

Company Registration No. 02252848

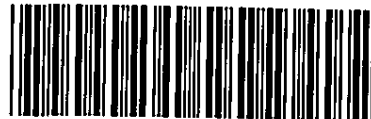
Stockley Park Consortium Limited

Report and Financial Statements

31 December 2007

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Stockley Park Consortium Limited

Report and financial statements 2007

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Stockley Park Consortium Limited

Report and Financial Statements 2007

Officers and Professional Advisers

Directors

H Ichiki

J Wythe

J Viciano

J Rudd-Jones

Alternate directors

C Perkins for J Wythe

G McCulloch for J Viciano (appointed 28 August 2007)

Secretary

J A Cheadle

Registered office

The Management Suite

5 Ironbridge Road

Stockley Park

Uxbridge

Middlesex, UK

UB11 1HB

Principal bankers

Lloyds TSB Bank plc

72 Lombard Street

London, UK

EC3 3BT

Solicitors

Herbert Smith

Exchange House

Primrose Street

London, UK

EC2A 2HS

Linklaters Alliance

One Silk Street

London, UK

EC2Y 8HQ

Turbervilles

112 High Street

Uxbridge

Middlesex, UK

UB8 1JT

Auditors

Deloitte & Touche LLP

Chartered Accountants

London, UK

Stockley Park Consortium Limited

Directors' report

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report for the year ended 31 December 2007

Business Review and Principal Activities

The company's principal activities are property development at Stockley Park, Uxbridge

During the year the company has continued to review the planning status of the Phase 3 site with a view to maximising its value. A planning application was made in 2006 for a data centre on one of the five Phase 3 land parcels (each of which has the benefit of an implementable office consent). Consent was issued in August 2007 following a resolution to grant in January 2007. Further work was carried out on a revised master plan, to enable the development of a hotel and a further data centre on the site (to replace a large proportion of the previously consented office uses), that led to the submission of a planning application in June 2007. This application was unfortunately refused in October 2007. However the company is satisfied that the planning objections were to do with appearance, landscaping and massing and that there would be no in principle objections to a future planning application based upon a mixed use scheme (with office, hotel, data centre and possibly other commercial uses) at or above the previously consented densities. The company has accordingly determined to develop a revised planning application for submission later in 2008.

During the year the company has also continued to review the best way of bringing the Phase 3 site forward for development, including forward sales of individual land parcels, and, more recently, a sale of the entire site. However the deterioration of conditions in the development market and the failure to achieve a revised planning consent, both events which occurred in the second half of the year, persuaded the company to pause these sales activities early in 2008 in order to allow a revised planning application to be submitted.

The above events have persuaded directors to write down the value of the Phase 3 site to £50 million as at 31 December 2007. This determination was made bearing in mind the intention to seek a revised planning consent and the variety of development routes available, as set out below. The company's intention remains that of developing out the Phase 3 site, in the most commercially advantageous way, through a combination of (i) site and/or serviced plot sales, and (ii) sales of completed buildings.

There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account on page 7, the group's retained loss for the financial year was £18,794,000 (2006 - loss £2,610,000).

The directors have accrued a payment of £2,900,000 (2006 - £2,900,000) on the preference shares.

The company is financed by shareholders' funds.

Principal risks and uncertainties

The principal risk and uncertainty facing the company would be failure to develop or sell the Phase 3 site.

Financial risk

The company is not exposed to significant currency, interest rate or liquidity risks.

Employees

Details of the number of employees and related costs can be found in note 6 to the financial statements.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings.

Stockley Park Consortium Limited

Directors' report (continued)

Directors

The directors of the company are listed below, and served throughout the year unless otherwise stated

M H A Broke (Chairman) (resigned 31 March 2008)
J Rudd-Jones
H Ichiki
J Wythe
J Viciano
M R Turner (resigned 28 August 2007)
C Perkins for J Wythe
G McCulloch for J Viciano (appointed 28 August 2007)

Third party indemnity provision

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

Political and charitable donations

No political donations were made during the year (2006 - £nil) No charitable donations were made during the year (2006 - £nil)

Supplier payment policy

The company's policy, which is also applied by the group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment

