Registered number
4222524

TELEREAL DEVELOPMENTS LIMITED

ANNUAL REPORT

For the year ended 31 March 2006

TELEREAL DEVELOPMENTS LIMITED

ANNUAL REPORT

For the year ended 31 March 2006

TELEREAL DEVELOPMENTS LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2006

The directors present their report and accounts for the year ended 31 March 2006.

Principal activities

The principal activity of the company is property development.

Review of business

In the year ended 31 March 2006 the company made a profit before tax of £8,883,000 *(2005: £847,000)*. The directors do not anticipate any significant change to current activity in the foreseeable future.

The company meets the definition of a small company in accordance with the companies Act 1985, and has chosen to take advantage of the small company exemption not to disclose an enhanced business review.

Directors

Details of directors who have held office during the year are shown below:

Mark Pears
Trevor Pears
Michael Baker
Ian Ellis *(Resigned 30.09.2005)*
David Godden *(Resigned 30.09.2005)*
Fiona Ramsay *(Resigned 30.09.2005)*
Adam Dakin *(Appointed 30.09.2005)*
Graham Edwards *(Appointed 30.09.2005)*
Warren Persky *(Appointed 30.09.2005)*

Ian Ellis, David Godden and Fiona Ramsay resigned as directors on 30 September 2005. Adam Dakin, Graham Edwards and Warren Persky were appointed as directors of the company on 30 September 2005. All other directors served throughout the year under review.

Directors' interests

No director had any interest in the shares of the company. The interests of Messrs Mark Pears and Trevor Pears in the shares of the ultimate holding company, William Pears Family Holdings Limited, are disclosed in the accounts of that company.

Dividends

The directors paid a dividend of £6,700,000 *(2005: £2,250,000)* on the ordinary shares in respect of the financial period during the year.

TELEREAL DEVELOPMENTS LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2006

Statement of directors' 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 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, subject to any material departures disclosed and explained in the financial statements; 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable the directors 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.

This report was approved by the board on 8th September 2006

E. Wallington

Eric Wallington
Company Secretary

TELEREAL DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TELEREAL DEVELOPMENTS LIMITED

We have audited the financial statements for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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 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 judgments 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 March 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors, London
[illegible] October 2006

TELEREAL DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2006

	Note	2006 £000	2005 £000
Turnover	2	14,154	1,860
Operating costs	3	(5,427)	(812)
Operating profit		8,727	1,048
Net interest payable	5	156	(201)
Profit on ordinary activities before taxation		8,883	847
Tax on profit on ordinary activities	6	(2,665)	(254)
Profit for the financial year		6,218	593
Dividends approved	7	(6,700)	(2,250)
Retained (loss) for the financial year	12	(482)	(1,657)

The notes on pages 7 to 11 form part of the financial statements.

All the company's activities are continuing operations and all income is derived in the UK.

The company has no recognised gains and losses other than shown above and therefore no separate statement of total recognised gains and losses has been presented.

TELEREAL DEVELOPMENTS LIMITED

BALANCE SHEET

As at 31 March 2006

	Note	2006 £000	2005 £000
Current assets			
Properties held for sale		1,332	5,660
Debtors	8,17	245	959
Cash at bank and in hand	9	1,266	3,651
		2,843	10,270
Creditors: amounts falling due within one year	10, 17	(2,615)	(9,560)
Net current assets		228	710
Total assets less current liabilities		**228**	**710**
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	227	709
Total equity shareholders' funds	13	**228**	**710**

The notes on pages 7 to 11 form part of the financial statements.

The financial statements on pages 4 to 11 were approved by the directors on 8 September 2006 and signed on its behalf by:

Warren Perry

Director

Director

TELEREAL DEVELOPMENTS LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2006

	Note	2006 £000	2005 £000
Net cash (outflow) / inflow from operating activities	14	6,178	3,252
Returns on investments and servicing of finance			
Interest received		236	84
Interest paid		(80)	(259)
Net cash inflow / (outflow) from returns on investments and servicing of finance		156	(175)
Taxation		(890)	(430)
Equity dividends paid		(6,700)	(2,250)
Net cashflow before financing		(1,256)	397
Financing			
(Repayments to) / loans from related parties		(1,129)	598
Net cash (outflow) / inflow from financing		(1,129)	598
(Decrease) / increase in cash		(2,385)	995

Reconciliation of net cash flow to movement in net debt

	Note	2006 £000	2005 £000
Increase / (decrease) in cash in the year		(2,385)	995
Movement in net funds for the year	15	(2,385)	995
Net funds at 1 April		3,651	2,656
Net funds at 31 March		1,266	3,651

The notes on pages 7 to 11 form part of the financial statements.

TELEREAL DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

1 Accounting policies

Basis of financial statements

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

Properties held for sale

Properties held for sale are included in the accounts at the lower of cost and net realisable value. The purchase and sale of properties are included in the accounts at the point of completion.

