

**COMPANIES REGISTRY COPY**

**Citygraze Limited  
Financial Statements  
For the year ended  
31 December 2002**

**Company Registration Number 3876060**



# **Citygraze Limited**

## **Financial Statements**

**Year ended 31 December 2002**

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# **Citygraze Limited**

## **Company Information**

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**The Director**

Mr. P. Shalson

**Company Secretary**

Mr. D. Wolinsky

**Registered Office**

Lanmor House  
370/386 High Road  
Wembley  
Middlesex  
HA9 6AX

**Auditors**

Landau Morley  
Chartered Accountants  
& Registered Auditors  
Lanmor House  
370/386 High Road  
Wembley  
Middlesex HA9 6AX

# Citygraze Limited

## The Director's Report

Year ended 31 December 2002

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The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 December 2002.

### Principal Activities and Business Review

The principal activity of the company continued to be that of property dealing.

### Results and Dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The director has recommended the following dividends:

	2002	2001
	£	£
Proposed dividends on ordinary shares	<u>230,000</u>	<u>845,000</u>

### Director

The director who served the company during the year was as follows:

Mr. P. Shalson

Mr. P. Shalson has 2 shares in the ultimate parent undertaking, SGI Limited, which represents a 100% shareholding.

### Director's Responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the director is required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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.

# Citygraze Limited

## The Director's Report *(continued)*

Year ended 31 December 2002

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### Auditors

A resolution to re-appoint Landau Morley as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by

Mr. P. Shalson  
Director

Approved by the director on 29<sup>th</sup> October 2003

# Citygraze Limited

## Independent Auditors' Report to the Shareholders

Year ended 31 December 2002

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We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of the Director and the Auditors

The director's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Director's Responsibilities on page 2.

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

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 Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

### Basis of Audit Opinion

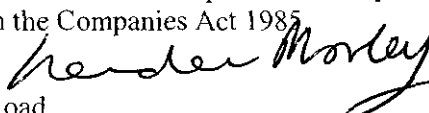
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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 of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Lanmor House  
370/386 High Road  
Wembley  
Middlesex HA9 6AX

 LANDAU MORLEY  
Chartered Accountants  
& Registered Auditors

30<sup>th</sup> October 2003

**Citygraze Limited**  
**Profit and Loss Account**  
**Year ended 31 December 2002**

	Note	2002 £	2001 £
<b>Turnover</b>	<b>2</b>	1,016,868	3,562,500
Cost of sales		779,593	2,340,307
<b>Gross Profit</b>		237,275	1,222,193
Administrative expenses		114,541	224,196
Other operating income		(255,893)	(259,859)
<b>Operating Profit</b>	<b>3</b>	378,627	1,257,856
Interest receivable		4,446	46,497
Interest payable	<b>5</b>	(147,462)	(298,776)
<b>Profit on Ordinary Activities Before Taxation</b>		235,611	1,005,577
Tax on profit on ordinary activities	<b>6</b>	—	—
<b>Profit on Ordinary Activities after Taxation</b>		235,611	1,005,577
Dividends	<b>7</b>	230,000	845,000
<b>Retained Profit for the Financial Year</b>		5,611	160,577
Balance brought forward		5,824	(154,753)
Balance carried forward		11,435	5,824

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 10 form part of these financial statements.

# Citygraze Limited

## Balance Sheet

31 December 2002

	Note	2002 £	2001 £
<b>Current Assets</b>			
Stocks	8	2,814,456	3,465,181
Debtors	9	224,182	516,618
Cash at bank		76,619	438,829
		<u>3,115,257</u>	<u>4,420,628</u>
<b>Creditors: Amounts Falling due Within One Year</b>	10	<u>475,974</u>	<u>1,745,389</u>
<b>Net Current Assets</b>		2,639,283	2,675,239
<b>Total Assets Less Current Liabilities</b>		2,639,283	2,675,239
<b>Creditors: Amounts Falling due after More than One Year</b>	11	2,627,847	2,669,414
		<u>11,436</u>	<u>5,825</u>
<b>Capital and Reserves</b>			
Called-up equity share capital	14	1	1
Profit and loss account		11,435	5,824
<b>Shareholders' Funds</b>	15	<u>11,436</u>	<u>5,825</u>

These financial statements were approved and signed by the director on 29.10/03...

Mr. P. Shalson  
Director

The notes on pages 7 to 10 form part of these financial statements.



# Citygraze Limited

## Notes to the Financial Statements

Year ended 31 December 2002

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### 1. Accounting Policies

#### Basis of Accounting

The financial statements have been prepared under the historical cost convention.

