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Company Registration No. 4006185 (England and Wales)

TONSTATE GLASGOW AIRPORT LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2005



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COMPANIES HOUSE 20/01/2006

TONSTATE GLASGOW AIRPORT LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | Dr E O Wojakowski A I Matyas |
| Secretary | Dr E O Wojakowski |
| Company number | 4006185 |
| Registered office | 3 Park Place St James London SW1A 1LP |
| Business address | 3 Park Place St James London SW1A 1LP |
| Auditors | H W Fisher & Company Acre House 11-15 William Road London NW1 3ER |
| Bankers | Bank of Scotland The Mound Edinburgh EH1 1YZ |

TONSTATE GLASGOW AIRPORT LIMITED

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TONSTATE GLASGOW AIRPORT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report and accounts for the year ended 31 March 2005.

Principal activities

The company is a nominee asset holding company.

The principal activity of the company is that of property investment for Tonstate Group Limited and the other joint venture parties.

Review of business

Both the level of business and the year end financial position were as expected in the light of current trading conditions and the directors do not anticipate any material changes in the present level of activity.

Results and dividends

The loss for the year after taxation amounted to £407,686 and has been transferred to the joint venture parties. The directors do not recommend the payment of a dividend.

Directors and their interests

The directors at 31 March 2005 and their beneficial interests in the shares of the company were:

| | Ordinary shares of £ 1 each | |
|-------------------|-----------------------------|--------------|
| | 31 March 2005 | 1 April 2004 |
| A I Matyas | - | - |
| Dr E O Wojakowski | 2,640 | 2,640 |

The directors interests in the share capital of Tonstate Group Limited, the parent company is disclosed in that company's accounts.

Auditors

A resolution proposing the reappointment of H W Fisher & Company as auditors will be put to the members at the next Annual General Meeting.

On behalf of the Board



Dr E O Wojakowski

Director

Dated: 13 January 2006

TONSTATE GLASGOW AIRPORT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts 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.

TONSTATE GLASGOW AIRPORT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of Tonstate Glasgow Airport Limited for the year ended 31 March 2005 set out on pages 4 to 13. These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7.

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 on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the accounts 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 Directors' Report is not consistent with the accounts, 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 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 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

H W Fisher & Company

Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

Dated:

17 May 2006

H W Fisher & Company

TONSTATE GLASGOW AIRPORT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

| | Notes | 2005 £ | 2004 £ |
|--|-------|-----------|-----------|
| Turnover | 2 | 358,370 | 1,160,076 |
| Administrative expenses | | (90,591) | (524,297) |
| Operating profit | 3 | 267,779 | 635,779 |
| Interest payable and similar charges | 5 | (675,465) | (719,217) |
| Loss on ordinary activities before taxation | | (407,686) | (83,438) |
| Tax on loss on ordinary activities | 6 | - | - |
| Loss on ordinary activities after taxation | | (407,686) | (83,438) |
| Amounts transferred to joint venture parties | 7 | 407,686 | 83,438 |
| Net deficit for the financial year | | - | - |
| Accumulated loss brought forward | | - | - |
| Accumulated loss carried forward | | - | - |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

TONSTATE GLASGOW AIRPORT LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2005

| | 2005 | 2004 |
|--|------------------|----------------|
| | £ | £ |
| Loss for the financial year | (407,686) | (83,438) |
| Unrealised surplus on revaluation of properties | - | 650,000 |
| | <hr/> | <hr/> |
| Total recognised gains and losses relating to the year | <u>(407,686)</u> | <u>566,562</u> |


