dormant
Vylake Limited	England and Wales	Ordinary	29 17%	Dormant
Sir John Lyons House Management Ltd	England and Wales	Ordinary	29 17%	Dormant
<u>Joint arrangements</u>				
Lloyds Wharf	England	-	70%	Property investment
Lordship Lane	England	-	50%	Property investment

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2008
(CONTINUED)

11	<u>STOCK</u>		<u>The Group</u>		<u>Parent Company</u>
		<u>2008</u> £	<u>2007</u> £	<u>2008</u> £	<u>2007</u> £
	Trading properties	747,750	797,770	-	-
		<u>747,750</u>	<u>797,770</u>	<u>-</u>	<u>-</u>
12	<u>DEBTORS</u>		<u>The Group</u>		<u>Parent Company</u>
		<u>2008</u> £	<u>2007</u> £	<u>2008</u> £	<u>2007</u> £
	Trade debtors	1,000		1,000	-
	Amount due from subsidiary undertaking	-	-	2,003,269	2,003,460
	Amount due from associated undertaking	-	10,000	-	-
	Other debtors	51,519	45,005	5,884	3,994
	Prepayments and accrued income	4,321	874	707	874
		<u>56,840</u>	<u>55,879</u>	<u>2,010,860</u>	<u>2,008,328</u>
13	<u>CREDITORS AMOUNTS FALLING DUE</u> <u>WITHIN ONE YEAR</u>		<u>The Group</u>		<u>Parent Company</u>
		<u>2008</u> £	<u>2007</u> £	<u>2008</u> £	<u>2007</u> £
	Other loan	1,250,000	2,000,000	1,250,000	2,000,000
	Corporation tax	22,958	27,574	14,581	16,886
	Other creditors	17,787	23,042	2,285	1,529
	Other taxes & social security	7,501	146	-	88
	Amounts due to subsidiary undertakings	-	-	708,086	446,908
	Accruals and deferred income	63,466	52,316	43,428	42,466
		<u>1,361,712</u>	<u>2,103,078</u>	<u>2,018,380</u>	<u>2,507,877</u>
14	<u>CREDITORS AMOUNTS FALLING DUE AFTER</u> <u>MORE THAN ONE YEAR</u>		<u>The Group</u>		<u>Parent Company</u>
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	Bank loans	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

The bank loan is secured by way of a legal mortgage over one of the group's investment properties

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2008
(CONTINUED)

15	<u>CALLED UP SHARE CAPITAL</u>	<u>2008</u>	<u>2007</u>	
		£	£	
	<u>Authorised, issued and fully paid</u>			
	100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	
16	<u>OTHER RESERVE</u>	<u>The Group</u>	<u>Parent Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	£	£	£	£
	Balance at 25 th March 2007	896,993	-	-
	Transfer to profit and loss account	-	-	-
	<u>Balance at 24th March 2008</u>	<u>896,993</u>	<u>-</u>	<u>-</u>
17	<u>PROFIT AND LOSS ACCOUNT</u>	<u>The Group</u>	<u>Parent Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	£	£	£	£
	Balance at 25 th March 2007	4,335,157	1,381,188	1,287,214
	Profit/(loss) for the year	526,004	241,910	157,974
	Dividends paid	(64,000)	(64,000)	(64,000)
	<u>Balance at 24th March 2008</u>	<u>4,797,161</u>	<u>1,559,098</u>	<u>1,381,188</u>
18.	<u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>	<u>The Group</u>	<u>Parent Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	£	£	£	£
	Profit/(loss) for the financial year	526,004	241,910	157,974
	Dividends paid	(64,000)	(64,000)	(64,000)
	Opening shareholders' funds	5,332,150	1,481,188	1,387,214
	<u>Closing shareholders' funds</u>	<u>5,794,154</u>	<u>1,659,098</u>	<u>1,481,188</u>
19	<u>RECONCILIATION OF OPERATING PROFIT TO NET CASH MOVEMENT FROM OPERATING ACTIVITIES</u>	<u>2008</u>	<u>2007</u>	
		£	£	
	Trading profit	540,230	636,322	
	Depreciation charges	716	840	
	Movement in stocks	50,020	40,473	
	Movement in debtors	(961)	61,815	
	Movement in creditors	13,250	(222,008)	
	<u>Net cash movement from operating activities</u>	<u>603,255</u>	<u>517,442</u>	

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24TH MARCH 2008
(CONTINUED)

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<u>ANALYSIS OF CHANGES IN NET FUNDS</u>		25 th March <u>2007</u> £	Cash flow £	24 th March <u>2008</u> £
Net cash:				
Cash at bank and in hand		2,212,360	(475,799)	1,736,561
Debt due within 1 year		(2,000,000)	750,000	(1,250,000)
Debt due after 1 year		-	(350,000)	(350,000)
Net funds		<u>212,360</u>	<u>(75,799)</u>	<u>136,561</u>

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<u>RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT</u>		<u>2008</u> £	<u>2007</u> £
Increase/(decrease) in cash in year		(475,799)	367,113
Cash movement from decrease in debt		400,000	-
Net movement in net funds in the year		75,799	367,113
Opening net funds		212,360	(154,753)
Closing net funds		<u>136,561</u>	<u>212,360</u>

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<u>RELATED PARTY TRANSACTIONS</u>			<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>
<u>Party</u>	<u>Relationship</u>	<u>Transaction</u>	<u>Value</u> £	Balance due from/(to) £	<u>Value</u> £	Balance due from/(to) £
Riverview Holdings Limited	Associated undertaking	Loan account	(10,000)	-	60,459	10,000

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

SKY GROUP OF COMPANIES PLC AND ITS SUBSIDIARIES

PARENT COMPANY'S PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 24TH MARCH 2008

	<u>2008</u>	<u>2007</u>
	£	£
<u>Turnover</u>	382,500	384,982
<u>Administrative expenses</u>		
Directors' remuneration	22,409	23,038
Insurance	825	850
Printing, postage, stationery and advertising	80	-
Telephone	2,776	3,330
Motor, travel and entertaining	39,214	34,424
Legal & professional	9	-
Audit fees	17,825	12,533
Irrecoverable vat	1,229	17,190
Bank charges	474	540
Sundry expenses	7,888	6,697
Depreciation	716	840
	<u>(93,445)</u>	<u>(99,442)</u>
<u>Trading profit</u>	289,055	285,540
Other interest receivable and similar income	91,228	47,220
Interest payable and similar charges	<u>(123,949)</u>	<u>(157,931)</u>
<u>Profit on ordinary activities before taxation</u>	256,334	174,829
Taxation	<u>157</u>	<u>(16,855)</u>
<u>Profit on ordinary activities after taxation</u>	256,491	157,974
Dividends	<u>(64,000)</u>	<u>(64,000)</u>
<u>Retained profit for the year</u>	<u>£ 192,491</u>	<u>£ 93,974</u>