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**STOW HEATHROW LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**



**Company Registration Number 2342904**

**Tenon Limited**  
66 Chiltern Street  
London  
W1U 4JT

**STOW HEATHROW LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2004**

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**STOW HEATHROW LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 DECEMBER 2004**

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<b>The director</b>	F Kamal
<b>Company secretary</b>	C M Richer
<b>Registered office</b>	53 Mount Street London W1K 2SG
<b>Auditors</b>	Tenon Audit Limited 66 Chiltern Street London W1U 4JT
<b>Accountants</b>	Tenon Limited 66 Chiltern Street London W1U 4JT

**STOW HEATHROW LIMITED**  
**THE DIRECTOR'S REPORT**  
**YEAR ENDED 31 DECEMBER 2004**

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The director presents his report and the financial statements of the company for the year ended 31 December 2004.

**Principal activities and business review**

The principal activity of the company during the year was that of property investment.

**Results and dividends**

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The director has not recommended a dividend.

**Directors**

*The directors who served the company during the year were as follows:*

F Kamal  
C B Kennedy

The company is a wholly owned subsidiary and the interests of the group director are disclosed in the financial statements of the parent company.

C B Kennedy resigned as a director on 28 December 2004.

**Director's responsibilities**

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 at the end of the year and of the profit or loss for the year then ended. 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, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

**STOW HEATHROW LIMITED**  
**THE DIRECTOR'S REPORT** *(continued)*  
**YEAR ENDED 31 DECEMBER 2004**

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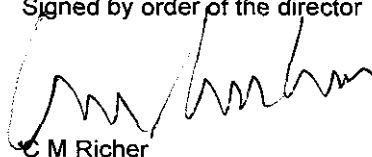
**Auditors**

On 28 February 2005 our auditors, Blueprint Audit Limited changed their name to Tenon Audit Limited and have signed the audit report in their new name.

Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

Registered office:  
53 Mount Street  
London  
W1K 2SG

Signed by order of the director



C M Richer  
Company Secretary

Approved by the director on 29.2.05

**STOW HEATHROW LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STOW**  
**HEATHROW LIMITED**

**YEAR ENDED 31 DECEMBER 2004**

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We have audited the financial statements of Stow Heathrow Limited for the year ended 31 December 2004 on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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**

As described in the Statement of Director's Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Director's Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read other information contained in the Director's Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

**STOW HEATHROW LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STOW  
HEATHROW LIMITED (continued)**

**YEAR ENDED 31 DECEMBER 2004**

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**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Tenon Audit Limited*

Tenon Audit Limited  
Registered Auditor

66 Chiltern Street  
London  
W1U 4JT

Date:- *7 July 2005*

**STOW HEATHROW LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2004**

	Note	2004 £	2003 £
Turnover	2	—	376,312
Administrative expenses		(5,656)	(11,253)
<b>Operating (loss)/profit</b>	3	<u>(5,656)</u>	<u>365,059</u>
Profit on disposal of fixed assets	5	—	901,656
		(5,656)	1,266,715
Interest receivable		5,052	7,195
Interest payable and similar charges	6	(17,008)	—
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(17,612)</u>	<u>1,273,910</u>
Tax on (loss)/profit on ordinary activities	7	105,617	(7,864)
<b>Profit on ordinary activities after taxation</b>		<u>88,005</u>	<u>1,266,046</u>
Dividends	8	—	(950,000)
<b>Retained profit for the financial year</b>		<u><u>88,005</u></u>	<u><u>316,046</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 12 form part of these financial statements.



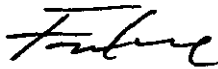
# STOW HEATHROW LIMITED

## BALANCE SHEET

31 DECEMBER 2004

	Note	2004 £	£	2003 £	£
<b>Fixed assets</b>					
Tangible assets	9		3,043,510		23,445
<b>Current assets</b>					
Debtors	10	225,284		775,531	
Cash at bank		101,452		363,123	
		326,736		1,138,654	
<b>Creditors: Amounts falling due within one year</b>	11	(692,233)		(26,952)	
<b>Net current (liabilities)/assets</b>			(365,497)		1,111,702
<b>Total assets less current liabilities</b>			2,678,013		1,135,147
<b>Creditors: Amounts falling due after more than one year</b>	12		(1,560,478)		-
			1,117,535		1,135,147
<b>Provisions for liabilities and charges</b>					
Deferred taxation	13		(32,148)		(137,765)
			1,085,387		997,382
<b>Capital and reserves</b>					
Called-up share capital	16		1,000,000		1,000,000
Profit and loss account	17		85,387		(2,618)
<b>Shareholders' funds</b>	18		1,085,387		997,382

These financial statements were approved and signed by the director on 29.6.05



F Kamal  
Director

The notes on pages 8 to 12 form part of these financial statements.

**STOW HEATHROW LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2004**

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**1. Accounting policies**

**Basis of accounting**

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

**Cash flow statement**

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Assets in the course of construction**

Assets in the course of construction are stated at cost and are not depreciated until they are complete.

**2. Turnover**

The turnover and (loss)/profit before tax are attributable to the one principal activity of the company. All turnover is generated in the United Kingdom.

