

Stockley Park Consortium Limited

REPORT AND FINANCIAL STATEMENTS

for the year ended
31 December 2009

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COMPANIES HOUSE

Company Registration No 02252848

Stockley Park Consortium Limited

DIRECTORS AND OFFICERS

DIRECTORS

J Rudd-Jones
T Hankin
H Iizawa
J Viciano
J Harcourt
C Perkins

SECRETARY

J A Cheadle

COMPANY NUMBER

02252848 (England and Wales)

REGISTERED OFFICE

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

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
The Clock House
140 London Road
Guildford GU1 1UW

Stockley Park Consortium Limited

DIRECTORS' REPORT

The directors submit their report and the group financial statements of Stockley Park Consortium Limited for the year ended 31 December 2009

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activity is managing its investment in Stockley Park Phase 3 Ltd (SPP3)

During the year SPP3 completed its review of the planning status of the Phase 3 site and submitted a revised outline planning application to the local planning authority on 25 September 2009. This has not yet been considered by the planning committee but a decision is expected soon. The company remains of the view that the best way of bringing the Phase 3 site forward for development is by forward sales of individual land parcels or possibly a sale of the entire site once a revised planning consent is in place. Consequently whilst the company continues to closely monitor the market, its investment in the Phase 3 site is not being actively offered for sale.

Whilst current market sentiment is particularly negative for large scale commercial development the company believes that substantial value can be realised in the medium term from its investment in SPP3 given the excellent location of the Phase 3 site, the further improvements in public transport accessibility that will be triggered by Crossrail, and the Stockley tradition of delivering excellent buildings in a landscaped setting. Directors have nonetheless been persuaded to write down the value of its investment as at 31 December 2009.

There have not been any significant changes in the company's 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 6, the company's retained loss for the financial year was £15,560,517 (2008 £11,745,573).

The directors have accrued a payment of £2,899,656 (2008 £2,899,656) on the preference shares.

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.

DIRECTORS

The following directors have held office since 1 January 2009

J Rudd-Jones	
H Ichiki	(resigned 5 August 2009)
H Iizawa	(appointed 5 August 2009)
J Wythe	(resigned 9 February 2009)
T Hankin	(appointed 9 February 2009)
J Viciano	
J Harcourt	(appointed 5 August 2009)
C Perkins	
A Yasuhara	(resigned 5 August 2009)

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.

Stockley Park Consortium Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

By order of the board



J A Cheadle
Secretary

12 MAY 2010

Stockley Park Consortium Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business,

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 financial statements on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

BAKER TILLY UK AUDIT LLP

CHRISTOPHER HURREN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

14 May 2010

Stockley Park Consortium Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2009

	Notes	2009 £	2008 £
TURNOVER		163,410	169,265
Cost of sales		(13,583)	(11,350)
GROSS PROFIT		<u>149,827</u>	<u>157,915</u>
Administrative expenses		(4,347,420)	(646,274)
Write down of investment		(8,387,781)	(8,270,226)
OPERATING LOSS		<u>(12,585,374)</u>	<u>(8,758,585)</u>
Interest receivable and similar income		1,349	33,643
Interest payable	1	(76,836)	(120,975)
Finance costs – accrued dividend on 5% cumulative redeemable preference shares	2	(2,899,656)	(2,899,656)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(15,560,517)</u>	<u>(11,745,573)</u>
Tax on loss on ordinary activities	4	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	<u>(15,560,517)</u>	<u>(11,745,573)</u>

The operating loss for the year arises from the company's continuing activities

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

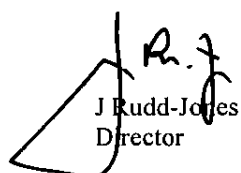
Stockley Park Consortium Limited

BALANCE SHEET (Company Registration Number 02252848)

31 December 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Tangible assets	6	1,171	3,382
Investments	7	9,153,314	17,541,095
		<u>9,154,485</u>	<u>17,544,477</u>
CURRENT ASSETS			
Stock	8	541,625	541,625
Debtors	9	22,973,775	26,447,881
Cash at bank and in hand		239,367	287,180
		<u>23,754,767</u>	<u>27,276,686</u>
CREDITORS Amounts falling due within one year	10	(9,606,072)	(9,633,958)
NET CURRENT ASSETS		<u>14,148,695</u>	<u>17,642,728</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		23,303,180	35,187,205
CREDITORS Amounts falling due after more than one year	11	(86,585,374)	(82,908,882)
		<u>(63,282,194)</u>	<u>(47,721,677)</u>
CAPITAL AND RESERVES			
Called up share capital	12	20,000	20,000
Profit and loss account	13	(63,302,194)	(47,741,677)
SHAREHOLDERS' DEFICIT	13	<u>(63,282,194)</u>	<u>(47,721,677)</u>

The financial statements on pages 6 to 14 were approved by the board of directors and authorised for issue on
12 MAY 2010 and are signed on its behalf by


 J Rudd-Jones
 Director

Stockley Park Consortium Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

CONSOLIDATED FINANCIAL ACCOUNTS

The company is exempt from the requirement to prepare consolidated financial statements by virtue of it being subject to the small companies regime under section 381 of the Companies Act 2006 as the company qualifies as small and the group it heads qualifies as a small sized group. The directors have not opted to prepare group financial statements in accordance with section 398 of the act and therefore these financial statements present information about the company as an individual undertaking and not about its group.

