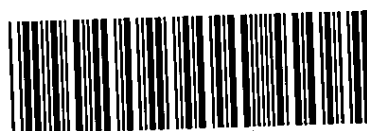


CONCERT STEPS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2007

Company number 4005549

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CONCERT STEPS LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

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CONCERT STEPS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2007

The directors present their annual report together with the audited financial statements for the year ended 31 March 2007

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is that of property investment

RESULTS FOR THE YEAR

The loss for the year after tax was £19,083 (2006 profit 97,649)

DIVIDENDS

The directors do not recommend the payment of a dividend (2006 £Nil)

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as follows -

M L Stone
W J Dixon
T S Cole
S R Collins
M N Steinberg

At 31 March 2007 M L Stone and W J Dixon had an interest in 25 shares of the company

Details of the directors' interests in the shares of the holding company City & General Securities Limited are given in the directors' report of that company

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 year. 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,
- 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 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.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting policies or practice.

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and,
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

CONCERT STEPS LIMITED

DIRECTORS' REPORT (continued)

YEAR ENDED 31 MARCH 2007

AUDITORS

A resolution reappointing haysmacintyre will be proposed at the AGM in accordance with S385(2) of the Companies Act 1985

BY ORDER OF THE BOARD ON 19 SEPTEMBER 2007

A handwritten signature in black ink, appearing to read 'R J De Barr', with a stylized, wavy line extending from the end.

R J De Barr
Secretary

**Registered office:
10 Upper Berkeley Street
London W1H 7PE**

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONCERT STEPS LIMITED

We have audited the financial statements of Concert Steps Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes. These financial statements 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

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 and whether 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 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.

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 2007 and of its loss 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.



haysmacintyre
Chartered Accountants
Registered Auditors

Date 19 September 2007

Fairfax House
15 Fulwood Place
London
WC1V 6AY

CONCERT STEPS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £	2006 £
TURNOVER	2	434,090	452,017
Direct expenses		(36,968)	2,130
GROSS PROFIT		397,122	454,147
Administration expenses		(12,882)	(6,602)
OPERATING PROFIT		384,240	447,545
Interest receivable		32,160	-
Interest payable	3	(438,453)	(308,001)
		(406,293)	(308,001)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(22,053)	139,544
Taxation on (loss)/profit ordinary activities	5	2,970	(41,895)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	£(19,083)	£97,649

All rental income and operating profit are derived from continuing activities

CONCERT STEPS LIMITED

OTHER PRIMARY STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	2007	2006
	£	£
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	(19,083)	97,649
Unrealised surplus on revaluation of investment properties	-	3,826,381
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES	£(19,083)	£3,924,030
FOR THE YEAR	<hr/>	<hr/>

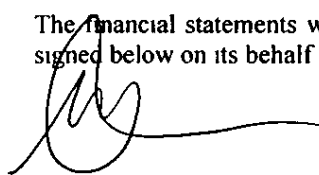
CONCERT STEPS LIMITED

BALANCE SHEET

AT 31 MARCH 2007

	Notes	£	2007 £	£	2006 £
FIXED ASSETS					
Tangible assets	6		12,816,405		11,250,000
CURRENT ASSETS					
Debtors	7	29,414		496,675	
Cash at bank and in hand		817,958		441,367	
		847,372		938,042	
CREDITORS: Amounts falling due within one year	8	(222,179)		(261,347)	
NET CURRENT LIABILITIES			625,193		676,695
TOTAL ASSETS LESS CURRENT LIABILITIES			13,441,598		11,926,695
CREDITORS: Amounts falling due after one year	9		(7,644,343)		(6,110,357)
NET ASSETS			£5,797,255		£5,816,338
CAPITAL AND RESERVES					
Called up share capital	12		100		100
Revaluation reserve	14		5,749,228		5,749,228
Profit and loss account	13		47,927		67,010
Shareholders' funds	15		£5,797,255		£5,816,338

The financial statements were approved and authorised for issue by the Board of Directors on 19 September 2007 and signed below on its behalf by



Director

Director



CONCERT STEPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties, and in accordance with applicable accounting standards

b) Cashflow statement

The cashflow statement included in the consolidated financial statements of the holding company, City & General Securities Limited, complies with the conditions of Financial Reporting Standard No 1 (revised 1996) 'Cash flow statements' (FRS1). The company therefore is exempt under FRS1 from the requirement to prepare a separate cashflow statement

c) Rental income

Rents are accounted for on a receivable basis, all rental income arose in the United Kingdom

d) Repairs and renewals

Expenditure on repairs and renewals is charged to direct expenses as incurred

e) Interest charges and income

Interest is charged/(credited) to the profit and loss account as incurred/(generated)

f) Finance issue costs

Finance issue costs are amortised over the life of the associated loans under the classification of interest charges

g) Investment properties

In accordance with Statement of Standard Accounting Practice No 19 'Accounting for Investment Properties' (SSAP 19) no amortisation is provided on freehold and long leasehold investment properties. The directors consider that although this represents a departure from the requirements of the Companies Act 1985 for all properties to be depreciated, this policy results in the financial statements giving a true and fair view. Amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

h) Deferred taxation

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. It is the group's policy not to discount deferred tax to reflect the time value of money

i) Current taxation

Current tax in respect of the sale of investment properties is charged to the profit and loss account in respect of the taxation of any surplus over book value and direct to the statement of total recognised gains and losses in respect of any taxation in excess of book value over historical cost

