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REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2008
FOR
SKYLON LIMITED



SKYLON LIMITED

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SKYLON LIMITED

COMPANY INFORMATION **FOR THE YEAR ENDED 31ST MARCH 2008**

DIRECTORS

Mr B J C Mire
Mr M J Yun

SECRETARY:

Mr S B Warner

REGISTERED OFFICE:

Trust House
2 Colindale Business Centre
126 Colindale Avenue
London
NW9 5HD

REGISTERED NUMBER:

03213178 (England and Wales)

AUDITORS:

Baker Tilly UK Audit LLP
2 Bloomsbury Street
London
WC1B 3ST

SKYLON LIMITED

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31ST MARCH 2008**

The directors present their report with the financial statements of the company for the year ended 31st March 2008

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Chartered Surveyors including related property management services

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

The directors considered the results for the year to be satisfactory and expect a satisfactory performance in the current year reflecting an expansion of the client base since the year end

Please refer to the directors' report in Trust Property Management Group plc's accounts for further details in relation to risks and uncertainties and future developments for the company

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2008

No dividends were declared or paid in the year

DIRECTORS

Mr B J C Mire has held office during the whole of the period from 1st April 2007 to the date of this report

Other changes in directors holding office are as follows

Mr J L Finegold - resigned 26th October 2007

Mr M J Yun - appointed 26th October 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) 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 audit information and to establish that the company's auditors are aware of that information.

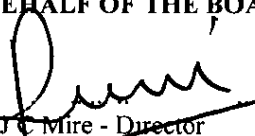
SKYLON LIMITED

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31ST MARCH 2008**

AUDITORS

The auditors, Baker Tilly UK Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:


Mr B J C Mire - Director

Date 23/7/08

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF SKYLON LIMITED

We have audited the financial statements of Skylon Limited for the year ended 31st March 2008 on pages six to fifteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of 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 on page two.

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 Report of the Directors 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 our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors 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.

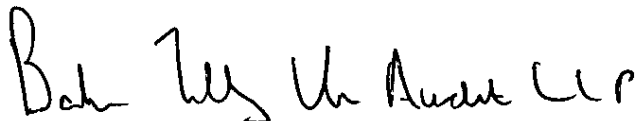
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
SKYLON LIMITED

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 the company's affairs as at 31st March 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



Baker Tilly UK Audit LLP
2 Bloomsbury Street
London
WC1B 3ST

Date

SKYLON LIMITED

PROFIT AND LOSS ACCOUNT **FOR THE YEAR ENDED 31ST MARCH 2008**

	Notes	2008 £	2007 £
TURNOVER			
Continuing operations		738,316	632,728
Acquisitions		<u>108,531</u>	<u>-</u>
		<u>846,847</u>	<u>632,728</u>
Net operating expenses	2	<u>(575,455)</u>	<u>(517,305)</u>
OPERATING PROFIT	4	<u>271,392</u>	<u>115,423</u>
Continuing operations		249,480	115,423
Acquisitions		<u>21,912</u>	<u>-</u>
		<u>271,392</u>	<u>115,423</u>
Interest receivable and similar income		<u>711</u>	<u>819</u>
		272,103	116,242
Interest payable and similar charges	5	<u>(753)</u>	<u>(928)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		271,350	115,314
Tax on profit on ordinary activities	6	<u>(28,503)</u>	<u>(27,182)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>242,847</u>	<u>88,132</u>

TOTAL RECOGNISED GAINS AND LOSSES

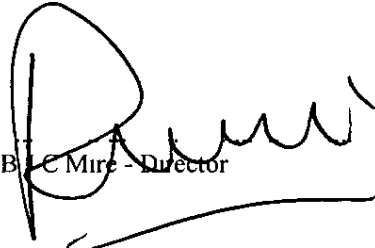
The company has no recognised gains or losses other than the profits for the current year or previous year

SKYLON LIMITED

BALANCE SHEET **31ST MARCH 2008**

	Notes	2008 £	2007 £
FIXED ASSETS			
Intangible assets	8	286,001	-
Tangible assets	9	16,195	23,061
Investments	10	-	1
		<u>302,196</u>	<u>23,062</u>
CURRENT ASSETS			
Debtors	11	529,691	273,823
Cash at bank		<u>50,611</u>	<u>54,196</u>
		580,302	328,019
CREDITORS			
Amounts falling due within one year	12	<u>(426,488)</u>	<u>(136,946)</u>
NET CURRENT ASSETS		<u>153,814</u>	<u>191,073</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		456,010	214,135
PROVISIONS FOR LIABILITIES	14	<u>(930)</u>	<u>(1,902)</u>
NET ASSETS		<u>455,080</u>	<u>212,233</u>
CAPITAL AND RESERVES			
Called up share capital	15	2	2
Profit and loss account	16	<u>455,078</u>	<u>212,231</u>
SHAREHOLDERS' FUNDS	20	<u>455,080</u>	<u>212,233</u>