Post balance sheet events

There are no significant events affecting the company or subsidiaries of the company that have occurred subsequent to 31 December 2007

Auditors

Each of the person who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

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
28 April 2008

Stockley Park Consortium Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and 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 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 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Stockley Park Consortium Limited

We have audited the group and parent company financial statements (the "financial statements") of Stockley Park Consortium Limited for the year ended 31 December 2007 which comprise the consolidated profit and loss account, the consolidated and individual 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

Independent auditors' report to the members of Stockley Park Consortium Limited (continued)

Qualified opinion arising from disagreement about value of the asset in the course of construction

Given the significant decreases seen in general real estate values during 2007 the directors have impaired the asset in the course of construction held within fixed assets ("the land asset") down from £61 million in 2006 to a directors' valuation of £50 million. FRS 11 *Impairment of fixed assets and goodwill* requires that the directors carry out an impairment review and record the land asset at the lower of cost and recoverable amount. Recoverable amount is the higher of net realisable value and value in use. The directors have not obtained an independent market valuation of the land asset in order to complete the FRS 11 impairment review and have based their valuation on their subjective assessment of value in use as at 31 December 2007, having regards to sales valuations carried out in the latter part of the year. However the uncompleted offers obtained by the directors during a recent marketing of the land asset indicate to us a market value of £46 million. Consequently we believe that the land asset should be recorded at its market value of £46 million.

Except for the failure to perform a full impairment review and to record the land asset at its market value as described above, 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 parent company's affairs as at 31 December 2007 and of its loss for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985

In our opinion the information given in the directors' report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

29 April 2008

Stockley Park Consortium Limited

Consolidated profit and loss account Year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Turnover	3	1,255	2,267
Cost of sales		(1,022)	(995)
Gross profit		233	1,272
Administrative expenses	4	(1,051)	(1,153)
Write down of asset in the course of construction	9	(15,106)	-
Operating (loss)/profit	5	(15,924)	119
Interest receivable and similar income		56	175
Interest payable		(30)	-
Finance costs - accrued dividend on 5% cumulative redeemable preference shares	7	(2,900)	(2,900)
Loss on ordinary activities before taxation	3	(18,798)	(2,606)
Tax credit/(charge) on loss on ordinary activities	8	2	(2)
Loss on ordinary activities after taxation		(18,796)	(2,608)
Equity minority interests		2	(2)
Retained loss for the financial year	20	(18,794)	(2,610)

There are no recognised gains or losses other than the loss for the current year and the loss 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 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	9	50,074	61,142
		<u>50,074</u>	<u>61,142</u>
Current assets			
Stocks and work-in-progress	11	542	1,444
Debtors	12	690	248
Cash at bank and in hand	13	1,631	2,367
		<u>2,863</u>	<u>4,059</u>
Creditors: amounts falling due within one year	14	<u>(5,036)</u>	<u>(1,395)</u>
Net current (liabilities)/assets		<u>(2,173)</u>	<u>2,664</u>
Total assets less current liabilities		<u>47,901</u>	<u>63,806</u>
Creditors: amounts falling due after more than one year			
5% cumulative redeemable preference shares and associated accrued dividends	15	77,760	74,860
Equity minority interests		<u>(15)</u>	<u>(4)</u>
		<u>77,745</u>	<u>74,856</u>
Capital and reserves			
Called up share capital	19	20	20
Profit and loss account	20	(29,864)	(11,070)
Shareholders' deficit	20	<u>(29,844)</u>	<u>(11,050)</u>
		<u>47,901</u>	<u>63,806</u>

These financial statements were approved by the Board of Directors and authorised for issue on 28 April 2008

