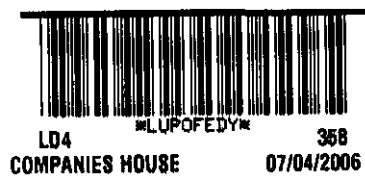


Company Registration No. 02252848

Stockley Park Consortium Limited

Report and Financial Statements

31 December 2005



Stockley Park Consortium Limited

Report and financial statements 2005

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Stockley Park Consortium Limited

Report and Financial Statements 2005

Officers and Professional Advisers

Directors

M H A Broke (Chairman)
H Ichiki
K Shibasaki
J Wythe
M R Turner

Alternate directors

C Perkins for J Wythe
J Rudd-Jones for K Shibasaki
R McDiven for M R Turner

Secretary

J A Cheadle

Registered office

The Management Suite
5 Ironbridge Road
Stockley Park
Uxbridge
Middlesex UB11 1HB

Principal bankers

Lloyds TSB Bank plc
72 Lombard Street
London EC3 3BT

Solicitors

Herbert Smith
Exchange House
Primrose Street
London EC2A 2HS

Linklaters Alliance
One Silk Street
London EC2Y 8HQ

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Stockley Park Consortium Limited

Chairman's Statement

We continue to hold planning consent for a further 50,000 square metres of office buildings on Phase III. The office Park market in the Thames Valley has improved over the last year, but not yet enough to justify speculative development. There is however substantial demand for purpose built data centre space in West London.

Since the year end, we have applied for planning consent to build on Phase III a four storey data centre of 186,000 square feet gross and 148,600 square feet net. We are confident that this will attract tenants and be a successful development.

The accounts for 2005 have been prepared under the new Financial Reporting Standard 25, which requires redeemable preference shares to be shown as debt. This has a particularly perverse effect on our Consolidated Balance Sheet as virtually all the shareholders' investment in the company is held in the form of redeemable preference shares in the same proportion as their holdings of ordinary shares.

The new accounting treatment also affects the appearance of the Consolidated Profit and Loss Account, which treats accrued dividends on those preference shares as if they were an interest-charge, despite the fact that they are only payable from revenue reserves.



Michael Broke

Chairman

27 MAR 2006

Stockley Park Consortium Limited

Directors' Report

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

Principal activity

The principal activity of the company is that of property development. The company's subsidiary undertakings hold property for development and as an investment and provide estate, facilities and project management services at Stockley Park. The directors do not anticipate any major changes in the foreseeable future.

Review of developments

The group's results for the year and state of affairs at 31 December 2005 are set out in the attached financial statements. The group's retained loss for the financial year was £3,787,000 (2004 –restated loss £3,744,000).

The introduction of Financial Reporting Standard 25 has required the group to account for its preference share capital and dividend payments in the current and prior year, as creditors and interest payable respectively. The group has accordingly amended its accounting policy and restated the comparative figures. The directors have accrued a payment of £2,900,000 (2004 – £2,900,000) on the preference shares.

Directors and their interests

The current directors of the company are listed on page 1.

Directors of the company who served throughout the year, except as stated below, and to the date of this report are as follows:

M H A Broke	(Chairman)
H Ichiki	
K Shibasaki	
D Phillips	Resigned 18.03.2005
J Wythe	
M R Turner	Appointed 13.04.2005

Alternate directors

C Perkins for J Wythe	
J Rudd-Jones for K Shibasaki	
R McDiven for M R Turner	Appointed 11.05.2005

No director was beneficially interested in the share capital of the company or any other group company at any time during the year.

Auditors

Deloitte & Touche LLP have indicated their willingness to continue in office in accordance with the provisions of the Companies Act 1985 and a resolution proposing their re-appointment will be put to the sole member at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



J A Cheadle 27 MAR 2006

Stockley Park Consortium Limited

Statement of Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of Stockley Park Consortium Limited

We have audited the group and individual company financial statements (the "financial statements") of Stockley Park Consortium Limited for the year ended 31 December 2005 which comprise the consolidated profit and loss account, the consolidated and individual company balance sheets, the consolidated cash flow statement, and the related notes 1 to 23. 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 Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant framework and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 and other members of the group is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the individual company's affairs as at 31 December 2005 and of the group's loss for the year then ended, and;
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