**3. Operating (loss)/profit**

Operating (loss)/profit is stated after charging:

	2004 £	2003 £
Director's emoluments	—	—
Auditors' remuneration	—	—
	<u>—</u>	<u>—</u>

The audit fee for Stow Heathrow Limited for the period ended 31 December 2004 has been paid by Stow Securities Plc.

**4. Particulars of employees**

No salaries or wages have been paid to employees, including the directors, during the year.

**STOW HEATHROW LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2004**

**5. Profit on disposal of fixed assets**

	2004 £	2003 £
Profit on disposal of fixed assets	—	<u>901,656</u>

**6. Interest payable and similar charges**

	2004 £	2003 £
Other similar charges payable	<u>17,008</u>	—

**7. Taxation on ordinary activities**

	2004 £	2003 £
Deferred tax:		
Origination and reversal of timing differences	(105,617)	7,864
Total deferred tax (note 13)	<u>(105,617)</u>	<u>7,864</u>

**Factors affecting current tax charge**

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004 £	2003 £
(Loss)/profit on ordinary activities before taxation	<u>(17,612)</u>	<u>1,273,910</u>
Profit/(loss) on ordinary activities by rate of tax	(5,284)	382,173
Effects of:		
Capital allowances for period in excess of depreciation	(10,716)	—
Group tax losses utilised	—	(97,388)
Chargeable gains	16,000	—
Non-taxable gain on sale on property	—	(270,497)
Deferred tax adjustment	—	(14,288)
Total current tax	<u>—</u>	<u>—</u>

**8. Dividends**

No dividend has been recommended for the year ended 31 December 2004.

**STOW HEATHROW LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2004**

**9. Tangible fixed assets**

	Assets under construction £
<b>Cost</b>	
At 1 January 2004	23,445
Additions	3,020,065
At 31 December 2004	<u>3,043,510</u>
<b>Depreciation</b>	<u>—</u>
<b>Net book value</b>	
At 31 December 2004	<u>3,043,510</u>
At 31 December 2003	<u>23,445</u>

**10. Debtors**

	2004 £	2003 £
Amounts owed by group undertakings	63,792	768,083
VAT recoverable	154,962	7,448
Other debtors	4,800	—
Prepayments and accrued income	1,730	—
	<u>225,284</u>	<u>775,531</u>

The debtors above include the following amounts falling due after more than one year:

	2004 £	2003 £
Amounts owed by group undertakings	<u>63,792</u>	<u>768,083</u>

**11. Creditors: Amounts falling due within one year**

	2004 £	2003 £
Trade creditors	649,605	—
Other creditors	37,628	26,952
Accruals and deferred income	5,000	—
	<u>692,233</u>	<u>26,952</u>

**12. Creditors: Amounts falling due after more than one year**

	2004 £	2003 £
Amounts owed to group undertakings	<u>1,560,478</u>	<u>—</u>

Included in amounts due to parent company is a loan of £500,000.

**STOW HEATHROW LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2004**

**13. Deferred taxation**

The movement in the deferred taxation provision during the year was:

	2004 £	2003 £
At 1 January 2004	137,765	129,901
Profit and loss account movement arising during the year	(105,617)	7,864
At 31 December 2004	<u>32,148</u>	<u>137,765</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2004 £	2003 £
Excess of taxation allowances over depreciation on fixed assets	(105,617)	—
Other timing differences	137,765	137,765
	<u>32,148</u>	<u>137,765</u>

**14. Contingencies**

As at 31 December 2004 the company had the following contingent liabilities in respect of bank facilities to the company and other members of the group:

- (i) A first floating charge over all the assets and undertakings of the parent company Stow Securities Plc;
- (ii) A first charge over the shares of each of the group companies;
- (iii) The unlimited joint and several guarantee of each of the group companies;
- (iv) A first legal mortgage by the relevant group companies over the group properties; and
- (v) A first floating charge over all of the assets of each of the group companies.

**15. Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

**16. Share capital**

**Authorised share capital:**

	2004 £	2003 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

**Allotted, called up and fully paid:**

	2004 No	£	2003 No	£
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

**STOW HEATHROW LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2004**

**17. Profit and loss account**

	2004 £	2003 £
Balance brought forward	(2,618)	(318,664)
Retained profit for the financial year	88,005	316,046
Balance carried forward	<u>85,387</u>	<u>(2,618)</u>

**18. Reconciliation of movements in shareholders' funds**

	2004 £	2003 £
Profit for the financial year	88,005	1,266,046
Dividends	—	(950,000)
	<u>88,005</u>	<u>316,046</u>
Opening shareholders' equity funds	<u>997,382</u>	<u>681,336</u>
Closing shareholders' equity funds	<u>1,085,387</u>	<u>997,382</u>

**19. Capital commitments**

Stow Heathrow Limited has £nil capital commitments at the year end (2003: £nil).

**20. Ultimate parent company**

The company is a wholly owned subsidiary of Stow Securities Plc. The directors regard Stow Securities Plc, a company registered in England and Wales, as the ultimate parent company.

Stow Securities Plc is the parent of the largest group of which Stow Heathrow Limited is a member and for which group accounts will be drawn up. Copies of the group accounts of Stow Securities Plc can be obtained from 53 Mount Street, London, W1K 2SG.

The Board is not aware that the company has a controlling party.