Signed on behalf of the Board of Directors


 J R. Jones
 Director

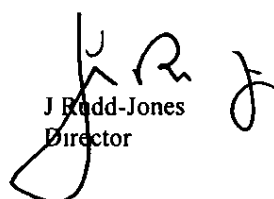
Stockley Park Consortium Limited

Company balance sheet 31 December 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	9	63	126
Investments	10	25,811	34,624
		<u>25,874</u>	<u>34,750</u>
Current assets			
Stocks and work-in-progress	11	542	1,444
Debtors	12	25,173	22,968
Cash at bank and in hand	13	1,408	1,881
		<u>27,123</u>	<u>26,293</u>
Creditors: amounts falling due within one year	14	<u>(11,215)</u>	<u>(9,962)</u>
Net current (liabilities)/assets		<u>15,908</u>	<u>16,331</u>
Total assets less current liabilities		<u>41,782</u>	<u>51,081</u>
Creditors: amounts falling due after more than one year			
5% cumulative redeemable preference shares and associated accrued dividends	15	<u>77,760</u>	<u>74,860</u>
Capital and reserves			
Called up Share Capital	19	20	20
Profit and loss account	20	(35,998)	(23,799)
Shareholders' deficit	20	<u>(35,978)</u>	<u>(23,779)</u>
		<u>41,782</u>	<u>51,081</u>

These financial statements were approved by the Board of Directors and authorised for issue on 28 April 2008

Signed on behalf of the Board of Directors


J Ridd-Jones
Director

Stockley Park Consortium Limited

Consolidated cash flow statement **Year ended 31 December 2007**

	Notes	2007 £'000	2006 £'000
Net cash inflow from operating activities	16	<u>1,822</u>	<u>808</u>
Returns on investments and servicing of finance			
Interest received		56	175
Interest paid		<u>(30)</u>	<u>-</u>
Net cash inflow from returns on investments and servicing of finance		<u>26</u>	<u>175</u>
Taxation			
Corporation tax paid		<u>2</u>	<u>(2)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		<u>(4,116)</u>	<u>(2,786)</u>
Net cash outflow from capital expenditure and financial investment		<u>(4,116)</u>	<u>(2,786)</u>
Net cash outflow before use of liquid resources		<u>(2,266)</u>	<u>(1,805)</u>
Financing			
Increase in shareholders' loan		1,530	-
Repayment of shareholders' loan		<u>-</u>	<u>-</u>
Net cash inflow from financing		<u>1,530</u>	<u>-</u>
Decrease in cash	17	<u>(736)</u>	<u>(1,805)</u>

Stockley Park Consortium Limited

Notes to the accounts

Year ended 31 December 2007

1 Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors, all of which have been applied consistently during the period, are described 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 2007. 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

Assets in the course of construction are stated at cost, net of any provision for impairment.

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.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 2007

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 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. Cumulative Preference Shares

The group and company policy for presenting the cumulative preference shares and the dividends on those shares was changed during 2005 as a result of the implementation of Financial Reporting Standard 25 from 1 January 2005. Cumulative preference shares of £57,993,000 (2006 - £57,993,000) are accounted for as creditors due after more than 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 £19,767,000 (2006 - £16,867,000) is included within creditor amounts falling due after more than one year.

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:

		2007		2006	
		Turnover £'000	Profit/ (loss) before taxation £'000	Turnover £'000	Profit/ (loss) before taxation £'000
Property trading	- property sales	601	(18,802)	1,600	(739)
	- rental income	43	19	77	(2,015)
Estates and facilities management		611	(15)	590	148
		<u>1,255</u>	<u>(18,798)</u>	<u>2,267</u>	<u>(2,606)</u>

Stockley Park Consortium Limited

Notes to the accounts

Year ended 31 December 2007

3. Segmental information (continued)

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

	2007 £'000	2006 £'000
Property assets	(29,842)	(11,087)
Estates and facilities management	(22)	17
	<u>(29,864)</u>	<u>(11,070)</u>

Included within property assets is property investment and trading

4. Administrative expenses

	2007 £'000	2006 £'000
Administrative expenses attributable to Stockley Park Consortium Limited	536	601
Administrative expenses attributable to Stockley Park Haywards Estate Management Limited	221	350
Property expenses attributable to Stockley Park Phase 3 Limited	294	202
	<u>1,051</u>	<u>1,153</u>

5. Operating (loss)/profit

	2007 £'000	2006 £'000
This is stated after charging		
Auditors' remuneration for audit services	15	14
Auditors' remuneration for tax services	11	13
Auditors' remuneration for non-audit services	20	-
Depreciation of owned fixed assets	78	88
Loss on disposal of fixed assets	-	5
Write down of asset in the course of construction	15,106	-
	<u>15,106</u>	<u>-</u>

