
CITY & GENERAL SECURITIES FINANCE THREE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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CITY & GENERAL SECURITIES FINANCE THREE LIMITED

COMPANY INFORMATION

DIRECTORS	T S Cole S R Collins M N Steinberg
COMPANY SECRETARY	R J De Barr
REGISTERED NUMBER	04870355
REGISTERED OFFICE	10 Upper Berkeley Street London W1H 7PE
INDEPENDENT AUDITORS	haysmacintyre 26 Red Lion Square London WC1R 4AG

CITY & GENERAL SECURITIES FINANCE THREE LIMITED

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CITY & GENERAL SECURITIES FINANCE THREE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The directors present their report and the financial statements for the year ended 31 March 2013

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

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

As disclosed in Note 4 the company has provided for potential tax liabilities in the year

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 2013**

DISCLOSURE 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 relevant audit information and to establish that the company's auditors are aware of that information

This report was approved by the board on 23 December 2013 and signed on its behalf



.....
R J De Barr
Secretary

10 Upper Berkeley Street
London
W1H 7PE

CITY & GENERAL SECURITIES FINANCE THREE LIMITED

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

We have audited the financial statements of City & General Securities Finance Three Limited for the year ended 31 March 2013, set out on pages 5 to 11. 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 2013 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**

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

26 Red Lion Square
London
WC1R 4AG

Date 23/12/13

CITY & GENERAL SECURITIES FINANCE THREE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 £	2012 £
Exceptional administrative expenses		-	(1,567,988)
OPERATING PROFIT/(LOSS)		-	(1,567,988)
Interest payable and similar charges	2	(10,284)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(10,284)	(1,567,988)
Tax on loss on ordinary activities	4	(21,719)	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION (LOSS)/PROFIT BROUGHT FORWARD		(32,003) (1,563,138)	(1,567,988) 4,850
LOSS CARRIED FORWARD		(1,595,141)	(1,563,138)

All amounts relate to continuing operations

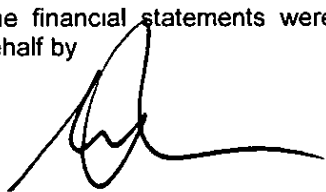
There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

CITY & GENERAL SECURITIES FINANCE THREE LIMITED
REGISTERED NUMBER 04870355

BALANCE SHEET
AS AT 31 MARCH 2013

	Note	2013 £	2012 £
CURRENT ASSETS			
Debtors	5	2,468	-
CREDITORS amounts falling due within one year	6	(36,549)	(2,078)
NET CURRENT LIABILITIES		(34,081)	(2,078)
NET LIABILITIES		(34,081)	(2,078)
CAPITAL AND RESERVES			
Called up share capital	7	1,480,438	1,480,438
Share premium account		80,622	80,622
Profit and loss account		(1,595,141)	(1,563,138)
SHAREHOLDERS' DEFICIT	8	(34,081)	(2,078)

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


M N Steinberg
 Director


S R Collins
 Director

Date 23 December 2013

Date 23 December 2013

The notes on pages 7 to 11 form part of these financial statements

CITY & GENERAL SECURITIES FINANCE THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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 4 the financing arrangements of the company have been the subject of enquiries by HM Revenue & Customs, with a potential liability of £34,471 payable

While the directors are hopeful that the appeal lodged at the Court of Appeal will be successful, the company has provided for the potential tax and associated interest. It is on this basis that it is deemed inappropriate to prepare these financial statements 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 INTEREST PAYABLE

	2013 £	2012 £
Other interest payable	10,284	-

CITY & GENERAL SECURITIES FINANCE THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

3. EXCEPTIONAL ITEMS

	2013 £	2012 £
Provision against investment valuation	-	1,567,988

4. TAXATION

	2013 £	2012 £
UK corporation tax charge on loss for the year	21,719	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - the same as) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £	2012 £
Loss on ordinary activities before tax	(10,284)	(1,567,988)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	(2,468)	(407,677)
Effects of.		
Non-tax deductible amortisation of goodwill and impairment	-	407,677
Adjustments to tax charge in respect of prior periods	24,187	-
Current tax charge for the year (see note above)	21,719	-

The financing arrangements adopted by the company have been the subject of enquiries by HM Revenue & Customs. On completion of these enquiries the company was assessed on previously untaxed credits for the periods ended 31 March 2004 and 31 March 2005. HM Revenue and Customs ('HMRC') contend that as a result of the financing arrangements adopted the company has an additional corporation tax liability of £24,187 and interest of £10,284 arising on this liability up to 31 March 2013.

The company joined with others that had adopted similar arrangements in appealing to the First Tier Tribunal ('FTT'). The decision by the FTT on the lead case for the appeal, released on the 21 December 2011, found in favour of H M Revenue & Customs on the primary issue. Since the issue of the prior year's financial statements this decision has been unsuccessfully appealed to the Upper Tier Tribunal ('UTT'). On the basis of advice received, the directors consider it is worth pursuing the appeal to the Court of Appeal and they are hopeful this will be successful, although they consider that the degree of uncertainty is now such that it is appropriate to provide for the possible tax and late payment interest liability within these financial statements.

CITY & GENERAL SECURITIES FINANCE THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

5. DEBTORS

	2013 £	2012 £
Amounts owed by group undertakings	2,468	-

6 CREDITORS.

Amounts falling due within one year

	2013 £	2012 £
Amounts owed to group undertakings	2,078	2,078
Corporation tax	34,471	-
	36,549	2,078

7 SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
1,480,438 Ordinary shares shares of £1 each	1,480,438	1,480,438

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2013 £	2012 £
Opening shareholders' (deficit)/funds	(2,078)	1,565,910
Loss for the financial year	(32,003)	(1,567,988)
Closing shareholders' deficit	(34,081)	(2,078)

9 CONTINGENT LIABILITIES

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 2013 those borrowings amounted to £16,376,445 (2012 £16,150,452).

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.

CITY & GENERAL SECURITIES FINANCE THREE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

10. RELATED PARTY TRANSACTIONS (continued)

CITY & GENERAL SECURITIES FINANCE THREE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

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. The company is ultimately controlled by the directors.