TONSTATE GLASGOW AIRPORT LIMITED

BALANCE SHEET

AS AT 31 MARCH 2005

| | Notes | £ | 2005 £ | £ | 2004 £ |
|--|-------|--------------------|---------------------|--------------------|---------------------|
| Fixed assets | | | | | |
| Tangible assets | 8 | | 13,669,746 | | 13,676,328 |
| Investments | 9 | | 6 | | 6 |
| | | | <u>13,669,752</u> | | <u>13,676,334</u> |
| Current assets | | | | | |
| Debtors | 10 | 376,814 | | 1,566,599 | |
| Cash at bank and in hand | | 2,640 | | 2,640 | |
| | | <u>379,454</u> | | <u>1,569,239</u> | |
| Creditors: amounts falling due within one year | 11 | <u>(1,136,694)</u> | | <u>(1,215,937)</u> | |
| Net current (liabilities)/assets | | | <u>(757,240)</u> | | <u>353,302</u> |
| Total assets less current liabilities | | | <u>12,912,512</u> | | <u>14,029,636</u> |
| Creditors: amounts falling due after more than one year | 12 | | <u>(10,127,229)</u> | | <u>(11,244,353)</u> |
| | | | <u>2,785,283</u> | | <u>2,785,283</u> |
| Capital and reserves | | | | | |
| Called up share capital | 13 | | 12,000 | | 12,000 |
| Revaluation reserve | 14 | | 2,773,283 | | 2,773,283 |
| Shareholders' funds - all equity interests | 15 | | <u>2,785,283</u> | | <u>2,785,283</u> |

The accounts were approved by the Board on 13 January 2006


Dr E O Wojakowski
Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2005

1.1 Basis of preparation

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover represents the invoiced value of goods sold and services provided net of VAT.

| | |
|--------------------------------|----------------------|
| Fixtures, fittings & equipment | 25% Reducing Balance |
|--------------------------------|----------------------|

No depreciation is provided in respect of investment properties. This is a departure from the requirements of the Companies Act 1985 which requires all the properties to be depreciated. Since the properties are held for their potential, the directors consider that to depreciate them would not give a true and fair view. As the useful lives of the properties and their depreciable values cannot be reasonably determined, the amount of depreciation which might otherwise have been shown cannot be separately identified or quantified.

Fixed asset investments are stated at cost less any provision for permanent diminution in value.

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

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Employees

There were no employees during the year.

TONSTATE GLASGOW AIRPORT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

| | | | |
|---|--|------------------|-----------------|
| 5 | Interest payable and similar charges | 2005 £ | 2004 £ |
| | Interest payable on: | | |
| | Bank loans and overdrafts | 675,465 | 719,217 |
| | | <u>675,465</u> | <u>719,217</u> |
| 6 | Tax on loss on ordinary activities | | |
| | There was no tax charge in the period due to the availability of losses. | | |
| 7 | Amounts transferred to joint venture parties | 2005 £ | 2004 £ |
| | Loss for the financial year | <u>(407,686)</u> | <u>(83,438)</u> |

TONSTATE GLASGOW AIRPORT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

8 Tangible fixed assets

| | Investment property £ | Fixtures, fittings & equipment £ | Total £ |
|--------------------------------------|-----------------------------|---|------------|
| Cost or valuation | | | |
| At 1 April 2004 and at 31 March 2005 | 13,650,000 | 35,104 | 13,685,104 |
| Depreciation | | | |
| At 1 April 2004 | - | 8,776 | 8,776 |
| Charge for the year | - | 6,582 | 6,582 |
| At 31 March 2005 | - | 15,358 | 15,358 |
| Net book value | | | |
| At 31 March 2005 | 13,650,000 | 19,746 | 13,669,746 |
| At 31 March 2004 | 13,650,000 | 26,328 | 13,676,328 |

Comparable historical cost for the land and buildings included at valuation:

| | £ |
|--|------------|
| Cost | |
| Historical cost at 1 April 2004 and at 31 March 2005 | 10,876,717 |
| Depreciation based on cost | |
| At 1 April 2004 | - |
| Charge for the year | - |
| At 31 March 2005 | - |
| Net book values | |
| At 31 March 2005 | 10,876,717 |
| At 31 March 2004 | 10,876,717 |

All other tangible fixed assets are stated at historical cost.

TONSTATE GLASGOW AIRPORT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

9 Fixed asset investments

| | Shares in subsidiary undertakings £ |
|------------------------------------|--|
| Cost or valuation | |
| At 1 April 2004 & at 31 March 2005 | 6 |
| At 31 March 2004 | 6 |