6. Information regarding directors and employees

	2007 £'000	2006 £'000
Directors' emoluments (excluding pension contributions and awards under share option schemes and other long-term incentive schemes)	<u>132</u>	<u>117</u>
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)	<u>132</u>	<u>117</u>

Stockley Park Consortium Limited

Notes to the accounts

Year ended 31 December 2007

6. Information regarding directors and employees (continued)

Pension contributions under a money purchase scheme of the highest paid director amounted to £nil for the year (2006 - £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	
	2007	2006
	£'000	£'000
Staff costs excluding directors incurred in the year were:		
Salaries	157	215
Social security costs	18	40
Pension costs	15	20
	<u>190</u>	<u>275</u>
	No.	No
Average number of employees during the year:		
Management and administration	4	5
	<u>4</u>	<u>5</u>

7. Finance costs

	2007	2006
	£'000	£'000
Accrued dividend on 5% cumulative redeemable preference shares	2,900	2,900

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

	2007	2006
	£'000	£'000
Current tax charge at the standard rate of UK corporation tax of 30% based on the loss for the period (2006 30%)	2	(2)
	<u>2</u>	<u>(2)</u>

Reconciliation of current tax charge

Loss on ordinary activities before tax	(18,798)	(2,606)
Tax at 30% thereon	5,639	782
Effects of		
Expenses not deductible for tax purposes	(5,419)	(619)
Depreciation in excess of capital allowances	(2)	(17)
Utilisation of tax losses	(10)	(83)
Movement in short term timing differences	(3)	4
Chargeable gains on disposal of asset	-	(69)
Losses not utilised in the period	(205)	-
Adjustment in respect of prior period	2	
	<u>2</u>	<u>(2)</u>

Stockley Park Consortium Limited

Notes to the accounts

Year ended 31 December 2007

8. Tax charge on loss on ordinary activities (continued)

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 £1,250,000 (2006 £1,299,000). The asset would be recovered if the company increases its capital expenditure and made suitable profits in the future.

9. Tangible fixed assets

Group	Building £'000	Assets in the course of construction £'000	Motor vehicles £'000	Furniture and equipment £'000	Total £'000
Cost					
At 1 January 2007	382	60,995	29	96	61,502
Additions	-	4,111	-	5	4,116
At 31 December 2007	382	65,106	29	101	65,618
Depreciation					
At 1 January 2007	250	-	29	81	360
Charge for the year	66	-	-	12	78
Write down of asset in the course of construction	-	15,106	-	-	15,106
At 31 December 2007	316	15,106	29	93	15,544
Net book value					
At 31 December 2007	66	50,000	-	8	50,074
At 31 December 2006	132	60,995	-	15	61,142

The directors have impaired the asset in the course of construction down from £61 million in 2006 to £50 million directors' value in use valuation.

Stockley Park Consortium Limited

Notes to the accounts **Year ended 31 December 2007**

9. Tangible fixed assets (continued)

Company	Building £'000	Motor vehicles £'000	Furniture and equipment £'000	Total £'000
Cost				
At 1 January 2007	338	29	90	457
Additions	-	-	5	5
At 31 December 2007	338	29	95	462
Depreciation				
At 1 January 2007	223	29	79	331
Charge for the year	57	-	11	68
At 31 December 2007	280	29	90	399
Net book value				
At 31 December 2007	58	-	5	63
At 31 December 2006	115	-	11	126

10 Investments held as fixed assets

	Company	
	2007 £'000	2006 £'000
Investment in subsidiary undertakings	37,253	37,253
Provision against investment in subsidiary undertakings	(11,442)	(2,629)
	25,811	34,624

Stockley Park Consortium Limited

Notes to the accounts

Year ended 31 December 2007

10. Investments held as fixed assets (continued)

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	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

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Development work-in-progress	542	1,444	542	1,444

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

12. Debtors

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Trade debtors	207	28	21	23
Amounts owed by subsidiary companies	-	-	25,069	22,835
Other debtors	47	134	47	77
VAT recoverable	362	24	10	4
Prepayments and accrued income	74	62	26	29
	690	248	25,173	22,968