30/3/2006

Stockley Park Consortium Limited

Consolidated Profit and Loss Account Year ended 31 December 2005

	Notes	2005 £'000	2004 As restated (see note 2) £'000
Turnover	3	711	1,278
Cost of sales		(519)	(711)
Gross profit		192	567
Administrative expenses	4	(1,247)	(1,612)
Operating loss	5	(1,055)	(1,045)
Interest receivable and similar income		171	211
Finance costs - accrued dividend on 5% cumulative redeemable preference shares	7	(2,900)	(2,900)
Loss on ordinary activities before taxation	3	(3,784)	(3,734)
Tax charge on loss on ordinary activities	8	(1)	(7)
Loss on ordinary activities after taxation		(3,785)	(3,741)
Equity minority interests		(2)	(3)
Retained loss for the financial year	20	(3,787)	(3,744)

There are no recognised gains or losses other than the loss for the current year and the profit for the prior year. Consequently, a separate statement of total recognised gains and losses is not presented.

All results are from continuing operations

Stockley Park Consortium Limited

Consolidated Balance Sheet 31 December 2005

			2004 £'000 As restated (see note 2) £'000
	Notes	2005 £'000	
Fixed assets			
Tangible assets	9	58,449	58,314
Investments	10	-	1
		<u>58,449</u>	<u>58,315</u>
Current assets			
Stocks and work-in-progress	11	2,172	2,286
Debtors	12	322	367
Cash at bank and in hand	13	4,172	5,114
		<u>6,666</u>	<u>7,767</u>
Creditors: amounts falling due within one year	14	<u>(1,601)</u>	<u>(1,684)</u>
Net current assets		<u>5,065</u>	<u>6,083</u>
Total assets less current liabilities		<u>63,514</u>	<u>64,398</u>
Creditors: amounts falling due after more than one year			
5% cumulative redeemable preference shares and associated accrued dividends	15	71,960	69,060
Equity minority interests		<u>(6)</u>	<u>(9)</u>
		<u>71,954</u>	<u>69,051</u>
Capital and reserves			
Called up share capital	19	20	20
Profit and loss account	20	(8,460)	(4,673)
Shareholders' deficit	20	<u>(8,440)</u>	<u>(4,653)</u>
		<u>63,514</u>	<u>64,398</u>

These financial statements were approved by the Board of Directors on 27 MAR 2006.

Signed on behalf of the Board of Directors

M H A Broke
Director

Stockley Park Consortium Limited

Company Balance Sheet 31 December 2005

			2004 As restated (see note 2) £'000
	Notes	2005 £'000	£'000
Fixed assets			
Tangible assets	9	198	271
Investments	10	34,940	35,272
		<u>35,138</u>	<u>35,543</u>
Current assets			
Stocks and work-in-progress	11	2,172	2,286
Debtors	12	21,219	20,695
Cash at bank and in hand	13	2,536	3,468
		<u>25,927</u>	<u>26,449</u>
Creditors: amounts falling due within one year	14	<u>(10,271)</u>	<u>(10,310)</u>
Net current assets		<u>15,656</u>	<u>16,139</u>
Total assets less current liabilities		<u>50,794</u>	<u>51,682</u>
Creditors: amounts falling due after more than one year			
5% cumulative redeemable preference shares and associated accrued dividends	15	71,960	69,060
		<u>71,960</u>	<u>69,060</u>
Capital and reserves			
Called up share capital	19	20	20
Profit and loss account	20	(21,186)	(17,398)
Shareholders' deficit	20	<u>(21,166)</u>	<u>(17,378)</u>
		<u>50,794</u>	<u>51,682</u>

These financial statements were approved by the Board of Directors on 27 MAR 2006.

Signed on behalf of the Board of Directors

M H A Broke

Director

Stockley Park Consortium Limited

Consolidated Cash Flow Statement Year ended 31 December 2005

	Notes	2005 £'000	2004 £'000
Net cash outflow from operating activities	16	<u>(890)</u>	<u>(1,272)</u>
Returns on investments and servicing of finance			
Interest received		171	211
Interest paid		<u>-</u>	<u>-</u>
Net cash inflow from returns on investments and servicing of finance		<u>171</u>	<u>211</u>
Taxation			
Corporation tax paid		<u>-</u>	<u>(7)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(224)	(219)
Proceeds on sale of tangible fixed assets		-	1
Proceeds on sale of investment		<u>1</u>	<u>-</u>
Net cash outflow from capital expenditure and financial investment		<u>(223)</u>	<u>(218)</u>
Net cash outflow before use of liquid resources		<u>(942)</u>	<u>(1,286)</u>
Financing			
Repayment of shareholders' loan		<u>-</u>	<u>-</u>
Net cash outflow from financing		<u>-</u>	<u>-</u>
Decrease in cash	17	<u><u>(942)</u></u>	<u><u>(1,286)</u></u>

Stockley Park Consortium Limited

Notes to the Accounts

Year ended 31 December 2005

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. A summary of principal accounting policies is set out below:

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The financial statements of the group include those of the company and its subsidiary undertakings for the year ended 31 December 2005. Details of the subsidiary undertakings are shown in notes 10 and 23 to the accounts.

