

COMPANIES REGISTRY COPY

**Citygraze Limited
Financial Statements
For the year ended
31 December 2005**

Company Registration Number 3876060



Citygraze Limited

Financial Statements

Year ended 31 December 2005

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Citygraze Limited
Company Information

The Board of Directors	Mr. P. Shalson Mr. S.J. Pollins
Company Secretary	Mr. S. J. Pollins
Registered Office	Lanmor House 370/386 High Road Wembley Middlesex HA9 6AX
Auditor	Landau Morley Chartered Accountants & Registered Auditors Lanmor House 370/386 High Road Wembley Middlesex HA9 6AX

Citygraze Limited

The Directors' Report

Year ended 31 December 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2005.

Principal Activities and Business Review

The principal activity of the company continued to be that of property dealing, but no transactions of this nature were undertaken during the year.

There are no plans to re-commence property dealing activity in the foreseeable future

Results and Dividends

The loss for the year amounted to £556. The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

Mr. P. Shalson

Mr. S.J. Pollins (Appointed 16 December 2005)

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

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 year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors 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 directors are responsible for keeping proper accounting records that 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. 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.

Citygraze Limited

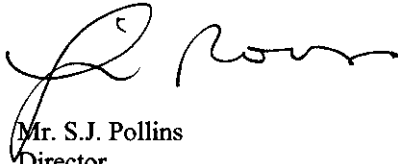
The Directors' Report *(continued)*

Year ended 31 December 2005

Auditor

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

Signed on behalf of the directors



Mr. S.J. Pollins
Director

Approved by the directors on 30.10.06

Citygraze Limited

Independent Auditor's Report to the Shareholders of Citygraze Limited (continued)

Year ended 31 December 2005

We have audited the financial statements of Citygraze Limited for the year ended 31 December 2005 on pages 6 to 11 which have been prepared on the basis of the accounting policies set out on page 9.

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 Auditor

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.

Citygraze Limited

Independent Auditor's Report to the Shareholders of Citygraze Limited *(continued)*

Year ended 31 December 2005

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.

Landau Morley

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

LANDAU MORLEY
Chartered Accountants
& Registered Auditors

30 October 2006

Citygraze Limited**Profit and Loss Account****Year ended 31 December 2005**

	Note	2005 £	2004 £
Turnover	2	—	—
Cost of sales		—	47
Gross Loss		—	(47)
Administrative expenses		734	1,593
Other operating income		—	(351)
Operating Loss	3	(734)	(1,289)
Interest receivable		178	198
Loss on Ordinary Activities Before Taxation		(556)	(1,091)
Tax on loss on ordinary activities	5	—	—
Loss for the Financial Year		(556)	(1,091)
Balance brought forward		2,562	3,653
Balance carried forward		2,006	2,562

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

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

The notes on pages 9 to 11 form part of these financial statements.

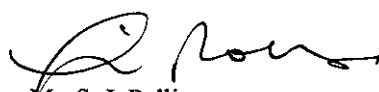
Citygraze Limited

Balance Sheet

31 December 2005

	Note	2005 £	£	2004 £	£
Current Assets					
Debtors	6	23,479		28,194	
Cash at bank		<u>7,930</u>		<u>8,535</u>	
		31,409		36,729	
Creditors: Amounts Falling due Within One Year	7	<u>29,402</u>		<u>34,166</u>	
Net Current Assets			<u>2,007</u>		<u>2,563</u>
Total Assets Less Current Liabilities			<u>2,007</u>		<u>2,563</u>
Capital and Reserves					
Called-up equity share capital	9		1		1
Profit and loss account			<u>2,006</u>		<u>2,562</u>
Shareholders' Funds	10		<u>2,007</u>		<u>2,563</u>

These financial statements were approved by the directors on the 20.10.06 and are signed on their behalf by:


Mr. S. J. Pollins
Director

The notes on pages 9 to 11 form part of these financial statements.

Citygraze Limited

Cash Flow Statement

Year ended 31 December 2005

	Note	2005 £	£	2004 £	£
Net Cash (Outflow)/Inflow From Operating Activities	11		(783)		717,625
Returns on Investments and Servicing of Finance	12		178		198
Equity Dividends Paid			—		(725,000)
Decrease in Cash			<u>(605)</u>		<u>(7,177)</u>

Reconciliation of Net Cash Flow to Movement in Net Funds

	2005 £	£	2004 £	£
Decrease in cash in the period	(605)		(7,177)	
		(605)		(7,177)
Change in net funds		(605)		(7,177)
Net funds at 1 January 2005		8,535		15,712
Net funds at 31 December 2005		<u>7,930</u>		<u>8,535</u>

Analysis of Changes in Net Funds

	At 1 Jan 2005 £	Cash flows £	At 31 Dec 2005 £
Net cash:			
Cash in hand and at bank	8,535	(605)	7,930
Net funds	<u>8,535</u>	<u>(605)</u>	<u>7,930</u>

The notes on pages 9 to 11 form part of these financial statements.

Citygraze Limited

Notes to the Financial Statements

Year ended 31 December 2005

1. Accounting Policies

Basis of Accounting

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

Changes in Accounting Policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

-FRS 21 'Events after the Balance Sheet date (IAS 10)'; and

-the presentation requirements of 'FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)".

The adoption of FRS 21 and FRS 25 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date.

However, since the company has not paid or proposed dividends in recent years, there is no impact on the Financial Statements of this change in policy.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Turnover

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

3. Operating Loss

Operating loss is stated after charging:

	2005	2004
	£	£
Auditor's remuneration		
- as auditor	<u>587</u>	<u>1,763</u>

4. Particulars of Employees

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

Citygraze Limited

Notes to the Financial Statements

Year ended 31 December 2005

5. Taxation on Ordinary Activities

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005	2004
	£	£
Loss on ordinary activities before taxation	(556)	(1,091)
Profit/(loss) on ordinary activities by rate of tax	(167)	(327)
Group relief	167	327
Total current tax	-	-

6. Debtors

	2005	2004
	£	£
Amounts owed by group undertakings	23,479	28,194

Amounts due from group undertakings relate to amounts due from the parent undertaking, SGI Limited.

7. Creditors: Amounts Falling due Within One Year

	2005	2004
	£	£
Other creditors	27,052	26,875
Accruals and deferred income	2,350	7,291
	29,402	34,166

8. Controlling Party

The company is controlled by Mr. P. Shalson.

9. Share Capital

Authorised share capital:

	2005	2004
	£	£
1,000 Ordinary shares of £1 each	1,000	1,000

Allotted, called up and fully paid:

	2005		2004	
	No.	£	No.	£
Equity shares				
Ordinary shares of £1 each	1	1	1	1

Citygraze Limited

Notes to the Financial Statements

Year ended 31 December 2005

10. Reconciliation of Movements in Shareholders' Funds

	2005	2004
	£	£
Loss for the financial year	(556)	(1,091)
Opening shareholders' funds	2,563	3,654
Closing shareholders' funds	<u>2,007</u>	<u>2,563</u>

11. Reconciliation of Operating Loss to Net Cash (Outflow)/Inflow From Operating Activities

	2005	2004
	£	£
Operating loss	(734)	(1,289)
Decrease in debtors	4,715	793,074
Decrease in creditors	(4,764)	(74,160)
Net cash (outflow)/inflow from operating activities	<u>(783)</u>	<u>717,625</u>

12. Returns on Investments and Servicing of Finance

	2005	2004
	£	£
Interest received	<u>178</u>	<u>198</u>
Net cash inflow from returns on investments and servicing of finance	<u>178</u>	<u>198</u>

13. 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.