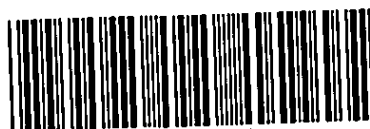


TEESMARTIN (GLASGOW) LIMITED

Directors' Report and Financial Statements

For the year ended 31 December 2006

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COMPANIES HOUSE

TEESMARTIN (GLASGOW) LIMITED
DIRECTORS AND ADVISERS

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 2006

The directors present their report and financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the company is that of property investment

Principal risks and uncertainties

The Company is reliant on the capital and income growth of its investment property. At the present time there is steady growth in the commercial property market. The directors continue to monitor the property market to ensure a suitable return is made on the investment.

Over the last few years the investment properties held by Company have shown capital growth as reflected by the increased valuations of the properties.

Fair review of the business

The key financial highlights are as follows

	2006 £	2005 £	2004 £
Profit and loss account			
Gross rental income	264,769	210,244	228,301
Profit before interest	243,617	145,315	205,030
Net interest expense	(170,032)	(165,963)	(151,628)
Balance sheet			
Investment properties	3,590,948	3,588,000	3,170,000
Net assets	959,536	895,432	633,026

Material acquisitions and disposals

There were no material acquisitions or disposals in the year.

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 6.

The directors do not recommend payment of an ordinary dividend (2005 - £Nil).

It is proposed that the retained profit of £64,104 (2005 – loss £32,539) 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.

**TEESMARTIN (GLASGOW) LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006**

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

Fixed assets

Significant changes in fixed assets during the year are explained in note 6 to the financial statements

Directors

The following directors have held office since 1 January 2006

P R Klimt
I P Besley
I Blakeley

Auditors

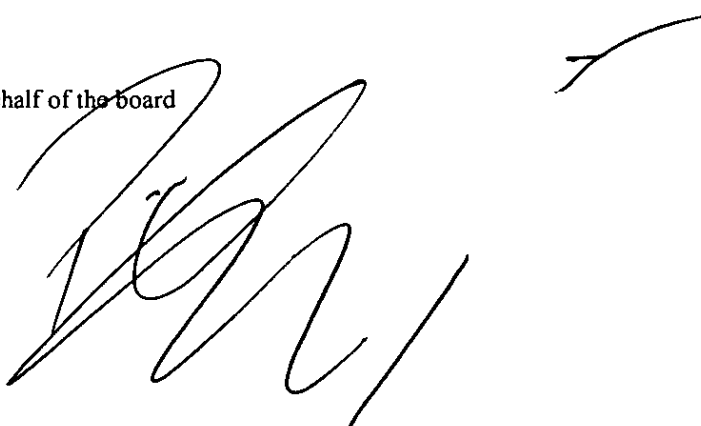
In the case of each of the persons who were directors of the Company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Weston Kay be reappointed as auditors of the company will be put to the Annual General Meeting

For and on behalf of the board

P R Klimt
Director
22 May 2007



TEESMARTIN (GLASGOW) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

We have audited the financial statements of Teesmartin (Glasgow) Limited for the year ended 31 December 2006 on pages 6 to 14 which 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

The directors' responsibilities for preparing 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 for the above year 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.

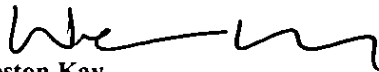
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

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

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 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



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

22 May 2007

TEESMARTIN (GLASGOW) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Gross rental income	2	264,769	210,244
Irrecoverable property expenses		<u>(7,446)</u>	<u>(50,975)</u>
Net rental income		257,323	159,269
Administrative expenses		<u>(13,706)</u>	<u>(13,954)</u>
Operating profit	3	243,617	145,315
Interest payable and similar charges	4	<u>(170,032)</u>	<u>(165,963)</u>
profit/ (loss) on ordinary activities before taxation		73,585	(20,648)
Taxation on profit/ (loss) on ordinary activities	5	<u>(9,481)</u>	<u>(11,891)</u>
profit/ (loss) on ordinary activities after taxation		<u>64,104</u>	<u>(32,539)</u>
Retained profit/ (loss) for the year	11	<u>64,104</u>	<u>(32,539)</u>

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

TEESMARTIN (GLASGOW) LIMITED
OTHER PRIMARY STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

Statement of total recognised gains and losses

	2006 £	2005 £
Retained profit/ (loss) for the year	64,104	(32,539)
Unrealised surplus on revaluation of investment properties	-	294,945
Total recognised gains relating to the year	<u><u>64,104</u></u>	<u><u>262,406</u></u>

Note of historical cost profits and losses

	2006 £	2005 £
Reported profit/ (loss) on ordinary activities before taxation	<u>73,585</u>	<u>(20,648)</u>
Historical cost profit/ (loss) on ordinary activities before taxation	<u><u>73,585</u></u>	<u><u>(20,648)</u></u>
Historical cost (loss)/profit for the year retained after taxation, and extraordinary items	<u><u>64,104</u></u>	<u><u>(32,539)</u></u>