The parent company has not presented its own profit and loss account as permitted by Section 230(3) of the Companies Act 1985.

Fixed assets and depreciation

Fixed assets are stated at cost less depreciation which is provided to write off the cost of the assets over their estimated economic lives at 25% per annum on a straight-line basis, except for buildings which are depreciated over 20 years on a straight-line basis and freehold land, which is not depreciated. Provision is made for any impairment.

Fixed assets in the course of construction

The company capitalises directly attributable interest on all tangible fixed assets in the course of construction. Where the construction is financed by general borrowings, the interest costs are apportioned across the relevant development projects on a site area basis. Where a specific loan is taken out to finance a fixed asset in the course of construction, all of the interest costs associated with that loan are capitalised to that fixed asset. Interest costs cease to be capitalised whenever construction is suspended or when the construction is substantially complete. Fixed assets in the course of construction are not depreciated until they are brought into operational use.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for any impairment.

Stocks and work-in-progress

Stocks and work-in-progress include all costs incurred in bringing property developments to their present state and are stated at the lower of cost and net realisable value. Costs include interest charges on borrowings and other net outgoings which are directly related to a specific development project. Profit is recognised on the disposal of each building on the legal completion of contracts. In the case of short-term development contracts, where there is a contract for sale, profit is recognised on practical completion of the building.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Stockley Park Consortium Limited

Notes to the Accounts

Year ended 31 December 2005

1. Accounting policies (continued)

Pension and other post retirement benefits

The company operates a money purchase pension scheme. Pension costs are charged to the profit and loss account in the period in which they become payable.

Turnover

Turnover comprises sales to external customers of properties, rental income from completed buildings not yet sold, and income from estate management, all stated net of value added tax.

Finance costs

Finance costs of dividends on non-equity shares are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. Where the finance costs for non-equity shares are not equal to the dividends on these instruments, the difference is also accounted for in the profit and loss account as an appropriation of profits.

2. Prior Year Adjustment

The group and company policy for presenting the cumulative preference shares and the dividends on those shares was changed during the year as a result of the implementation of Financial Reporting Standard 25 from 1 January 2005. Cumulative preference shares of £57,993,000 (2004 £57,993,000) are now accounted for as creditors due after one year, whilst the annual dividend due on the 5% cumulative preference shares of £2,900,000 per annum is treated as a finance cost and accrued for as such. The cumulative accrual of £13,967,000 (2004 £11,067,000) is included within creditor amounts falling due after one year as a consequence of the company not currently having distributable reserves from which to make the payments.

3. Segmental information

Turnover is stated net of value added tax. Turnover and profit before taxation are wholly derived from business carried out within the United Kingdom. Turnover by destination is not materially different from turnover by source.

The turnover, all of which is derived from external customers, and profit before taxation attributed to each business are as follows:

	Turnover	Profit/ (loss) before taxation	Turnover as restated (See Note 2)	Profit/ (loss) before taxation as restated (See Note 2)
	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Property trading - property sales	-	(1,137)	529	(945)
- rental income	115	(2,812)	118	(2,802)
Estates and facilities management	596	165	631	13
	<u>711</u>	<u>(3,784)</u>	<u>1,278</u>	<u>(3,734)</u>

Stockley Park Consortium Limited

Notes to the Accounts

Year ended 31 December 2005

The analysis of the net liabilities of the group by each business segment is as follows:

	2005 £'000	2004 as restated (see Note 2) £'000
Property assets	(8,452)	(4,661)
Estates and facilities management	12	8
	<u>(8,440)</u>	<u>(4,653)</u>

Included within property assets is property investment and trading.