Stockley Park Consortium Limited

Notes to the accounts

Year ended 31 December 2007

13. Cash at bank and in hand

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Cash at bank and in hand	895	1,371	840	1,325
Held in blocked accounts	736	996	568	556
	<u>1,631</u>	<u>2,367</u>	<u>1,408</u>	<u>1,881</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	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Trade creditors	2,523	240	3	29
Amounts owed to subsidiary companies	-	-	8,853	8,853
Amounts owed to Shareholders	1,530	-	1,530	-
Other taxes and social security costs	33	30	14	18
Accruals and deferred income	950	1,125	815	1,062
	<u>5,036</u>	<u>1,395</u>	<u>11,215</u>	<u>9,962</u>

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

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
5% cumulative redeemable preference shares	57,993	57,993	57,993	57,993
Accrued dividend payable on 5% cumulative redeemable preference shares	19,767	16,867	19,767	16,867
	<u>77,760</u>	<u>74,860</u>	<u>77,760</u>	<u>74,860</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 preference shares and associated accrued dividend payable are 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.

Stockley Park Consortium Limited

Notes to the accounts

Year ended 31 December 2007

16. Reconciliation of operating (loss)/profit to net cash flow from operating activities

	2007 £'000	2006 £'000
Operating (loss)/profit	(15,924)	119
Depreciation charge	78	88
(Increase)/decrease in debtors	(451)	74
Decrease in stocks and work-in-progress	902	728
Increase/(decrease) in creditors	2,111	(206)
Loss on disposal of fixed assets	-	5
Write down of asset in the course of construction	15,106	-
Net cash inflow from operating activities	<u>1,822</u>	<u>808</u>

The operating cash inflow include £15,106,000 write down of asset in the course of construction. It also includes exceptional increase in creditors amounting to £1,900,000 made in 2007 financial statements

17. Reconciliation of net cash flow to movement in net debt

	2007 £'000	2006 £'000
Decrease in free cash in the year	(736)	(1,805)
Cash inflow from payments to blocked accounts	260	1,164
Cash outflow from loan repayment to shareholders	-	-
Decrease in net cash in the year resulting from cash flows	<u>(476)</u>	<u>(641)</u>
Shareholders' loans	(1,530)	-
Accrued dividend payable on 5% cumulative redeemable preference shares	(2,900)	(2,900)
Increase in net debt in the year	<u>(4,906)</u>	<u>(3,541)</u>
Net debt at 1 January	<u>(73,489)</u>	<u>(69,948)</u>
Net debt at 31 December	<u>(78,395)</u>	<u>(73,489)</u>

18. Analysis of movements in net debt

	At 1 January 2007 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 December 2007 £'000
Cash at bank and in hand	1,371	(476)	-	895
5% cumulative redeemable preference shares	(57,993)	-	-	(57,993)
Accrued dividend payable on 5% cumulative redeemable preference shares	(16,867)	-	(2,900)	(19,767)
Shareholders' loans	-	(1,530)	-	(1,530)
Net debt	<u>(73,489)</u>	<u>(2,006)</u>	<u>(2,900)</u>	<u>(78,395)</u>

Stockley Park Consortium Limited

Notes to the accounts

Year ended 31 December 2007

19. Called up share capital

	2007 £'000	2006 £'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	Profit and loss account £'000	Total £'000
Group			
At 31 December 2006	<u>20</u>	<u>(11,070)</u>	<u>(11,050)</u>
At 1 January 2007	20	(11,070)	(11,050)
Loss for the year	-	(18,794)	(18,794)
At 31 December 2007	<u>20</u>	<u>(29,864)</u>	<u>(29,844)</u>
Company			
At 31 December 2006	<u>20</u>	<u>(23,799)</u>	<u>(23,779)</u>
At 1 January 2007	20	(23,799)	(23,779)
Loss for the year	-	(12,199)	(12,199)
At 31 December 2007	<u>20</u>	<u>(35,998)</u>	<u>(35,978)</u>

The parent company's loss for the financial year amounted to £12,199,000 (2006 – loss £2,613,000)

21. Related party transactions

During the year, Stockley Park Consortium Limited received £150,575 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 2007

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 30 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