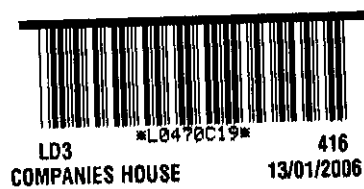


Registered number
04316344

C.G.I.S. Littlehampton Limited
Directors' Report and Accounts
30 June 2005



C.G.I.S. Littlehampton Limited
Report and accounts
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C.G.I.S. Littlehampton Limited
Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 June 2005.

Principal activities

The company's principal activity during the year continued to be property investment.

Results and dividends

The results for the year and the amount proposed to be transferred to reserves are shown in the profit and loss account on page 5.

The directors paid two interim dividends of £751,388 and £169,000 on the ordinary share capital and do not recommend the payment of a final dividend (2004: Nil). A dividend of £24,173 was paid on the preference shares (2004: £4,157).

Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

T S Cole
S R Collins
M N Steinberg

None of the directors have any interest in the share capital of the company.

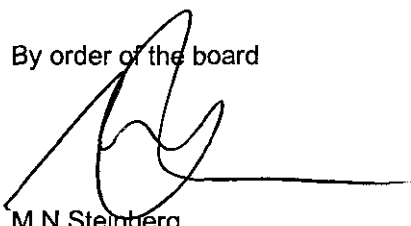
The directors' interest in the shares of the holding company, CGIS Group (No.3) Limited, are disclosed in the accounts of that company.

Auditors

During the year PricewaterhouseCoopers LLP resigned as auditors of the company and haysmacintyre were appointed to fill the casual vacancy.

In accordance with section 384 of the Companies Act 1985, a resolution to re-appoint haysmacintyre as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


M N Steinberg
Director

10 Upper Berkeley Street
London
W1H 7PE

13 December 2005

C.G.I.S. Littlehampton Limited
Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to 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 suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 June 2005 and that applicable accounting standards have been followed.

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

Independent auditors' report to the member of C.G.I.S. Littlehampton Limited

We have audited the financial statements of C.G.I.S. Littlehampton Limited for the year ended 30 June 2005 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and 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 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 members as a body, for our audit work, for this report, or 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.

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 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 transactions with the company 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 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 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.

Independent auditors' report to the member of C.G.I.S. Littlehampton Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30 June 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



haysmacintyre
Chartered Accountants
Registered Auditors

Fairfax House
15 Fulwood Place
London, WC1V 6AY

13 December 2005

C.G.I.S. Littlehampton Limited
Profit and Loss Account
for the year ended 30 June 2005

	Notes	2005 £	2004 £
Turnover	2		
Rent receivable		698,550	714,263
Service charge income		27,952	26,438
		<u>726,502</u>	<u>740,701</u>
Cost of sales		(27,952)	(32,496)
Gross profit		<u>698,550</u>	<u>708,205</u>
Administrative expenses		(15)	(6,600)
Operating profit		<u>698,535</u>	<u>701,605</u>
Interest receivable		-	613
Interest payable	5	(243,070)	(327,261)
Profit on ordinary activities before taxation		<u>455,465</u>	<u>374,957</u>
Tax on profit on ordinary activities	6	18,590	(126,252)
Profit for the financial year		<u>474,055</u>	<u>248,705</u>
Preference dividends	7	(24,173)	(4,157)
Ordinary dividend on equity shares	8	(920,388)	-
Retained (loss)/profit for the financial year		<u>(470,506)</u>	<u>244,548</u>

Continuing operations

All of the above relate to continuing operations.

There is no difference between the loss as stated and that prepared on the historic cost basis.

The notes on pages 8 - 14 form part of these financial statements.

C.G.I.S. Littlehampton Limited
Statement of total recognised gains and losses
for the year ended 30 June 2005

	Notes	2005 £	2004 £
Profit for the financial year		474,055	248,705
Unrealised surplus on revaluation of properties	9	750,000	1,450,000
Total recognised gains and losses related to the year		<u>1,224,055</u>	<u>1,698,705</u>

The notes on pages 8 - 14 form part of these financial statements.

C.G.I.S. Littlehampton Limited
Balance Sheet
as at 30 June 2005

	Notes	2005 £	2004 £
Fixed assets			
Investment property	9	9,750,000	9,000,000
Investments	10	2	2
		<u>9,750,002</u>	<u>9,000,002</u>
Current assets			
Debtors	11	1	1
Creditors: amounts falling due within one year	12	(7,063,760)	(6,574,664)
Net current liabilities		<u>(7,063,759)</u>	<u>(6,574,663)</u>
Total assets less current liabilities		<u>2,686,243</u>	<u>2,425,339</u>
Provisions for liabilities and charges			
Deferred taxation	13	(107,662)	(126,252)
Net assets		<u>2,578,581</u>	<u>2,299,087</u>
Capital and reserves			
Called up share capital	14	2,041	2,041
Share premium	15	205,213	205,213
Revaluation reserve	15	2,352,000	1,602,000
Profit and loss account	15	19,327	489,833
Shareholder's funds:			
Equity		2,576,541	2,297,047
Non-equity		2,040	2,040
	16	<u>2,578,581</u>	<u>2,299,087</u>

These financial statements were approved by the board of directors on 13 December 2005 and were signed on its behalf by:


S R Collins
Director


M N Steinberg
Director

The notes on pages 8 - 14 form part of these financial statements.