4. Administrative expenses.

	2005 £'000	2004 £'000
Administrative Expenses attributable to Stockley Park Consortium Limited	690	857
Administrative Expenses attributable to Stockley Park Haywards Estate Management Limited	376	433
Property expenses attributable to Stockley Park Phase III Limited .	181	322
	<u>1,247</u>	<u>1,612</u>

5. Operating loss

	2005 £'000	2004 £'000
This is stated after charging:		
Auditors' remuneration for audit services	28	30
Auditors' remuneration for non audit services	17	23
Depreciation of owned fixed assets	89	120
Loss on disposal of fixed assets	-	1
	<u>-</u>	<u>1</u>

Stockley Park Consortium Limited

Notes to the Accounts

Year ended 31 December 2005

6. Information regarding directors and employees

	2005 £'000	2004 £'000
Directors emoluments (excluding pension contributions and awards under share option schemes and other long-term incentive schemes)	125	120
Highest paid director's remuneration:		
Aggregate of emoluments and awards under long-term incentive schemes (excluding pension contributions, share options gains and awards in the form of shares)	125	120

Pension contributions under a money purchase scheme of the highest paid director amounted to £nil for the year (2004 - £nil).

None of the directors received awards under long-term incentive schemes or were members of a defined benefit pension scheme during either the current or the prior year.

	Group and Company 2005 £'000	Group and Company 2004 £'000
Staff costs excluding directors incurred in the year were:		
Salaries	244	281
Social security costs	33	39
Pension costs	24	24
	301	344
Average number of employees during the year:	No.	No.
Management and administration	5	5
	5	5

7. Finance costs

	2005 £'000	2004 As restated (see note 2) £'000
Accrued dividend on 5% cumulative redeemable preference shares	2,900	2,900
	2,900	2,900

Stockley Park Consortium Limited

Notes to the Accounts

Year ended 31 December 2005

8. Tax charge on (loss)/profit on ordinary activities

	2005 £'000	2004 As restated (see note 2) £'000
Current tax charge at the standard rate of UK corporation tax of 30 % based on the loss for the period (2004: 30%)	(1)	(7)
	<u>(1)</u>	<u>(7)</u>
Reconciliation of current tax charge		
Loss on ordinary activities before tax	(3,784)	(3,734)
Tax at 30% thereon:	1,135	1,120
Effects of:		
Expenses not deductible for tax purposes	(873)	(901)
Capital allowances in excess of depreciation	(11)	8
Utilisation of tax losses	(250)	(230)
Other deferred tax movements	(2)	(4)
	<u>(1)</u>	<u>(7)</u>

A deferred tax asset has not been recognised in respect of timing differences relating to accelerated capital allowances and trading losses as there is insufficient evidence that the asset will be recovered in the foreseeable future. The amount of the asset not recognised is £1,224,926 (2004: £978,440). The asset would be recovered if the company increases its capital expenditure and made suitable profits in the future.

Stockley Park Consortium Limited

Notes to the Accounts

Year ended 31 December 2005

9. Tangible fixed assets

Group	Freehold land and buildings £'000	Assets in the course of construction £'000	Motor vehicles £'000	Furniture and equipment £'000	Total £'000
Cost					
At 1 January 2005	382	57,992	29	124	58,527
Additions	-	223	-	1	224
Disposals	-	-	-	(14)	(14)
At 31 December 2005	382	58,215	29	111	58,737
Depreciation					
At 1 January 2005	118	-	29	66	213
Charge for the year	66	-	-	23	89
Disposals	-	-	-	(14)	(14)
At 31 December 2005	184	-	29	75	288
Net book value					
At 31 December 2005	198	58,215	-	36	58,449
At 31 December 2004	264	57,992	-	58	58,314

Assets in the course of construction have been valued by the directors at the lower of cost and net realisable value, assuming plan of constructing further buildings where the group already has planning consent.

Company	Freehold land & buildings £'000	Motor vehicles £'000	Furniture and equipment £'000	Total £'000
Cost				
At 1 January 2005	338	29	85	452
Additions	-	-	1	1
Disposals	-	-	-	-
At 31 December 2005	338	29	86	453
Depreciation				
At 1 January 2005	109	29	43	181
Charge for the year	57	-	17	74
Disposals	-	-	-	-
At 31 December 2005	166	29	60	255
Net book value				
At 31 December 2005	172	-	26	198
At 31 December 2004	229	-	42	271

Stockley Park Consortium Limited

Notes to the Accounts

Year ended 31 December 2005

10. Investments held as fixed assets

	<u>Group</u>		<u>Company</u>	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Investment in subsidiary undertakings	-	-	37,253	37,253
Other investments	-	1	-	1
	-	1	37,253	37,254
Provision against investment in subsidiary undertakings	-	-	(2,313)	(1,982)
	-	1	34,940	35,272

