

Registered number  
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C.G I S Sale Limited  
Directors' Report and Accounts  
30 June 2007

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**C.G.I S. Sale Limited**  
**Report and accounts**  
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**C.G.I.S. Sale Limited**  
**Directors' Report**

The directors present their annual report and the audited financial statements for the year ended 30 June 2007

**Principal activities**

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

**Results and dividends**

The results for the year are shown in the profit and loss account on page 5

No interim dividends were paid on the ordinary share capital during the year (2006 £Nil) and the directors do not recommend the payment of a final dividend (2006 Nil) Dividends were paid on the preference shares of £8,288 (2006 £7,778)

**Directors**

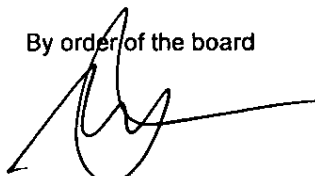
The directors who served during the year were as follows

T S Cole  
S R Collins  
M N Steinberg

**Auditors**

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

30/5/08

**C.G.I.S. Sale Limited**  
**Statement of 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 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 2007 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.

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 principles or practice. So far as each of the directors is aware at the time the report is approved:

- there is no relevant 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.

## **Independent auditors' report to the member of C G I S Sale Limited**

We have audited the financial statements of C G I S Sale Limited for the year ended 30 June 2007 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 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.

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 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.

## **Independent auditors' report to the member of C.G.I.S. Sale Limited**

### **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 30 June 2007 and of its profit 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*

Fairfax House  
15 Fulwood Place  
London, WC1V 6AY

30/5/08

**C.G.I.S. Sale Limited**  
**Profit and Loss Account**  
**for the year ended 30 June 2007**

	Notes	2007 £	2006 £
<b>Turnover</b>	2		
Rent receivable		267,300	261,408
Service charge income		<u>22,060</u>	<u>20,945</u>
		289,360	282,353
 Cost of sales		 (22,060)	 (22,414)
<b>Gross profit</b>		<u>267,300</u>	<u>259,939</u>
 Interest payable	5	 (212,486)	 (109,396)
<b>Profit on ordinary activities before taxation</b>		<u>54,814</u>	<u>150,543</u>
 Tax on profit on ordinary activities	6	 -	 -
<b>Profit for the financial year</b>		<u>54,814</u>	<u>150,543</u>

**Continuing operations**

All of the above relate to continuing operations

There is no difference between the result as stated and those prepared on the historic cost basis

The notes on pages 8 - 12 form part of these financial statements

**C.G.I.S. Sale Limited**  
**Statement of total recognised gains and losses**  
**for the year ended 30 June 2007**

	<b>Notes</b>	<b>2007 £</b>	<b>2006 £</b>
Profit for the financial year		54,814	150,543
Unrealised surplus on revaluation of properties	7	-	500,000
Total recognised gains and losses related to the year		<u>54,814</u>	<u>650,543</u>


The notes on pages 8 - 12 form part of these financial statements



**C G I S Sale Limited**  
**Balance Sheet**  
**as at 30 June 2007**

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Investment property	7	4,800,000	4,800,000
<b>Current assets</b>			
Debtors	8	3,438,532	3,251,808
<b>Creditors amounts falling due within one year</b>	9	(6,260,471)	(6,128,561)
<b>Net current liabilities</b>		(2,821,939)	(2,876,753)
<b>Total assets less current liabilities</b>		1,978,061	1,923,247
<b>Creditors amounts falling due after more than one year</b>	10	(89,383)	(89,383)
<b>Net assets</b>		1,888,678	1,833,864
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Revaluation reserve	12	1,682,282	1,682,282
Profit and loss account	12	206,395	151,581
<b>Shareholder's funds</b>			
Equity		1,888,678	1,833,864
	13	1,888,678	1,833,864

These financial statements were approved by the board of directors on 30/5/08 and were signed on its behalf by



S R Collins  
Director



M N Steinberg  
Director

The notes on pages 8 - 12 form part of these financial statements

**C.G I S Sale Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2007**

**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.

***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.

***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.

**C.G I S Sale Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2007**

**1 Accounting policies (continued)**

***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.

**FRS 25 "Financial Instruments disclosure and presentation"**

Where the contractual obligations (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses are included in the profit and loss account. Accordingly, non equity share capital in accordance with FRS25 is shown as financial liabilities. Dividends payable on this share capital are classified as finance costs and is shown in interest payable and similar charges.