GOING CONCERN

At 31 December 2009, the company had net liabilities of £63,282,194 (2008 £47,721,677). The financial statements have been prepared on the going concern basis due to the fact that the cumulative redeemable preference shares are not due for redemption until 31 December 2015 and letters of continued support have been received from two of the company's shareholders.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

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

Building	over 20 years
Furniture and equipment	over 4 years

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.

PENSION

The pension costs charged in the financial statements represent the contributions payable by the company during the period, to money purchase pension schemes of employees.

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.

Stockley Park Consortium Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

1	INTEREST PAYABLE	2009 £	2008 £
	Interest on shareholder loans	76,836	120,975
2	FINANCE COSTS	2009 £	2008 £
	Accrued dividend on 5% cumulative redeemable preference shares	2,899,656	2,899,656
3	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2009 £	2008 £
	Loss on ordinary activities before taxation is stated after charging/(crediting)		
	Auditors' remuneration for audit services	11,500	11,000
	Auditors' remuneration for tax services	6,000	3,000
	Depreciation of owned fixed assets	2,211	59,718
	Profit on disposal of fixed assets	-	(6,000)
	Provision against intercompany loan balance	4,112,219	-
4	TAXATION	2009 £	2008 £
	UK corporation tax on losses of the year	-	-
	Total current tax	-	-
	Factors affecting tax charge for year	2009 £	2008 £
	The tax assessed for the year is different than the standard rate of corporation tax in the UK of 28% (2008 28%) as explained below		
	Loss on ordinary activities before tax	(15,565,517)	(11,745,573)
	Loss on ordinary activities multiplied by standard rate of corporation tax	(4,358,345)	(3,288,760)
	Effects of		
	Expenses not deductible for tax purposes	4,313,378	3,755,069
	Capital allowances in excess of depreciation	(3,665)	(1,548)
	Other permanent timing differences	188,719	-
	Group relief surrendered per nil consideration	(140,087)	(464,761)
	Current tax charge for year	-	-

The company has estimated tax losses of £2,852,233 (2008 £2,852,233) available to carry forward against future trading profits

A deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses and capital allowances as there is insufficient evidence that the asset will be recovered in the foreseeable future

Stockley Park Consortium Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

5	EMPLOYEES	2009 No	2008 No
	The average number of persons (including directors) employed by the company during the year was		
	Management and administration	1	3
		<hr/>	<hr/>
		2009 £	2008 £
	Staff costs for the above persons		
	Wages and salaries	36,683	155,000
	Social security costs	4,800	39,086
	Other pension costs	3,358	12,563
	Termination Payments	-	212,780
		<hr/>	<hr/>
		44,841	419,929
		<hr/>	<hr/>
	DIRECTORS' REMUNERATION	2009 £	2008 £
	Directors' emoluments	-	29,250
	Termination Payments	-	130,000
		<hr/>	<hr/>

During the year J Rudd-Jones did not receive emoluments in his capacity as a Director of the company but received remuneration for services provided to Stockley Park Consortium Limited as part of his employment with Kajima Partnerships Ltd

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

Stockley Park Consortium Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

6 TANGIBLE FIXED ASSETS

	<i>Building £</i>	<i>Furniture and equipment £</i>	<i>Total £</i>
Cost			
1 January 2009 and 31 December 2009	338,084	95,738	433,822
Depreciation			
1 January 2009	338,084	92,356	430,440
Charged for the year	-	2,211	2,211
31 December 2009	338,084	94,567	432,651
Net book value			
31 December 2009	-	1,171	1,171
31 December 2008	-	3,382	3,382

7 FIXED ASSET INVESTMENTS

	2009 £	2008 £
Investment in subsidiary undertakings	37,253,318	37,253,318
Provision against investment in subsidiary undertakings	(28,100,004)	(19,712,223)
	9,153,314	17,541,095

SUBSIDIARY UNDERTAKINGS

<i>Name</i>	<i>Country of registration and incorporation</i>	<i>Class of holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
<i>Held directly</i>				
Stockley Park Phase 3 Limited	England and Wales	Ordinary	100%	Property Development
Stockley Park Arena Limited	England and Wales	Ordinary	100%	Dormant
Stockley Park Investments Limited	England and Wales	Ordinary	100%	Property Investment
5 The Square Limited	England and Wales	Ordinary	100%	Dormant
Stockley Park Estate Management Limited	England and Wales	Ordinary	51%	Estate Management
Millbrook Facilities Management Limited	England and Wales	Ordinary	100%	Dormant
Arena Stockley Limited	England and Wales	Ordinary	100%	Dormant
Stockley Park West Limited	England and Wales	Ordinary	100%	Dormant