Subsidiary undertakings	Country of registration and operation	Activity	Portion of ordinary shares held
Stockley Park Arena Limited*	England and Wales	Sport and leisure	100%
Stockley Park Investments Limited*	England and Wales	Property investment	100%
Millbrook Facilities Management Limited	England and Wales	Facilities management	100%
Arena Stockley Limited	England and Wales	Dormant	100%
5 The Square Limited*	England and Wales	Property development	100%
Stockley Park Phase 3 Limited*	England and Wales	Property development	100%
Stockley Park Haywards Estate Management Limited (formerly ISGO Stockley Park Limited)*	England and Wales	Estate management	51%
Workplace Solutions International Limited*	England and Wales	Dormant and Non trading	100%
Workplace Solutions UK Limited*	England and Wales	Dormant and Non trading	100%
Alliance Partners Limited*	England and Wales	Dormant and Non trading	100%
Stockley Park West Limited	England and Wales	Dormant and Non trading	100%

The undertakings marked with an * are directly owned by Stockley Park Consortium Limited. The proportion of voting rights of subsidiaries held by the group is the same as the proportion of ordinary shares held.

11. Stocks and work-in-progress

	<u>Group</u>		<u>Company</u>	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Development work-in-progress	2,172	2,286	2,172	2,286

There has been no interest capitalised in the production cost of stocks and work-in-progress of the company and the group.

Stockley Park Consortium Limited

Notes to the Accounts

Year ended 31 December 2005

12. Debtors

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Trade debtors	60	151	43	67
Amounts owed by subsidiary companies	-	-	21,009	20,482
Other debtors	103	156	99	104
VAT recoverable	49	24	19	20
Prepayments and accrued income	110	36	49	22
	<u>322</u>	<u>367</u>	<u>21,219</u>	<u>20,695</u>

13. Cash at bank and in hand

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,012	2,965	1,991	2,934
Held in blocked accounts	2,160	2,149	545	534
	<u>4,172</u>	<u>5,114</u>	<u>2,536</u>	<u>3,468</u>

Cash held in blocked accounts represents deposits with the Highways Agency and London Borough of Hillingdon.

14. Creditors: amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Trade creditors	174	240	71	92
Amounts owed to subsidiary companies	-	-	8,853	8,853
Other taxes and social security costs	45	56	34	39
Accruals and deferred income	1,382	1,388	1,313	1,326
	<u>1,601</u>	<u>1,684</u>	<u>10,271</u>	<u>10,310</u>

Stockley Park Consortium Limited

Notes to the Accounts

Year ended 31 December 2005

15. Creditors: amounts falling due after one year

	Group		Company	
	2005	2004	2005	2004
	£'000	As restated (see note 2) £'000	£'000	As restated (see note 2) £'000
Non-Equity shares				
5% cumulative redeemable preference shares	57,993	57,993	57,993	57,993
Accrued dividend payable on 5% cumulative redeemable preference shares	13,967	11,067	13,967	11,067
	<u>71,960</u>	<u>69,060</u>	<u>71,960</u>	<u>69,060</u>

The preference shares are held by the ordinary shareholders in the same proportion as their ordinary shares. The preference shares carry no voting rights and are currently redeemable at par, by the company, or otherwise, on 31 December 2008, at the option of either the shareholders or the company.

Accrued dividends have been accounted for under Financial Reporting Standard 25. The cumulative accrued dividend is included within creditor amounts falling due after one year as a consequence of the company not currently having distributable reserves from which to make the payments

16 Reconciliation of operating loss to net cash outflow from operating activities

	2005	2004
	£'000	£'000
Operating loss	(1,055)	(1,045)
Depreciation charge	89	120
Decrease/(increase) in debtors	45	(19)
Decrease/(increase) in stocks and work-in-progress	114	(164)
Decrease in creditors	(83)	(165)
Loss on disposal of fixed assets	-	1
Net cash outflow from operating activities	<u>(890)</u>	<u>(1,272)</u>

Stockley Park Consortium Limited

Notes to the Accounts

Year ended 31 December 2005

17 Reconciliation of net cash flow to movement in net debt

	2005 £'000	2004 as restated (see Note 2) £'000
Decrease in free cash in the year	(942)	(1,286)
Cash inflow from payments to blocked accounts	(11)	(166)
Cash outflow from loan repayment to shareholders	-	-
	<u>(953)</u>	<u>(1,452)</u>
Decrease in net cash in the year resulting from cash flows	(953)	(1,452)
Accrued dividend payable on 5% cumulative redeemable preference shares	(2,900)	(2,900)
	<u>(3,853)</u>	<u>(4,352)</u>
Increase in net debt in the year	(3,853)	(4,352)
Net debt at 1 January	(66,095)	(61,743)
Net debt at 31 December	<u>(69,948)</u>	<u>(66,095)</u>