2. TURNOVER

Turnover, which excludes value added tax, represents

Rental income

2007

£

£434,090

2006

£

£452,017

3. INTEREST PAYABLE

Bank interest

Interest to group undertakings

438,453

-

£438,453

172,477

135,524

£308,001

4. DIRECTORS' REMUNERATION

No emoluments were paid to the directors of the company in the year (2006 £Nil)

CONCERT STEPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 MARCH 2007

5.	TAXATION	2007 £	2006 £
(a)	Analysis of (credit)/charge in the year:		
	The tax (credit)/charge on the loss on ordinary activities for the year was as follows		
	UK corporation tax (credit)/charge for the year	<u>£(2,970)</u>	<u>£41,895</u>
(b)	Factors affecting tax (credit)/charge for year:		
	The tax assessed for the year is higher than the standard rate of corporation tax in the UK The differences are explained below		
		2007 £	2006 £
	(Loss)/profit on ordinary activities before tax	(22,053)	139,544
	(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	(6,616)	41,863
	Effects of Expenses not deductible for tax purposes	<u>3,646</u>	<u>32</u>
	UK corporation tax (credit)/charge for the year	<u>£(2,970)</u>	<u>£41,895</u>
6.	TANGIBLE FIXED ASSETS		Freehold Property £
	Cost or valuation		
	At 1 April 2006		11,250,000
	Additions		<u>1,566,405</u>
	At 31 March 2007		<u>£12,816,405</u>
	The directors, on the basis of open market value, have valued the properties held at 31 March 2007 at £12,816,405 (2006 £11,250,000)		
	On the historical cost basis tangible fixed assets would have been included at		
		2007 £	2006 £
	Cost	<u>£7,067,177</u>	<u>£5,500,772</u>
7.	DEBTORS	2007 £	2006 £
	Amounts due from group undertaking	2,970	483,625
	Other taxes and social security costs	26,419	13,025
	Other debtors	25	25
		<u>£29,414</u>	<u>£496,675</u>

CONCERT STEPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 MARCH 2007

8. CREDITORS: Amounts falling due within one year	2007 £	2006 £
Amounts due to group undertakings	-	19,524
Accruals and deferred income	222,179	241,823
	<u>£222,179</u>	<u>£261,347</u>
9. CREDITORS: Amounts falling due after one year		
Bank loan	<u>£7,644,343</u>	<u>£6,110,357</u>
10. LOANS		
Repayable other than by instalments		
Amounts falling due	-	-
Within one year		
Between two and five years	7,699,784	6,162,500
Total loans	<u>7,699,784</u>	<u>6,162,500</u>
Unamortised finance issue costs	(55,441)	(52,143)
	<u>£7,644,343</u>	<u>£6,110,357</u>

The bank loan is secured by a fixed charge over certain investment properties. The loan is repayable on 24 March 2011 and carries interest at 1.35% over LIBOR.

The company has entered into an interest rate swap for a notional principal amount of £3,100,000 which matures on 27 March 2009. Under this swap, the company receives interest on a variable basis and pays interest fixed at a rate of 4.86% (2006: 4.86%).

11. PROVISIONS FOR LIABILITIES AND CHARGES

No deferred tax is provided in the current or prior year. Unprovided deferred tax is as follows:

	2007 £	2006 £
Revaluation of investment property	<u>£1,619,690</u>	<u>£1,709,077</u>

12. SHARE CAPITAL

Authorised 1,000 Ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
Issued, allotted and fully paid 100 Ordinary share of £1 each	<u>£100</u>	<u>£100</u>

CONCERT STEPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 MARCH 2007

13. PROFIT AND LOSS ACCOUNT	2007
	£
At 1 April 2006	67,010
Retained loss for the year	(19,083)
At 31 March 2007	<u>£47,927</u>

14. REVALUATION RESERVE	
At 1 April 2006 and 31 March 2007	<u>£5,749,228</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2007	2006
	£	£
Retained (loss)/profit for the year	(19,083)	97,649
Revaluations during the year	-	3,826,381
Net movement in shareholders fund	(19,083)	3,924,030
Opening shareholders' funds	5,816,338	1,892,308
Closing shareholders' funds	<u>£5,797,255</u>	<u>£5,816,338</u>

16. ULTIMATE CONTROLLING PARTIES

The largest and smallest group into which the company is consolidated is *City & General Securities Limited* which is registered in England and Wales

Group financial statements for *City & General Securities Limited* are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Cardiff, CF14 3UZ. The company is ultimately controlled by the directors

17. RELATED PARTY TRANSACTIONS	2007	2006
	£	£
During the year the company made the following related party transactions		
Interest paid on loan to Frenson entity	-	(135,524)
Interest received from Arthouse Square	28,675	-
Interest received from Haigside	547	-
	<u></u>	<u></u>

At 31 March 2007 the company had the following related party balances

Compco Holdings Limited	2,970	(19,524)
Arthouse Square Limited	-	483,625
	<u></u>	<u></u>

18. CAPITAL COMMITMENTS	2007	2006
	£	£
Authorised and contracted for	<u>£2,979,000</u>	<u>£2,280,000</u>