**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 (2006 Nil). None of the directors received any remuneration (2006 Nil).

**4 Auditors' remuneration**

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

**5 Interest payable**

	2007 £	2006 £
Finance charges arising in respect of loan from group undertaking	204,198	101,618
Dividends on preference shares Paid 9.42p (2006 8.83p) per 1p share	5,124	4,669
Accrued preference dividend from 1 January 2007 to 30 June 2007	3,164	3,109
	<u>212,486</u>	<u>109,396</u>

**C G I.S. Sale Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2007**

**6 Taxation**

**Tax on profit on ordinary activities**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Taxation based on profits for the year		
Current tax	<u>-</u>	<u>-</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 -

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
UK corporation tax at 30% on profits before tax	16,444	45,163
Tax losses from group companies	(18,930)	(15,921)
Interest timing differences	-	(31,575)
Preference dividends	2,486	2,333
	<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 £324,169 (2006 £371,870)

**7 Investment properties**

	<b>Freehold land and buildings £</b>
<b>Valuation</b>	
At 1 July 2006 and at 30 June 2007	<u>4,800,000</u>
<b>Net book value</b>	
At 30 June 2006 and at 30 June 2007	<u>4,800,000</u>

The cost of properties included above at valuation is

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Freehold investment properties	<u>3,117,718</u>	<u>3,117,718</u>

The company's property has been valued at open market value as at 30 June 2007 by the Group's independent external valuer, CB Richard Ellis

The immediate parent company, HDL Debenture Limited, has a debenture loan and a bank loan which are secured by way of a first and second legal charge over the investment property and all other assets of the company

**C G I S. Sale Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2007**

<b>8 Debtors</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Trade debtors	-	24,611
Amounts owed by group undertakings	3,438,532	3,227,197
	<u>3,438,532</u>	<u>3,251,808</u>
Amounts due after more than one year included in		
Amounts owed by group undertakings	<u>1</u>	<u>1</u>

<b>9 Creditors amounts falling due within one year</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Trade creditors	3,840	4,126
Amounts owed to group undertakings	6,166,541	6,048,135
Other taxes and social security costs	23,809	11,614
Accruals and deferred income	66,281	64,686
	<u>6,260,471</u>	<u>6,128,561</u>

Within amounts owed to group undertakings is a £3,122,089 (2006 £3,122,089) loan which attracts interest of 1.5% above base. All other loans from group undertakings are interest free.

<b>10 Creditors amounts falling due after one year</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Preference shares of 1p each	880	880
Preference share premium	88,503	88,503
	<u>89,383</u>	<u>89,383</u>

<b>11 Share capital</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Authorised		
<b>Equity</b>		
Ordinary shares of £1 each	100	100
<b>Non Equity</b>		
Preference shares of 1p each	180,000	180,000
	<u>180,100</u>	<u>180,100</u>

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid		
<b>Equity</b>		
Ordinary shares of £1 each	1	1
<b>Non Equity</b>		
Preference shares of 1p each	880	880
	<u>881</u>	<u>881</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.

**C.G.I.S. Sale Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2007**

**12 Reserves**

	<b>Revaluation reserve £</b>	<b>Profit and loss account £</b>
At 1 July	1,682,282	151,581
Retained profit	-	54,814
At 30 June	<u>1,682,282</u>	<u>206,395</u>

**13 Reconciliation of movement in shareholder's funds**

	<b>2007 £</b>	<b>2006 £</b>
At 1 July	1,834,864	1,184,321
Profit for the financial year	54,814	150,543
Arising on revaluation during the year	-	500,000
At 30 June	<u>1,889,678</u>	<u>1,834,864</u>

**14 Ultimate controlling parties**

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

The company is ultimately controlled by the directors