The financial statements were approved by the Board of Directors on its behalf by


Mr B. C. Mire - Director

23/7/08

and were signed on

The notes form part of these financial statements

SKYLON LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST MARCH 2008**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The company and its subsidiary comprise a small group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company

Turnover

Turnover represents amounts receivable from customers, exclusive of value added tax, in respect of charges for fees, rechargeable expenses and commission. Turnover is recognised so as to reflect the right to consideration as contract activity progresses by reference to the value of work performed. All turnover relates to the principal activity of the company which takes place principally in the United Kingdom

Goodwill

Goodwill representing the excess of the purchase price of the business compared with the fair value of net assets acquired is capitalised and written off evenly over thirty five years as in the opinion of the directors this represents the period over which the goodwill is effective

Tangible fixed assets

Depreciation is provided on all tangible assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows,

Fixtures & fittings	over 5 years
Computer equipment	over 3 years

Hire purchase and leasing commitments

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding

All other leases are "operating leases" and the annual rents are charged to profit and loss account on a straight line basis over the lease term

Pension costs and other post-retirement benefits

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

SKYLON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2008

2 ANALYSIS OF OPERATIONS

	Continuing £	2008 Acquisitions £	Total £
Gross profit	<u>738,316</u>	<u>108,531</u>	<u>846,847</u>

Net operating expenses

Administrative expenses	<u>488,836</u>	<u>86,619</u>	<u>575,455</u>
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	Continuing £	2007 Acquisitions £	Total £
Gross profit	<u>632,728</u>	<u>-</u>	<u>632,728</u>

Net operating expenses

Administrative expenses	<u>517,305</u>	<u>-</u>	<u>517,305</u>
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3 STAFF COSTS

	2008 £	2007 £
Wages and salaries	157,357	96,510
Social security costs	16,227	11,290
Other pension costs	<u>-</u>	<u>26,995</u>
	<u>173,584</u>	<u>134,795</u>

The average monthly number of employees during the year was as follows

	2008	2007
Administration	1	-
Surveying staff	<u>4</u>	<u>3</u>
	<u>5</u>	<u>3</u>

SKYLON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31ST MARCH 2008**

4 OPERATING PROFIT

The operating profit is stated after charging

	2008	2007
	£	£
Other operating leases	8,711	23,102
Depreciation - owned assets	7,978	5,053
Goodwill amortisation	4,070	-
Auditors' remuneration - statutory audit	<u>8,000</u>	<u>5,000</u>
Directors' emoluments	<u>-</u>	<u>51,495</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>-</u>	<u>1</u>
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5 INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Bank interest	<u>753</u>	<u>928</u>

6 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2008	2007
	£	£
Current tax		
UK corporation tax	29,475	25,280
Deferred tax	<u>(972)</u>	<u>1,902</u>
Tax on profit on ordinary activities	<u>28,503</u>	<u>27,182</u>

SKYLON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31ST MARCH 2008**

6 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2008 £	2007 £
Profit on ordinary activities before tax	<u>271,350</u>	<u>115,314</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007 - 30%)	81,405	34,594
Effects of		
Items not deductible for tax purposes	300	108
Capital allowances different to depreciation	2,191	(1,650)
Adjustment for marginal rate of taxation	(3,501)	(7,772)
Losses surrendered by group companies	<u>(50,920)</u>	<u>-</u>
Current tax charge	<u>29,475</u>	<u>25,280</u>

Factors that may affect future tax charges

There are no factors that are likely to affect future tax charges

7 DIVIDENDS

	2008 £	2007 £
Interim (2007 £18,415 per share)	<u>-</u>	<u>36,830</u>

8 INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st April 2007	278,280
Additions (see note 21)	<u>290,071</u>
At 31st March 2008	<u>568,351</u>
AMORTISATION	
At 1st April 2007	278,280
Amortisation for year	<u>4,070</u>
At 31st March 2008	<u>282,350</u>
NET BOOK VALUE	
At 31st March 2008	<u>286,001</u>
At 31st March 2007	<u>-</u>

SKYLON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2008

9 TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1st April 2007	39,383	32,205	71,588
Additions	<u>389</u>	<u>721</u>	<u>1,110</u>
At 31st March 2008	<u>39,772</u>	<u>32,926</u>	<u>72,698</u>
DEPRECIATION			
At 1st April 2007	23,166	25,359	48,525
Charge for year	<u>5,549</u>	<u>2,429</u>	<u>7,978</u>
At 31st March 2008	<u>28,715</u>	<u>27,788</u>	<u>56,503</u>
NET BOOK VALUE			
At 31st March 2008	<u>11,057</u>	<u>5,138</u>	<u>16,195</u>
At 31st March 2007	<u>16,217</u>	<u>6,846</u>	<u>23,063</u>