Stockley Park Consortium Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

7 FIXED ASSET INVESTMENTS (Continued)

The proportion of the voting rights of subsidiaries held by the group is the same as the proportion of ordinary shares held

The following figures have been extracted from the financial statements for the year ended 31 December 2009, in respect of the material subsidiaries

	Aggregate share capital and reserves		Loss for the year	
	2009	2008	2009	2008
	£	£	£	£
Stockley Park Phase 3 Limited	(4,724,024)	8,387,780	(13,114,804)	(8,270,226)
8 STOCKS			2009	2008
			£	£
Land stock			541,625	541,625
9 DEBTORS			2009	2008
			£	£
Trade debtors			9,994	11,038
Amounts owed by subsidiary companies			22,339,970	25,788,112
Other debtors			616,291	618,064
VAT recoverable			1,569	20,664
Prepayments and accrued income			5,951	10,003
			22,973,775	26,447,881
10 CREDITORS Amounts falling due within one year			2009	2008
			£	£
Trade creditors			1,730	24,157
Amounts owed to subsidiary undertakings			8,853,264	8,853,264
Other taxes and social security costs			-	8,558
Accruals and deferred income			751,078	747,979
			9,606,072	9,633,958

Stockley Park Consortium Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

11	CREDITORS Amounts falling due after more than one year	2009 £	2008 £
	Shareholder loans	3,027,616	2,250,780
	5% cumulative redeemable preference shares	57,993,120	57,993,120
	Accrued dividend payable on 5% cumulative redeemable preferences shares	25,564,638	22,664,982
		<u>86,585,374</u>	<u>82,908,882</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 2015, 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.

Cumulative preference shares of £57,993,120 (2008 £57,993,120) are accounted for as creditors due after more than one year, whilst the annual dividend due on the 5% cumulative preference shares of £2,899,656 per annum is treated as a finance cost and accrued for as such. The accumulative accrual of £25,564,638 (2008 £22,664,982) is included within creditor amounts falling due after more than one year.

	2009 £	2008 £
Authorised		
5% cumulative redeemable preference shares of £1 each	57,993,120	57,993,120
Issued		
5% cumulative redeemable preference shares of £1 each	57,993,120	57,993,120

The shareholder loans are due for repayment on 31 December 2015. They are subject to interest charges at 2% per annum above the base rate and interest is paid quarterly in arrears.

12	SHARE CAPITAL	2009 £	2008 £
	Authorised		
	2,018,880 ordinary shares of £1 each	2,018,880	2,018,880
	8,000 deferred shares of £1 each	8,000	8,000
		<u>2,026,880</u>	<u>2,026,880</u>
	Called up, allotted and fully paid		
	12,000 ordinary shares of £1 each	12,000	12,000
	8,000 deferred shares of £1 each	8,000	8,000
		<u>20,000</u>	<u>20,000</u>

Stockley Park Consortium Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

12 SHARE CAPITAL (Continued)

The only issued shares of the company with voting rights attached are the ordinary shares of £1. The deferred shares of £1 and ordinary shares of £1 rank *pari passu* in respect of profit distributions, the 5% cumulative redeemable preference shares of £1 have no profit rights apart from the coupon rate of 5%. On a winding up of the company the 5% cumulative redeemable preference shares of £1 each rank first. The deferred shares of £1 each second and the ordinary shares of £1 each lastly.

13 RECONCILIATION OF SHAREHOLDERS' DEFICIT AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Shareholders' deficit £
At 1 January 2009	20,000	(47,741,677)	(47,721,677)
Loss for the year	-	(15,560,517)	(15,560,517)
At 31 December 2009	<u>20,000</u>	<u>(63,302,194)</u>	<u>(63,282,194)</u>

14 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 'Related Party Disclosures' and has not disclosed transactions with fellow group undertakings where 100% of the voting rights are controlled within the group and consolidated financial statements in which the company is included are publicly available.

During the year, Stockley Park Consortium Limited received £107,415 (2008: £119,860) of management fees from its 51% owned subsidiary, Stockley Park Estate Management Limited.

During the year the company paid interest on shareholder loans from SKSP Limited of £53,772 (2008: £83,579) and from Prudential Property Investment Managers Limited of £23,064 (2008: £37,396).

During the year the company paid £145,000 (2008: £67,500) to Kajima Partnerships Limited, in respect of management fees. There were £Nil (2008: £Nil) amounts owed at the year end.

15 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.