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2005

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements with the exception of the presentation of gross property income noted below.

Accounting convention

The financial statements have been prepared on a going concern basis, under the historical cost accounting rules, modified by the revaluation of certain fixed assets, and in accordance with the Companies Act 1985 and applicable accounting standards for the United Kingdom.

Basis of preparation

The accounts have been prepared on the going concern basis by the directors, who have assessed the future performance of the company and determined that the going concern basis is appropriate. In addition, the directors have obtained the support of C.G.I.S Group No.3 Limited for a period of at least 12 months from the date of the approval of the financial statements.

Properties

Investment properties are included in the balance sheet at their open market value at the balance sheet date based upon an annual external professional valuation. Aggregate surpluses or deficits arising on valuation are transferred to a revaluation reserve. Impairment in the value of properties to below their carrying values are charged directly to the profit and loss account, where such impairments are considered permanent.

Additions to investment properties include only costs of a capital nature. Costs such as interest and other property outgoings are treated as revenue expenditure and written off as incurred.

In accordance with SSAP 19 (as amended) "Accounting for Investment Properties" no depreciation or amortisation is provided in respect of freehold and leasehold investment properties. This treatment is a departure from the requirements of Companies Act 1985 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in annual valuation, and the amount which might otherwise be shown, cannot be separately identified or quantified.

Cashflow statement

The cash flow statement included in the consolidated financial statements of the holding company, CGIS Group (No.3) 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 cash flow statement.

Related party transactions

As the company is a wholly owned subsidiary of CGIS Group (No.3) Limited, it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances which form part of the group (or investees of the group qualifying as related parties).

The consolidated financial statements of CGIS Group (No.3) Limited, within which this company is included, can be obtained from 10 Upper Berkeley Street, London, W1H 7PE.

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2005

Gross property income

Following the issue of Application Note G (an amendment to FRS 5) in November 2003, the gross value of property expenses is now included within cost of sales and the contribution from tenants is included in turnover. Previously the net of these two items had been shown within cost of sales.

Lease incentives

In accordance with the Accounting Standard's (ASB) Urgent Issues Task Force Abstract 28 "Operating Lease Incentives" (UTIF 28) the company treats any incentive for lessees to enter into lease agreements as a reverse cost and accounts for rental income from the commencement date of any rent free period. The cost of all lease incentives (such as rent free periods or contributions to tenants fitting out costs) is therefore setoff against the total rent due. The net rental income is then spread evenly over the shorter of the period from the rent commencement date to the date of the next rent review or the lease end date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Turnover

Turnover, which is stated net of value added tax, includes rents receivable, service charge and other recoveries from tenants of its investment property within the United Kingdom.

3 Staff numbers and costs

Other than the directors, the company employed no staff during the year (2004: Nil). None of the directors received any remuneration (2004: Nil).

4 Auditors' remuneration

The auditors' remuneration has been borne by its intermediate parent company, CGIS Group (No.3) Limited.

5 Interest payable

	2005 £	2004 £
Finance charges arising in respect of loan from group undertaking	242,356	326,870
Other Interest	714	391
	<u>243,070</u>	<u>327,261</u>

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2005

6 Taxation

Tax on profit on ordinary activities

	2005	2004
	£	£
Taxation based on profits for the year:		
Current tax	-	-
Deferred taxation - prior year adjustment	(18,590)	107,662
Deferred taxation - current year	-	18,590
Total corporation tax and similar taxes	<u>(18,590)</u>	<u>126,252</u>

Current tax

The tax on the profit on ordinary activities has been reduced from the amount that would arise from applying the prevailing corporation tax rate to the company's profit as follows:-

	2005	2004
	£	£
UK corporation tax at 30% on profits before tax	136,640	112,487
Excess of capital allowances over depreciation	-	(18,590)
Interest timing differences	21,876	50,831
Tax losses from group companies	(158,516)	(191,959)
Unutilised tax losses arising in the period not recognised	-	47,231
	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

No provision has been made for taxation which might become payable if the company's investment property was sold at the net amount at which it is stated in the financial statements. The tax liability would amount to approximately £496,976.

Deferred tax

See note 13 for disclosure of the provided and unprovided deferred tax balances.