10 FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1st April 2007	1
Disposals	<u>(1)</u>
At 31st March 2008	<u>-</u>
NET BOOK VALUE	
At 31st March 2008	<u>-</u>
At 31st March 2007	<u>1</u>

The company's investments at the balance sheet date in the share capital of companies include the following

Nesbitt & Mire Limited

Nature of business Dissolved during the year

Class of shares	%
Ordinary	holding 50 00

SKYLON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31ST MARCH 2008**

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Trade debtors	335,456	141,606
Amounts owed by group undertakings	-	115,974
Other debtors	5,279	5,445
Prepayments and accrued income	<u>188,956</u>	<u>10,798</u>
	<u>529,691</u>	<u>273,823</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Trade creditors	23,596	15,706
Amounts owed to group undertakings	241,181	-
Taxation	29,475	34,428
Social security and other taxes	84,151	51,447
Other creditors	7,098	4,224
Directors' current accounts	10,039	10,039
Accrued expenses	<u>30,948</u>	<u>21,102</u>
	<u>426,488</u>	<u>136,946</u>

Money held on behalf of clients, which has not been included in the balance sheet, was £21,810 (2007 £31,341)

13 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	2008	2007
	£	£
Expiring		
Within one year	<u>-</u>	<u>6,930</u>

14 PROVISIONS FOR LIABILITIES

	2008	2007
	£	£
Deferred tax	<u>930</u>	<u>1,902</u>

SKYLON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31ST MARCH 2008**

14 PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1st April 2007	1,902
Accelerated capital allowances	<u>(972)</u>
Balance at 31st March 2008	<u>930</u>

15 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2008 £	2007 £
1,000	Ordinary	£1 00	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid Number	Class	Nominal value	2008 £	2007 £
2	Ordinary	£1 00	<u>2</u>	<u>2</u>

16 RESERVES

	Profit and loss account £
At 1st April 2007	212,231
Profit for the year	<u>242,847</u>
At 31st March 2008	<u>455,078</u>

17 ULTIMATE PARENT COMPANY

The company's ultimate holding company is Trust Property Management Group plc, a company incorporated in England and Wales. The consolidated financial statements of Trust Property Management Group plc are available to the public and copies may be obtained from the company's registered office at Trust House, 2 Colindale Business Centre, 126 Colindale Avenue, London NW9 5HD.

18 CONTINGENT LIABILITIES

The company has provided an unlimited guarantee in respect of the parent company's bank borrowings which are, in addition, secured by a debenture over the assets and undertakings of the company and its fellow subsidiaries. The amount outstanding under these arrangements at 31 March 2008 was £1,205,157 (2007 £Nil).

SKYLON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31ST MARCH 2008**

19 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption granted under FRS8 that transactions do not need to be disclosed with companies where 90% or more of the voting rights are controlled within the group

Within other creditors is a balance of £10,039 (2007 £10,039) due to Mr BJC Mire, a director of the company. This amount is interest free and is repayable on demand.

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Profit for the financial year	242,847	88,132
Dividends	-	(36,830)
Net addition to shareholders' funds	242,847	51,302
Opening shareholders' funds	212,233	160,931
Closing shareholders' funds	<u>455,080</u>	<u>212,233</u>

21 ACQUISITIONS DURING THE YEAR

On 9 June 2007, the parent company, Trust Property Management Group plc, acquired Nightingale Chancellors, a property services business, for a total consideration of £710,000. Nightingale Chancellors generated revenue of £463,000 and profit before tax of £97,000 in the post-acquisition period from 9 June 2007 to 31 March 2008.

If the acquisition of Nightingale Chancellors had occurred on 1 April 2007, the Group's revenues would have been £128,000 higher and the Group profit before tax would have been £32,000 higher.

Net assets acquired

	Book Value	Adjustments	Fair Value
	£	£	2008
			£
Intangible fixed assets – customer relationships	-	445,254	445,254
	-	445,254	445,254
Goodwill			<u>290,071</u>
Total consideration including direct costs			<u>735,325</u>
Satisfied by			
Cash consideration			660,000
Deferred consideration – cash			50,000
Direct costs of acquisition			<u>25,325</u>
			<u>735,325</u>
Net cash outflow arising on acquisition,			
Cash consideration			(660,000)
Bank balances and cash acquired			<u>-</u>
			<u>(660,000)</u>

The goodwill is largely attributable to business reputation, workforce and synergies which have not been recognised as separate intangible assets on the basis that they are not separately identifiable and their fair value cannot be measured reliably.

SKYLON LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31ST MARCH 2008**

The surveying part of the business, represented by the goodwill of £290,071, was hived down into the company

All property management contracts, represented by the customer relationships of £445,254 were hived down to Trust Property Management Limited, a fellow subsidiary