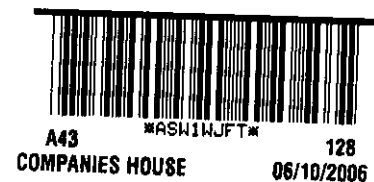


**TEESMARTIN (GLASGOW) LIMITED**

**Directors' Report and Financial Statements**

**For the year ended 31 December 2005**

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**TEESMARTIN (GLASGOW) LIMITED**  
**DIRECTORS AND ADVISERS**

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Director	P R Klimt I P Besley I Blakeley
Secretary	M J Langridge
Company number	4370496
Registered office	15-17 Grosvenor Gardens London SW1W 0BD
Auditors	Weston Kay 73/75 Mortimer Street London, W1W 7SQ
Solicitors	Klimt & Co 49 Welbeck Street London, W1G 9XN

**TEESMARTIN (GLASGOW) LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

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

**Principal activities**

The principal activity of the company is that of property investment.

**Review of the business**

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

**Results and dividends**

The profit and loss account is set out on page 5.

The directors do not recommend payment of an ordinary dividend (2004 - £Nil).

It is proposed that the retained loss/profit of (£32,539) (2004 – £53,221) is transferred to the company's reserves.

**Financial instruments**

The objective of the Company in terms of financial instruments is to minimise risk. This is achieved by hedging the risk, using fixed rate loans where possible and where variable rate loans are taken out using interest rate swap contracts which limit the exposure to interest rate movements.

The Company's principal financial instruments comprise trade debtors, trade creditors and loans from Group undertakings.

Due to the nature of the financial instruments used by the Company there is no exposure to price risk. The Company's approach to managing other risks applicable to the financial instruments concerned is shown below.

Trade debtors are managed in respect of credit and cash flow risk. The Company monitors amounts outstanding and takes appropriate measures to ensure recoverability.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Interests on loans from Group undertakings are calculated at the UK bank base rate plus a margin of 200 basis points. The loans are repayable on demand.

**TEESMARTIN (GLASGOW) LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

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**Fixed assets**

Significant changes in fixed assets during the year are explained in note 7 to the financial statements.

**Directors and their interests**

The following directors have held office since 1 January 2005:

P R Klimt

I P Besley

I Blakeley

Appointed 21 July 2005

The beneficial interests of the directors in the share capital of this company's ultimate holding company, Dawney, Day Properties Limited, are reflected in the financial statements of that company.

**Auditors**

In accordance with section 385 of the Companies Act 1985 a resolution proposing that Weston Kay be re-appointed will be put to the Annual General Meeting.

For and on behalf of the board

A handwritten signature in black ink, appearing to read 'I P Besley', with a stylized flourish at the end.

I P Besley

Director

29 September 2006

## **TEESMARTIN (GLASGOW) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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The Directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and 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 accounting standards have been followed; 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 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. 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.

**TEESMARTIN (GLASGOW) LIMITED  
INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF TEESMARTIN (GLASGOW) LIMITED**

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We have audited the financial statements of Teesmartin (Glasgow) Limited for the year ended 31 December 2005 on pages 5 to 13. 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 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the directors' 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 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.

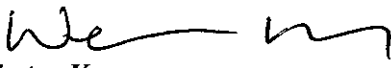
**Basis of audit opinion**

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 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.

**Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

  
Weston Kay  
Chartered Accountants  
Registered Auditor  
73/75 Mortimer Street  
London W1W 7SQ

29 September 2006

**TEESMARTIN (GLASGOW) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 £	2004 £
<b>Gross rental income</b>	<b>2</b>	210,244	228,301
Irrecoverable property expenses		<u>(50,975)</u>	<u>(5,231)</u>
<b>Net rental income</b>		159,269	223,070
Administrative expenses		<u>(13,954)</u>	<u>(18,040)</u>
<b>Operating profit</b>	<b>3</b>	145,315	205,030
Interest payable and similar charges	<b>4</b>	<u>(165,963)</u>	<u>(151,628)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		(20,648)	53,402
Taxation on (loss)/profit on ordinary activities	<b>5</b>	<u>(11,891)</u>	<u>(181)</u>
<b>(Loss)/profit on ordinary activities after taxation</b>		<u>(32,539)</u>	<u>53,221</u>
<b>Retained (loss)/profit for the year</b>	<b>11</b>	<u><u>(32,539)</u></u>	<u><u>53,221</u></u>