Reconciliation of movement on shareholders funds

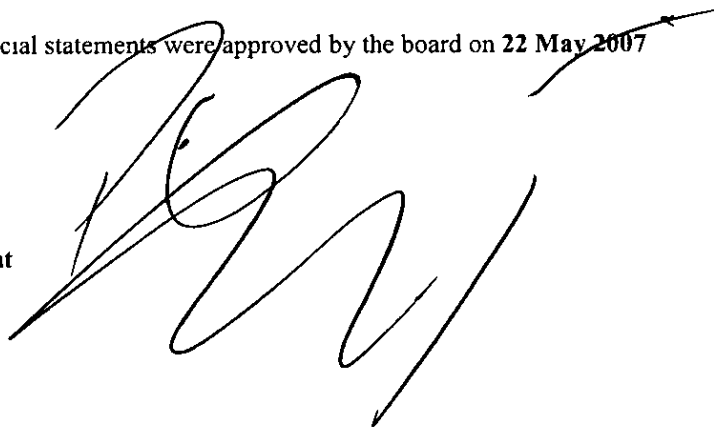
	2006 £	2005 £
Total recognised gains and losses	64,104	262,406
Opening shareholders' funds	<u>895,432</u>	<u>633,026</u>
Closing shareholders' funds	<u><u>959,536</u></u>	<u><u>895,432</u></u>

TEESMARTIN (GLASGOW) LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2006

	Notes	2006 £	2005 £
Fixed assets			
Investment property	6	3,590,948	3,588,000
Current assets			
Debtors	7	38,663	156,504
		<u>38,663</u>	<u>156,504</u>
Creditors: amounts falling due within one year	8	(2,583,128)	(2,771,606)
Net current liabilities		<u>(2,544,465)</u>	<u>(2,615,102)</u>
Total assets less current liabilities		1,046,483	972,898
Provisions for liabilities and charges	9	(86,947)	(77,466)
Net assets		<u>959,536</u>	<u>895,432</u>
Capital and reserves			
Called up share capital	10	100	100
Revaluation reserve	11	790,422	790,422
Profit and loss account	11	169,014	104,910
Equity shareholders' funds		<u>959,536</u>	<u>895,432</u>

The financial statements were approved by the board on 22 May 2007

P R Klmt
Director



TEESMARTIN (GLASGOW) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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 2006

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

	2006 £	2005 £
Operating profit is stated after charging		
Auditors' remuneration	-	2,750
	<u>-</u>	<u>2,750</u>

Audit fees are payable by the parent company, Dawnay, Day, Properties Limited and are not rechargeable to Teesmartin (Glasgow) Limited

Employees

The average number of employees during the year was nil (2005 – nil) None of the directors received any remuneration in the year

4 Interest payable and similar charges

	2006 £	2005 £
Group loan	170,032	165,764
Interest paid late tax	-	199
	<u>170,032</u>	<u>165,963</u>

TEESMARTIN (GLASGOW) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

5 Taxation

(a) Analysis of the charge in period

	2006 £	2005 £
U. K. current year taxation		
U K corporation tax at 30%	-	-
Adjustments in respect of previous year	-	2,134
	<hr/>	<hr/>
Current tax charge	-	2,134
Deferred taxation	9,481	9,757
	<hr/>	<hr/>
	<u>9,481</u>	<u>11,891</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% (2005 – 30%) The differences are explained below

	2006 £	2005 £
Profit on ordinary activities before taxation	73,585	(20,648)
	<hr/>	<hr/>
Tax at 30% thereon	22,076	(6,195)
Plus/(less) the effects of		
Permanent differences	29	3
Excess of capital allowances over depreciation	(9,481)	(12,641)
Group relief	(12,624)	18,833
Adjustments in respect of previous year	-	2,134
	<hr/>	<hr/>
Current tax charge	<u>-</u>	<u>2,134</u>

TEESMARTIN (GLASGOW) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

6 Investment property

	Freehold property £
Cost or valuation	
As at 1 January 2006	3,588,000
Additions	2,948
	<hr/>
As at 31 December 2006	<u>3,590,948</u>

The valuation of investment property was made as at 31 December 2006 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 £2,800,526 (2005 - £2,797,578).

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

7 Debtors

	2006 £	2005 £
Other debtors	-	1,579
Prepayments and accrued income	38,663	154,925
	<hr/>	<hr/>
	<u>38,663</u>	<u>156,504</u>

8 Creditors, amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	2,535,282	2,613,361
Other creditors	1,007	1,007
Accruals and deferred income	46,839	157,238
	<hr/>	<hr/>
	<u>2,583,128</u>	<u>2,771,606</u>

TEESMARTIN (GLASGOW) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

9 Provision for liabilities and charges

Deferred tax at 30% (2005 - 30%) on timing differences provided in the financial statements is as follows

	2006 £	2005 £
As at 1 January 2006	77,466	67,709
Charge to profit and loss account	9,481	9,757
As at 31 December 2006	<u>86,947</u>	<u>77,466</u>

The amounts of deferred tax provided is as follows

	2006 £	2005 £
Capital allowances in excess of depreciation	<u>86,947</u>	<u>77,466</u>

If the investment properties held at the year end were to be sold, this would result in an additional tax charge of £69,652 (2005 - £109,977)

10 Share capital

	2006 £	2005 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
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 2006	790,422	104,910
Retained profit for the year	<u>-</u>	<u>64,104</u>
As at 31 December 2006	<u>790,422</u>	<u>169,014</u>

TEESMARTIN (GLASGOW) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

12 Transactions with directors

P R Klmt is a consultant to Klmt & 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 £2,588 (2005 - £2,641) relating to property management fees payable to Dawnay, Day Property Investment Limited

During the year property management fees of £13,042 (2005 - £10,183) were charged by Dawnay, Day Property Investment Limited

P R Klmt 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 Klmt