#### Cash Flow Statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

#### Turnover

The turnover shown in the profit and loss account represents the amount receivable in respect of stock of properties sold during the year.

#### Stocks

Stock which consists of freehold and long leasehold properties held for resale, has been valued at acquisition cost plus development cost or market value, whichever is lower.

#### Deferred Taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

No provision has been made in respect of deferred tax as there are unlikely to be any timing differences in the foreseeable future.

### 2. Turnover

The turnover and profit before tax were derived from the company's principal activity which was carried out wholly in the United Kingdom.

### 3. Operating Profit

Operating profit is stated after charging:

	2002 £	2001 £
Auditors' remuneration		
- as auditors	4,700	4,113

### 4. Particulars of Employees

No salaries or wages have been paid to employees, including the director, during the year.

### 5. Interest Payable

	2002 £	2001 £
Interest payable on bank borrowing	147,462	298,776

# Citygraze Limited

## Notes to the Financial Statements

Year ended 31 December 2002

### 6. Tax on Profit on Ordinary Activities

#### Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2001 - 30%).

	2002 £	2001 £
Profit on ordinary activities before taxation	235,611	1,005,577
Profit/(loss) on ordinary activities by rate of tax	70,683	301,673
Group relief	(70,683)	(301,673)
Total current tax	—	—

### 7. Dividends

The following dividends have been proposed in respect of the year:

	2002 £	2001 £
Proposed dividend on ordinary shares	230,000	845,000

### 8. Stocks

	2002 £	2001 £
Properties for resale	2,814,456	3,465,181

### 9. Debtors

	2002 £	2001 £
Amounts owed by group undertakings	86,370	251,791
Other debtors	3	124,651
Prepayments and accrued income	137,809	140,176
	224,182	516,618

At the balance sheet date, the following amounts were due from related parties:

Amounts due from group undertakings include:

Parent undertaking-SGI Limited	86,370	251,791
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Amounts within other debtors include:

Joint venture company-Brooks Place Properties Limited	—	103,167
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# Citygraze Limited

## Notes to the Financial Statements

Year ended 31 December 2002

### 10. Creditors: Amounts Falling due Within One Year

	2002 £	2001 £
Bank loans and overdrafts	11,567	10,839
Trade creditors	—	10,145
Dividends payable	230,000	845,000
Other creditors	135,264	502,301
Accruals and deferred income	99,143	377,104
	<u>475,974</u>	<u>1,745,389</u>

At the balance sheet date, the following amounts were due to related parties:

Amounts within other creditors include:

Joint venture company - Brooks Place Properties Limited

93,832

—

Accruals and deferred income includes management charges payable to SGI Limited in the sum of £88,125.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2002 £	2001 £
Bank loans and overdrafts	<u>11,567</u>	<u>10,839</u>

### 11. Creditors: Amounts Falling due after More than One Year

	2002 £	2001 £
Bank loans and overdrafts	<u>2,627,847</u>	<u>2,669,414</u>

The bank loans are secured against the company's stock.

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2002 £	2001 £
Bank loans and overdrafts	<u>2,627,847</u>	<u>2,669,414</u>

### 12. Creditors - Bank Loans

Creditors include bank loans which are due for repayment as follows:

	2002 £	2001 £
Amounts repayable:		
In one year or less or on demand	11,567	10,839
In more than one year but not more than two years	12,344	11,567
In more than two years but not more than five years	42,228	39,572
In more than five years	<u>2,573,275</u>	<u>2,618,275</u>
	<u>2,639,414</u>	<u>2,680,253</u>

### 13. Related Party Transactions

The company is controlled by Mr. P. Shalson. During the year the company paid management charges of £88,125 (2001: £146,875) to SGI Limited.

# Citygraze Limited

## Notes to the Financial Statements

Year ended 31 December 2002

### 14. Share Capital

#### Authorised share capital:

	2002	2001
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

#### Allotted, called up and fully paid:

	2002		2001	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

### 15. Reconciliation of Movements in Shareholders' Funds

	2002	2001
	£	£
Profit for the financial year	235,611	1,005,577
Dividends	(230,000)	(845,000)
	<u>5,611</u>	<u>160,577</u>
Opening shareholders' equity funds/(deficit)	5,825	(154,752)
Closing shareholders' equity funds	<u>11,436</u>	<u>5,825</u>

### 16. Ultimate Parent Company

The ultimate parent undertaking, SGI Limited, owns 100% of the company. SGI Limited is registered in England, is an investment holding company and trades as management consultants.