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

**TEESMARTIN (GLASGOW) LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**Statement of total recognised gains and losses**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Retained (loss)/profit for the year	(32,539)	53,221
Unrealised surplus on revaluation of investment properties	294,945	561,894
<b>Total recognised (losses)/gains relating to the year</b>	<b>262,406</b>	<b>615,115</b>

**Note of historical cost profits and losses**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Reported (loss)/profit on ordinary activities before taxation	(20,648)	53,402
Historical cost (loss)/profit on ordinary activities before taxation	(20,648)	53,402
<b>Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends</b>	<b>(32,539)</b>	<b>53,221</b>

**Reconciliation of movement on shareholders funds**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Total recognised gains and losses	262,406	615,115
Opening shareholders' funds	633,026	17,911
<b>Closing shareholders' funds</b>	<b>895,432</b>	<b>633,026</b>



**TEESMARTIN (GLASGOW) LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2005**

	Notes	2005 £	2004 £
<b>Fixed assets</b>			
Investment property	6	3,588,000	3,170,000
<b>Current assets</b>			
Debtors	7	156,504	-
		<u>156,504</u>	<u>-</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(2,771,606)</u>	<u>(2,469,265)</u>
<b>Net current liabilities</b>		<u>(2,615,102)</u>	<u>(2,469,265)</u>
<b>Total assets less current liabilities</b>		972,898	700,735
<b>Provisions for liabilities and charges</b>	9	<u>(77,466)</u>	<u>(67,709)</u>
<b>Net assets</b>		<u>895,432</u>	<u>633,026</u>
<b>Capital and reserves</b>			
Called up share capital	10	100	100
Revaluation reserve	11	790,422	495,477
Profit and loss account	11	<u>104,910</u>	<u>137,449</u>
<b>Equity shareholders' funds</b>		<u>895,432</u>	<u>633,026</u>

The financial statements were approved by the board on 29 September 2006.



**I P Besley**  
**Director**

**TEESMARTIN (GLASGOW) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

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**1 Accounting policies**

**1.1 Basis of preparation**

These financial statements are prepared under the historical cost convention, modified to include the revaluation of investment properties.

The financial statements are prepared in accordance with applicable accounting standards. The true and fair override provisions of the Companies Act 1985 have been invoked see 'Investment properties'.

**1.2 Cash flow statement**

The company has taken advantage of the exemption in Financial Reporting Standard 1 from the requirement to produce a cash flow statement on the grounds that its results are included in the consolidated accounts of Dawnay, Day Properties Limited, this company's ultimate parent company.

**1.3 Investment properties**

Investment properties are accounted for in accordance with SSAP 19. They are valued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless on an individual property the deficit below original cost is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

**1.4 Deferred taxation**

Deferred tax is provided in full on timing differences which 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 the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of tangible fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**1.5 Group relief for corporation tax**

The company does not pay for group relief given on losses surrendered by fellow group members where there are no minority shareholders. Any losses surrendered to other group companies where there are no minority shareholders are not paid for by the company receiving the relief. All other group relief is paid for at the appropriate corporation tax rate.

**1.6 Loans**

The financing for the property is held by the parent company. The subsidiary reflects its share of the funding via the intercompany loan account with the parent and this is included in creditors falling due within one year. Loan interest payable is included in the financial statements of the parent company.

Balances between group companies bear interest at bank base rate plus a margin of 200 basis points.

**TEESMARTIN (GLASGOW) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

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**2 Rental income**

The rental income of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

**3 Operating profit**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Auditors' remuneration	2,750	2,750
	<u>2,750</u>	<u>2,750</u>

**Employees**

The average number of employees during the year was nil (2004 – nil). None of the directors received any remuneration in the year.