7 Preference dividends

	2005	2004
	£	£
Dividends on preference shares: Paid 8.56p (2004: 8.93p) per 1p share	17,468	4,157
Accrued preference dividend from 1 January 2005 to 30 June 2005	6,705	-
	<u>24,173</u>	<u>4,157</u>

8 Equity dividends

	2005	2004
	£	£
First interim equity dividend on ordinary shares: Paid £751,338 (2004: Nil) per £1 ordinary share	751,388	-
Second Interim equity dividend on ordinary shares: Paid £169,000 (2004: Nil) per £1 ordinary share	169,000	-
	<u>920,388</u>	<u>-</u>

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2005

9 Investment properties

	Freehold land and buildings £
Valuation	
At 1 July 2004	9,000,000
Surplus on revaluation	750,000
At 30 June 2005	<u>9,750,000</u>
Net book value	
At 30 June 2005	<u>9,750,000</u>
At 30 June 2004	<u>9,000,000</u>
The cost of properties included above at valuation is:	
	2005 2004
	£ £
Freehold investment properties	<u>7,398,000 7,398,000</u>

The company owns the beneficial interest in the property but not the legal title which is owned by Hawthorne Road Nominee (No1) Limited and Hawthorne Road Nominee (No2) Limited, which are both subsidiary undertakings.

The company's property has been valued at open market value as at 30 June 2005 by the Group's independent external valuer, CB Richard Ellis.

10 Investments

	Investments in subsidiary undertakings £	Total £
Cost		
At 1 July 2004	2	2
At 30 June 2005	<u>2</u>	<u>2</u>
Company	Shares held	
	Class	%
Hawthorne Road Nominee (No1) Limited	Ordinary	100
Hawthorne Road Nominee (No2) Limited	Ordinary	100

All subsidiary companies are registered in England and Wales.

These subsidiaries have not been consolidated into these financial statements because the company is a subsidiary of CGIS Group No.3 Limited and as such is exempt from preparing consolidated accounts.

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2005

11 Debtors	2005 £	2004 £
Amounts owed by group undertakings	<u>1</u>	<u>1</u>
Amounts due after more than one year included in: Amounts owed by group undertakings	<u>1</u>	<u>1</u>
12 Creditors: amounts falling due within one year	2005 £	2004 £
Trade creditors	13,529	5,020
Amounts owed to group undertakings	6,825,385	6,341,326
Other taxes and social security costs	61,123	64,595
Accruals and deferred income	<u>163,723</u>	<u>163,723</u>
	<u>7,063,760</u>	<u>6,574,664</u>

The loans from group undertakings are interest free.

13 Provisions for liabilities and charges		
Deferred taxation	2005 £	2004 £
At 1 July	126,252	-
Adjustment for prior years - capital allowances in excess of depreciation	(18,590)	107,662
Current year charge - capital allowances in excess of depreciation	-	18,590
At 30 June	<u>107,662</u>	<u>126,252</u>

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	Provided 2005 £	Unprovided 2005 £	Provided 2004 £	Unprovided 2004 £
Capital allowances in advance of depreciation	107,662	-	126,252	-
Unrecognised losses - deferred tax asset prior year adjustment	-	-	-	(1,678)
Unrecognised losses - deferred tax asset in the year	-	-	-	(47,231)
Interest timing difference	-	(72,707)	-	(50,831)
	<u>107,662</u>	<u>(72,707)</u>	<u>126,252</u>	<u>(99,740)</u>

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2005

14 Share capital

	2005	2004
	£	£
Authorised:		
Ordinary shares of £1 each	100	100
Preference shares of 1p each	375,000	375,000
	<u>375,100</u>	<u>375,100</u>
	2005	2004
	£	£
Allotted, called up and fully paid:		
Ordinary shares of £1 each	1	1
Preference shares of 1p each	2,040	2,040
	<u>2,041</u>	<u>2,041</u>

The irredeemable preference shares rank pari passu with the ordinary shares except for the following. The preference shares have the right to receive a cumulative preferential dividend, priority on the assets of the company on winding up and have no voting rights.

Movement in share capital

	2005	2004
	£	£
At 1 July	2,041	467
Shares issued	-	1,574
	<u>2,041</u>	<u>2,041</u>
At 30 June	2,041	2,041

15 Reserves

	Share premium account	Revaluation reserve	Profit and loss account
At 1 July	205,213	1,602,000	489,833
Retained loss	-	-	(470,506)
Arising on revaluation during the year	-	750,000	-
	<u>205,213</u>	<u>2,352,000</u>	<u>19,327</u>
At 30 June	205,213	2,352,000	19,327

16 Reconciliation of movement in shareholder's funds

	2005	2004
	£	£
At 1 July	2,299,087	447,103
Profit for the financial year	474,055	248,705
Dividends	(944,561)	(4,157)
Arising on revaluation during the year	750,000	1,450,000
Shares issued	-	157,436
	<u>2,578,581</u>	<u>2,299,087</u>
At 30 June	2,578,581	2,299,087

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2005

17 Ultimate controlling parties

The immediate holding company is CGIS (No.3) Properties Limited and the ultimate parent company is CGIS Group (No.3) Limited. Both companies are incorporated in England and Wales.

The company is ultimately controlled by the directors.