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**CITY & GENERAL SECURITIES FINANCE THREE LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

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## **CITY & GENERAL SECURITIES FINANCE THREE LIMITED**

### **COMPANY INFORMATION**

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<b>DIRECTORS</b>	T S Cole S R Collins M N Steinberg
<b>COMPANY SECRETARY</b>	R J De Barr
<b>COMPANY NUMBER</b>	04870355
<b>REGISTERED OFFICE</b>	10 Upper Berkeley Street London W1H 7PE
<b>AUDITORS</b>	haysmacintyre Fairfax House 15 Fulwood Place London WC1V 6AY

## **CITY & GENERAL SECURITIES FINANCE THREE LIMITED**

### **CONTENTS**

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	<b>Page</b>
<b>Directors' report</b>	<b>1 - 2</b>
<b>Independent auditors' report</b>	<b>3 - 4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7 - 10</b>

## **CITY & GENERAL SECURITIES FINANCE THREE LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012**

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The directors present their report and the financial statements for the year ended 31 March 2012

#### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The principal activity of the company during the year was the provision of finance for property investment

During the period the directors have elected to provide against the company's investment in subsidiary undertakings on the grounds of uncertain recoverability

#### **RESULTS**

The loss for the year, after taxation, amounted to £1,567,988 (2011 - profit £NIL)

#### **DIRECTORS**

The directors who served during the year were

T S Cole  
S R Collins  
M N Steinberg

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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

**CITY & GENERAL SECURITIES FINANCE THREE LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2012**

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**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

**AUDITORS**

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 21 December 2012 and signed on its behalf



.....  
**R J De Barr**  
Secretary

## **CITY & GENERAL SECURITIES FINANCE THREE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CITY & GENERAL SECURITIES FINANCE THREE LIMITED**

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We have audited the financial statements of City & General Securities Finance Three Limited for the year ended 31 March 2012, set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**CITY & GENERAL SECURITIES FINANCE THREE LIMITED**

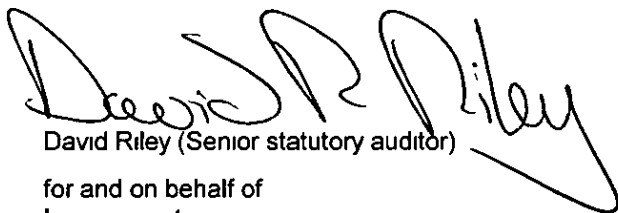
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CITY & GENERAL SECURITIES  
FINANCE THREE LIMITED**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



David Riley (Senior statutory auditor)

for and on behalf of  
**haysmacintyre**

Statutory Auditors

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

Date 21 December 2012

**CITY & GENERAL SECURITIES FINANCE THREE LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2012**

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	Note	2012 £	2011 £
Exceptional administrative expenses	3	(1,567,988)	-
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,567,988)	-
Tax on loss on ordinary activities		-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	7	<u>(1,567,988)</u>	<u>-</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

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

**CITY & GENERAL SECURITIES FINANCE THREE LIMITED**  
**REGISTERED NUMBER. 04870355**

**BALANCE SHEET**  
**AS AT 31 MARCH 2012**

	Note	£	2012 £	£	2011 £
<b>FIXED ASSETS</b>					
Investments	4		-		1,567,988
<b>CREDITORS: amounts falling due within one year</b>	5		(2,078)		(2,078)
<b>NET (LIABILITIES)/ASSETS</b>			<u>(2,078)</u>		<u>1,565,910</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	6		1,480,438		1,480,438
Share premium account	7		80,622		80,622
Profit and loss account	7		(1,563,138)		4,850
<b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>	8		<u>(2,078)</u>		<u>1,565,910</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

  
**M N Steinberg**  
 Director

  
**T S Cole**  
 Director

Date 21 December 2012

Date 21 December 2012

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

## **CITY & GENERAL SECURITIES FINANCE THREE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

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#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The directors have taken the exemption available under Section 400 of the Companies Act 2006 and have not prepared consolidated accounts on the grounds that the company is itself a subsidiary company

##### **1.2 Going concern**

As referred to in note 9 the financing arrangements of the company have been the subject of enquiries by HM Revenue & Customs, with a potential liability of £33,888 payable. Whilst a decision has ruled in favour of HM Revenue & Customs, the directors are confident of winning an appeal lodged at the Upper Tier Tribunal. It is on this basis, and given that group undertakings have indicated that they will not recall amounts due to them until the resources of this company permit, that it is deemed appropriate that these accounts are prepared on a going concern basis.

##### **1.3 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### **1.4 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

##### **1.5 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### **2. STAFF COSTS**

The company has no employees other than the directors, who did not receive any remuneration (2011 - £NIL).

# CITY & GENERAL SECURITIES FINANCE THREE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### 3. EXCEPTIONAL ITEMS

	2012 £	2011 £
Provision against investment valuation	1,567,988	-

### 4. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 April 2011 and 31 March 2012	1,567,988
<b>Impairment provision</b>	
At 1 April 2011	-
Charge for the year	1,567,988
At 31 March 2012	1,567,988
<b>Net book value</b>	
At 31 March 2012	-
At 31 March 2011	1,567,988

The company has an investment in the following undertaking, which is wholly owned, directly or indirectly, by City & General Securities Ltd and is registered in England and Wales

Name	Class of shares	Holding
New Derwent House Management Company Limited	Ordinary £1	1 1%

### 5. CREDITORS.

#### Amounts falling due within one year

	2012 £	2011 £
Amounts owed to group undertakings	2,078	2,078

# **CITY & GENERAL SECURITIES FINANCE THREE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

### **6. SHARE CAPITAL**

	2012 £	2011 £
<b>Allotted, called up and fully paid</b>		
1,480,438 Ordinary shares shares of £1 each	<u>1,480,438</u>	<u>1,480,438</u>

### **7. RESERVES**

	Share premium account £	Profit and loss account £
At 1 April 2011	80,622	4,850
Loss for the year		(1,567,988)
At 31 March 2012	<u>80,622</u>	<u>(1,563,138)</u>

### **8 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2012 £	2011 £
Opening shareholders' funds	1,565,910	1,565,910
(Loss)/profit for the year	<u>(1,567,988)</u>	<u>-</u>
Closing shareholders' (deficit)/funds	<u>(2,078)</u>	<u>1,565,910</u>

### **9. CONTINGENT LIABILITIES**

The financing arrangements adopted by the company have been the subject of enquiries by HM Revenue & Customs. These have now been completed and the level of taxable profits of the company for the year ended 31 March 2004 and 31 March 2005 is disputed. The amount of Corporation tax and interest on overdue tax payable should HM Revenue and Customs be successful in their contentions is £33,888.

A decision on a similar case by the First Tier Tribunal on the 21 December 2011 found in favour of HM Revenue & Customs, but the directors have taken further legal advice on this matter and the company has appealed against the decision. Furthermore, the directors are confident that the appeal will be successful and it is on this basis they continue to consider that no liability should arise.

There are cross guarantees in respect of bank borrowings of the parent undertaking, City & General Securities Limited. The borrowings are secured by a fixed and floating charge over the property and assets of City & General Securities Finance Three Limited. At 31 March 2012 those borrowings amounted to £16,150,452.

## **CITY & GENERAL SECURITIES FINANCE THREE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

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#### **10. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption under Section 3c of Financial Reporting Standard No 8 'Related Party Disclosures' (FRS 8) and has not disclosed any intra group related party transactions

#### **11. 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.