**4 Interest payable and similar charges**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Group loan	165,764	151,563
Interest paid late tax	199	65
	<u>165,963</u>	<u>151,628</u>

**TEESMARTIN (GLASGOW) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

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**5 Taxation**

(a) Analysis of the charge in period

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>U. K. current year taxation</b>		
U. K. corporation tax at 30%	-	-
Adjustments in respect of previous year	2,134	(17,424)
	<u>2,134</u>	<u>(17,424)</u>
Current tax charge	2,134	(17,424)
Deferred taxation	9,757	17,605
	<u>(11,891)</u>	<u>181</u>

(b) Factors affecting tax charge for the period

The tax charged assessed is lower than that resulting from applying the standard rate of corporation tax in the U. K. 30% (2004 – 30%). The differences are explained below:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	(20,648)	53,402
	<u>(20,648)</u>	<u>53,402</u>
Tax at 30% thereon	(6,195)	16,021
Plus/(less) the effects of:		
Permanent differences	3	317
Excess of capital allowances over depreciation	(12,641)	(16,855)
Group relief	18,833	517
Adjustments in respect of previous year	2,134	(17,424)
	<u>2,134</u>	<u>(17,424)</u>
Current tax charge	<u>2,134</u>	<u>(17,424)</u>

**TEESMARTIN (GLASGOW) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

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**6 Investment property**

	<b>Freehold property £</b>
<b>Cost or valuation</b>	
As at 1 January 2005	3,170,000
Additions	123,055
Revaluation	294,945
	<hr/>
As at 31 December 2005	<u>3,588,000</u>

The valuation of investment property was made as at 31 December 2005 by the directors of the company, on an open market basis. No depreciation is provided in respect of this property.

On an historical cost basis the property would have been included at an original cost of £2,797,578 (2004 - £2,674,523).

The company has pledged its investment property as security against a mortgage taken out by its parent undertaking, Dawnay, Day Properties Limited.

**7 Debtors**

	<b>2005 £</b>	<b>2004 £</b>
Other debtors	1,579	-
Prepayments and accrued income	154,925	-
	<hr/>	<hr/>
	<u>156,504</u>	<u>-</u>

**8 Creditors: amounts falling due within one year**

	<b>2005 £</b>	<b>2004 £</b>
Amounts owed to group undertakings	2,613,361	2,440,713
Corporation tax	-	-
Other creditors	1,007	-
Other creditors and accruals	157,238	28,552
	<hr/>	<hr/>
	<u>2,771,606</u>	<u>2,469,265</u>

**TEESMARTIN (GLASGOW) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**9 Provision for liabilities and charges**

Deferred tax at 30% (2004 - 30%) on timing differences provided in the financial statements is as follows:

	2005 £	2004 £
As at 1 January 2005	67,709	50,104
Charge to profit and loss account	9,757	17,605
As at 31 December 2005	<u>77,466</u>	<u>67,709</u>

The amounts of deferred tax provided is as follows:

	2005 £	2004 £
Capital allowances in excess of depreciation	<u>77,466</u>	<u>67,709</u>

If the investment properties held at the year end were to be sold, this would result in an additional tax charge of £109,977 (2004 - £43,633).

**10 Share capital**

	2005 £	2004 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**11 Statement of movements on reserves**

	Revaluation reserve £	Profit and loss account £
As at 1 January 2005	495,477	137,449
Retained profit for the year	-	(32,539)
Revaluation during the year	<u>294,945</u>	<u>-</u>
As at 31 December 2005	<u>790,422</u>	<u>104,910</u>

**TEESMARTIN (GLASGOW) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

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**12 Transactions with directors**

P R Klimt is a consultant to Klimt & Co, Solicitors, who provide legal services to the group on normal commercial terms.

**13 Contingent liabilities**

The company has cross guarantees in place with other group companies to secure group loans against their investment properties.

**14 Related party transactions**

The company has taken advantage of the exemption conferred by Financial Reporting Standard number 8 from the requirement to make disclosures concerning group companies, since the results of this company are to be included in the consolidated financial statements of Dawnay, Day Properties Limited.

Included within other creditors are accruals of £2,641 (2004 - £3,021) relating to property management fees payable to Dawnay, Day Property Investment Limited.

During the year property management fees of £10,183 (2004 - £14,184) were charged by Dawnay, Day Property Investment Limited.

P R Klimt is director of, and has material interest in Dawnay, Day International Limited and Dawnay, Day Property Investment Limited. I P Besley and I Blakeley are directors of Dawnay, Day Property Investment Limited.

**15 Control**

The parent undertaking of the largest group, which includes the company and for which group accounts are prepared, is Dawnay, Day Properties Limited, a company incorporated in England and Wales. Copies of the group financial statements of Dawnay, Day Properties Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The ultimate controlling party is P R Klimt.