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

| Company | Country of registration or incorporation | Shares held | |
|-------------------------------------|--|-----------------|-----|
| | | Class | % |
| Subsidiary undertakings | | | |
| Tonstate Glasgow Airport HJ Limited | United Kingdom | Ordinary Shares | 100 |
| Tonstate Glasgow Airport DI Limited | United Kingdom | Ordinary Shares | 100 |
| Tonstate GA Management Limited | United Kingdom | Ordinary Shares | 100 |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

| | Capital and reserves £ | Profit for the year £ |
|-------------------------------------|------------------------------|-----------------------------|
| Tonstate Glasgow Airport HJ Limited | 2 | - |
| Tonstate Glasgow Airport DI Limited | 2 | - |
| Tonstate GA Management Limited | 2 | - |

TONSTATE GLASGOW AIRPORT LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2005

| 10 Debtors | 2005 £ | 2004 £ |
|---|------------------|------------------|
| Other debtors | 360,917 | 941,303 |
| Prepayments and accrued income | 15,897 | 625,296 |
| | <u>376,814</u> | <u>1,566,599</u> |
| Amounts falling due after more than one year and included in the debtors above are: | | |
| | 2005 £ | 2004 £ |
| Rents receivable | - | 132,410 |
| | <u>-</u> | <u>132,410</u> |
| 11 Creditors: amounts falling due within one year | 2005 £ | 2004 £ |
| Bank overdrafts | 437,500 | 437,500 |
| Amounts owed to group undertakings | 6 | 6 |
| Amounts owed to joint venture parties | 291,509 | 311,560 |
| Taxes and social security costs | 35,399 | - |
| Other creditors | 48,021 | 48,021 |
| Accruals and deferred income | 324,259 | 418,850 |
| | <u>1,136,694</u> | <u>1,215,937</u> |

TONSTATE GLASGOW AIRPORT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

| 12 | Creditors: amounts falling due after more than one year | 2005 £ | 2004 £ |
|----|---|-------------------|-------------------|
| | Bank debt | 9,324,585 | 10,113,175 |
| | Amounts owed to parent undertaking | 802,644 | 1,131,178 |
| | | <u>10,127,229</u> | <u>11,244,353</u> |
| | Analysis of loans | | |
| | Wholly repayable within five years | 9,324,585 | 10,113,175 |
| | | <u>9,324,585</u> | <u>10,113,175</u> |
| | Loan maturity analysis | | |
| | Between one and two years | 9,324,585 | 10,113,175 |
| | | <u>9,324,585</u> | <u>10,113,175</u> |

The bank debt is secured on the development properties and by debentures from all Group companies.

The bank debt of £9,324,585 (2004: £10,113,175) was used to fund the property development and is to be converted into a long-term loan now that the development has been concluded with the first five years interest only at plus 1%.

| 13 | Share capital | 2005 £ | 2004 £ |
|----|---|---------------|---------------|
| | Authorised | | |
| | 12,000 Ordinary shares of £1 each | <u>12,000</u> | <u>12,000</u> |
| | Allotted, called up and fully paid | | |
| | 12,000 Ordinary shares of £1 each | <u>12,000</u> | <u>12,000</u> |

14 Statement of movements on reserves

| | Revaluation reserve £ |
|--|-----------------------------|
| Balance at 1 April 2004 and at 31 March 2005 | <u>2,773,283</u> |

TONSTATE GLASGOW AIRPORT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

| 15 Reconciliation of movements in shareholders' funds | 2005 £ | 2004 £ |
|---|-----------|-----------|
| Loss for the financial year | (407,686) | (83,438) |
| Allocated to joint venture parties | 407,686 | 83,438 |
| | <hr/> | <hr/> |
| | - | - |
| Other recognised gains and losses | - | 650,000 |
| | <hr/> | <hr/> |
| Net (depletion in)/addition to shareholders' funds | - | 650,000 |
| Opening shareholders' funds | 2,785,283 | 2,135,283 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 2,785,283 | 2,785,283 |
| | <hr/> | <hr/> |

16 Related party transactions

Tonstate Glasgow Airport Limited is owned by Tonstate Group Limited. The directors in Tonstate Glasgow Airport Limited are also directors in Tonstate Group Limited.

At 31 March 2005, the company owed £802,644 (2004: £1,131,178) to Tonstate Group Limited being amounts loaned to fund the property purchase.

During the year, a management charge of £15,000 was payable to Tonstate Group Limited.

17 Controlling parties

The immediate controlling party is Tonstate Group Limited. The ultimate controlling parties are Dr E Wojakowski and Mr. and Mrs. Matyas.