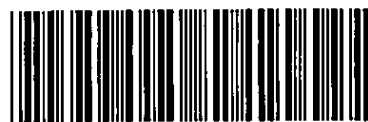


Registration number 2532723

City North Growth Limited
Directors' report and financial statements
for the year ended 30 September 2006

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City North Growth Limited

Directors' report for the year ended 30 September 2006

The directors present their report and the financial statements for the year ended 30 September 2006

Results and business review

The company is dormant and is expected to remain so for the foreseeable future. The company did not trade during the year or the preceeding period and made neither a profit or a loss. There were also no other recognised gains and losses for the current financial year or the preceeding financial period. Accordingly, neither a profit and loss account nor a statement of total recognised gains and losses have been presented.

Directors and their interests

The directors who served during the year are as stated below

Andrew R Cunningham

Rupert J Dickinson

Susan Wavell Resigned 20/12/2005

Michael B Sherley-Dale Resigned 20/12/2005

The directors have no beneficial interest in the share capital of the company

The beneficial interests of the following directors in the shares of the ultimate holding company, Grainger plc (formerly Grainger Trust plc), are shown in the annual report of Grainger plc

Andrew R Cunningham

Rupert J Dickinson

The beneficial interests of Marie L Glanville in the shares of the ultimate holding company, Grainger Trust plc, are shown in the annual report of Northumberland and Durham Property Trust Limited

The following directors have no beneficial interests in the shares of the ultimate holding company, Grainger Plc

Susan Wavell

Michael B Sherley-Dale

City North Growth Limited

Directors' report for the year ended 30 September 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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to

- select suitable accounting policies and 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 confirm that they have complied with the above requirements in preparing the financial statements

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

This report was approved by the Board on 25 May 2007 and signed on its behalf by

Marie Glanville
Secretary



City North Growth Limited

Balance sheet as at 30 September 2006

	Notes	2006 £	2005 £
Current assets			
Debtors	3	4,002,168	4,002,168
Net assets		<u>4,002,168</u>	<u>4,002,168</u>
Called up equity share capital:			
Ordinary shares of 50p each	4	2,121,707	2,121,707
Share premium		1,880,461	1,880,461
Equity shareholders' funds		<u>4,002,168</u>	<u>4,002,168</u>

Audit exemption statement

For the year ended 30 September 2006, the Company was entitled to exemption from the requirement to have an audit under the provision of Section 249AA(1) of the Companies Act 1985

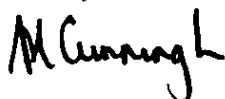
No notice has been deposited with the company under Section 249B(2) of that Act requiring an audit to be carried out

The directors acknowledge their responsibility for,

(a) Ensuring the Company keeps accounting records which comply with Section 221 of the Companies Act 1985, and

(b) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year and of its profit/loss for that financial year in accordance with Section 226 of the Companies Act 1985 and which otherwise comply with the accounting requirements of that Act relating to accounts so far as applicable to the company

Approved by the Board on 25 May 2007 and signed on its behalf by



Andrew R Cunningham
Director

City North Growth Limited

Notes to the financial statements for the year ended 30 September 2006

1. Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom which have been applied consistently throughout the year

2. Profit and loss account

The company did not trade during the year or the preceeding period and made neither a profit or a loss. There were also no other recognised gains and losses for the current financial year or the preceeding financial period. Accordingly, neither a profit and loss account nor a statement of total recognised gains and losses have been presented.

There are no persons holding service contracts with the company. None of the directors received any remuneration from the company during the year, or in the previous period.

3. Debtors

	2006 £	2005 £
Amounts owed by group undertakings	4,002,168	4,002,168
	<u>4,002,168</u>	<u>4,002,168</u>

4. Called up equity share capital

	2006 £	2005 £
Authorised		
11,500,000 Ordinary shares of 50p each	5,750,000	5,750,000
	<u>5,750,000</u>	<u>5,750,000</u>
Allotted, called up and fully paid share capital.		
4,243,414 Ordinary shares of 50p each	2,121,707	2,121,707
	<u>2,121,707</u>	<u>2,121,707</u>

5. Related party disclosures

The company has taken advantage of the exemption available under Financial Reporting Standard No 8 and has not disclosed transactions with companies that are part of the Grainger plc group.

6. Ultimate parent undertaking

The directors regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial statements may be obtained from The Secretary, Grainger plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

7. Controlling interest

City North Group Limited is the immediate controlling party and parent company by virtue of its 100% shareholdings in the company.