Cash at bank and in hand

The company classifies as cash those deposits held with a maturity period of less than three months.

Debtors

All trade debtors are recognised at the amounts receivable less any provision for doubtful debts. Collectibility of trade debtors is reviewed on an ongoing basis.

Income recognition

Income is recognised in the accounts on a receivable basis.

2 Turnover

	2006 £000	2005 £000
Rents receivable	30	91
Proceeds from property sales	14,124	1,769
	14,154	1,860

3 Operating costs

	2006 £000	2005 £000
Cost of property sales	4,802	314
Other operating costs	625	498
	5,427	812

The audit fee was paid on the company's behalf by Telereal Services Limited, a related party.

4 Directors' emoluments

	2006 £000	2005 £000
Aggregate emoluments	11	-
Payments to defined contribution pension scheme	1	-

Retirement benefits are accruing to two *(2005: nil)* directors under a defined contribution scheme.

The emoluments were paid by Telereal Services Limited, a company with which Telereal Developments Ltd has common directors and therefore is a related party.

5 *Net interest receivable / (payable)*

	Note	2006 £000	2005 £000
Interest receivable			
Bank and other		235	83
Related parties	17	1	2
		236	85
Interest payable			
Bank overdrafts & other		-	(11)
Related parties	17	(80)	(275)
		(80)	(286)
Net interest receivable / (payable)		156	(201)

6 Taxation

	2006 £000	2005 £000
Analysis of charge in the year		
UK corporation tax on profits for the year	2,665	254
Tax on profit on ordinary activities	2,665	254

Factors affecting tax charge for the year

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	2006 £000	2005 £000
Profit on ordinary activities before tax	8,883	847
Standard rate of corporation tax in the UK	30%	30%
	£000	£000
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% *(2005: 30%)*	2,665	253
Effects of:		
Expenses not deductible for tax purposes	-	1
Current tax charge for the year	2,665	254

7 *Dividends*

	2006 £000	2005 £000
Dividends approved	6,700	2,250

8 Debtors

		2006 £000	2005 £000
Amounts owed by related parties	17	-	416
Other debtors		11	296
Value added tax recoverable		230	-
Corporation tax		-	243
Prepayments and accrued income		4	4
		245	959

9 Cash at bank and in hand

	2006 £000	2005 £000
Cash at bank and in hand	1,266	3,651

At the year end the company had short term deposits of £1,266,357 *(2005: £3,651,240)*.

10 Creditors: amounts falling due within one year

		2006 £000	2005 £000
Amounts due to related parties	17	1,062	2,191
Corporation tax		1,532	-
Value added tax payable		-	218
Accruals and deferred income		21	7,151
		2,615	9,560

11 Called up share capital

	2006 £000	2005 £000
Authorised, allotted, issued and fully paid:		
500 'A' ordinary shares of £1	-	-
500 'B' ordinary shares of £1	-	-
	1	1

The voting rights of the holders of all ordinary shares are the same and all the ordinary shares rank pari passu on a winding up.

12 Reserves

	2006 £000	2005 £000
Opening balance	709	2,366
Loss for the year	(482)	(1,657)
Closing Balance	227	709

13 Reconciliation of movement in shareholders' funds

	2006 £000	2005 £000
Opening shareholders' funds	710	2,367
Loss for the year	(482)	(1,657)
Closing shareholders' funds	228	710

14 Reconciliation of operating profit to net cash inflow from operating activities

	2006 £000	2005 £000
Operating profit	8,727	1,048
Decrease in properties held for sale	4,328	266
Decrease in debtors	471	988
(Decrease) / increase in creditors	(7,348)	950
	6,178	3,252

15 Analysis of changes in net funds during the period

	At 1 Apr 2005 £000	Cash flows £000	Cash at bank and in hand £000
Cash at bank and in hand	3,651	(2,385)	1,266
Total	3,651	(2,385)	1,266

16 Ultimate parent undertaking

Amberglow Services Holdings Limited and Amberglow Ltd, both of which are incorporated in England and Wales, each have a 50% interest in Telereal Developments Limited.

On 30 September 2005 the Land Securities Group sold its investment in the company and as a result of this transaction the ultimate holding company became William Pears Family Holdings Limited - a company incorporated in England and Wales.

17 Related party transactions

During the year, the company had the following related party transactions:-

	Costs incurred by / (on behalf of)		Interest payable to / (receivable from)		Management Fees Incurred		Loan Outstanding		Amount owed to / (owed by) related parties at year end	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Telereal Services Ltd	396	(251)	12	235	602	480	-	-	27	(404)
Telereal 112 Ltd	(4)	(47)	-	(2)		-	1,035	-	1,035	(12)
Telereal Trading Properties Ltd	-	-	64	23	-	-	-	2,164	-	2,186
Telereal Ventures Ltd	-	-	4	17	-	-	-	-	-	5

Costs Incurred
Costs Incurred refers to operating expenses and costs of disposals that have been incurred either on behalf of or by a related party.