18 Analysis of movements in net debt

	At 1 January 2005 £'000	Cash Flow £'000	Other non-cash changes £'000	At 31 December 2005 £'000
Cash at bank and in hand	2,965	(953)	-	2,012
5% cumulative redeemable preference shares	(57,993)	-	-	(57,993)
Accrued dividend payable on 5% cumulative redeemable preference shares	(11,067)	-	(2,900)	(13,967)
	<u>(66,095)</u>	<u>(953)</u>	<u>(2,900)</u>	<u>(69,948)</u>
Net debt	<u>(66,095)</u>	<u>(953)</u>	<u>(2,900)</u>	<u>(69,948)</u>

Stockley Park Consortium Limited

Notes to the Accounts

Year ended 31 December 2005

19 Called up share capital

	2005 £'000	2004 £'000
Authorised:		
2,018,880 ordinary shares of £1 each	2,019	2,019
8,000 deferred shares of £1 each	8	8
	<u>2,027</u>	<u>2,027</u>
Called up, allotted and fully paid:		
12,000 ordinary shares of £1 each	12	12
8,000 deferred shares of £1 each	8	8
	<u>20</u>	<u>20</u>

20 Shareholders' funds/(deficit) and movements on reserves

	Share capital £'000	Other Reserve £'000	Profit and loss account £'000	Total £'000
Group				
At 31 December 2004 as previously stated	58,013	11,067	(4,673)	64,407
Prior year adjustments (see note 2)	(57,993)	(11,067)	-	(69,060)
At 1 January 2005 (restated)	20	-	(4,673)	(4,653)
Loss for the year	-	-	(3,787)	(3,787)
At 31 December 2005	<u>20</u>	<u>-</u>	<u>(8,460)</u>	<u>(8,440)</u>
Company				
At 31 December 2004 as previously stated	58,013	11,067	(17,398)	51,682
Prior year adjustments (see note 2)	(57,993)	(11,067)	-	(69,060)
At 1 January 2005 (restated)	20	-	(17,398)	(17,378)
Loss for the year	-	-	(3,788)	(3,788)
At 31 December 2005	<u>20</u>	<u>-</u>	<u>(21,186)</u>	<u>(21,166)</u>

The parent company's loss for the financial year amounted to £ 3,788,000 (2004 – loss £3,747,000).

21 Related party transactions

During the year, Stockley Park Consortium Limited received £160,117 of management fees from its 51% owned subsidiary, Stockley Park Haywards Estate Management Limited.

Stockley Park Consortium Limited

Notes to the Accounts

Year ended 31 December 2005

22 Ultimate parent company

The company's ultimate parent undertaking and controlling party and parent undertaking of the largest group of which the company is a member, and for which group financial statements are prepared, is Kajima Corporation, a company incorporated in Japan. Copies of the group financial statements of Kajima Corporation are available from 2-7, Motoakasaka 1-chome, Minato-ku, Tokyo 107-8388, Japan.

The smallest group of which the company is a member and for which group financial statements are prepared is Kajima Europe UK Holding Limited. The immediate controlling party is SKSP Limited. Copies of these financial statements are available from Grove House, 248a Marylebone Road, London NW1 6JZ.

23 Operating subsidiaries

Millbrook Facilities Management Limited

The company was responsible for providing the project management on the group's development activities. The company no longer trades.

Millbrook was also responsible for all of the estate management at Stockley Park and provided facilities management to a variety of companies located both on and off the park.

Stockley Park Investments Limited

The company holds as investments any completed commercial office developments retained by the group.

5 The Square Limited

The company was responsible for the development and sale of a property known as 5 The Square. The company no longer trades.

Stockley Park Phase 3 Limited

The company holds the third phase of Stockley Park, comprising 12.22 hectare of land, with planning consent for 50,000m² of commercial office space as an investment.

Stockley Park Arena Limited

The company operated the Waterfront Bar and the Arena Forum, a business centre including serviced offices and conference facilities until 30th May 2003 when it was sold. The company no longer trades.

Arena Stockley Limited

The company previously operated the Arena Club, a private health and leisure club. Following the sale of its business to Virgin Active Ltd during 1999, the company no longer trades.

Stockley Park Haywards Estate Management Limited (51% owned)

Stockley Park Haywards Estate Management Limited is responsible for the estate management at Stockley.