
CITY & GENERAL SECURITIES FINANCE FOUR LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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CITY & GENERAL SECURITIES FINANCE FOUR LIMITED

COMPANY INFORMATION

DIRECTORS	T S Cole S R Collins M N Steinberg
COMPANY SECRETARY	R J De Barr
REGISTERED NUMBER	04872608
REGISTERED OFFICE	10 Upper Berkeley Street London W1H 7PE
INDEPENDENT AUDITORS	haysmacintyre 26 Red Lion Square London WC1R 4AG

CITY & GENERAL SECURITIES FINANCE FOUR LIMITED

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CITY & GENERAL SECURITIES FINANCE FOUR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements for the year ended 31 March 2014

PRINCIPAL ACTIVITIES

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

RESULTS

The loss for the year, after taxation, amounted to £19,604 (2013 - loss £1,124,783)

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 FOUR LIMITED

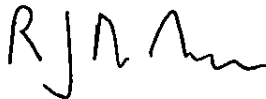
**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014**

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 *22 December 2014* and signed on its behalf



.....
R J De Barr
Secretary

10 Upper Berkeley Street
London
W1H 7PE

CITY & GENERAL SECURITIES FINANCE FOUR LIMITED

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

We have audited the financial statements of City & General Securities Finance Four Limited for the year ended 31 March 2014, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 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.

EMPHASIS OF MATTER

We draw attention to Note 1.2 to the financial statements which describes the uncertainty regarding the going concern status of the company pending the result of a further appeal in the HMRC litigation. Our opinion is not qualified in respect of this matter.

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 FOUR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CITY & GENERAL SECURITIES FINANCE FOUR 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, or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report


David Riley (Senior statutory auditor)

for and on behalf of
haysmacintyre

Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

Date 22/12/14

CITY & GENERAL SECURITIES FINANCE FOUR LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
Interest payable and similar charges	3	(25,460)	(363,303)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(25,460)	(363,303)
Tax on loss on ordinary activities	4	5,856	(761,480)
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR	8	(19,604)	(1,124,783)
		<hr/>	<hr/>

All amounts relate to continuing operations

There were no recognised gains and losses for 2014 or 2013 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 FOUR LIMITED
REGISTERED NUMBER. 04872608

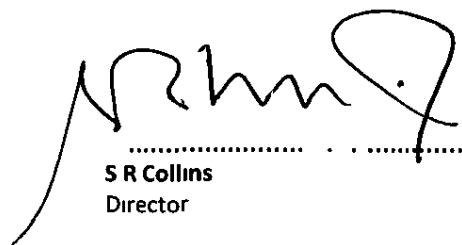
BALANCE SHEET
AS AT 31 MARCH 2014

	Note	2014 £	2013 £
CURRENT ASSETS			
Debtors	5	20,116	87,193
CREDITORS: amounts falling due within one year	6	<u>(1,237,436)</u>	<u>(1,284,909)</u>
NET CURRENT LIABILITIES		<u>(1,217,320)</u>	<u>(1,197,716)</u>
NET LIABILITIES		<u>(1,217,320)</u>	<u>(1,197,716)</u>
CAPITAL AND RESERVES			
Called up share capital	7	51,945,902	51,945,902
Share premium account	8	2,828,913	2,828,913
Profit and loss account	8	<u>(55,992,135)</u>	<u>(55,972,531)</u>
SHAREHOLDERS' DEFICIT	9	<u>(1,217,320)</u>	<u>(1,197,716)</u>

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



.....
M N Steinberg
 Director



.....
S R Collins
 Director

22 December 2014.

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

CITY & GENERAL SECURITIES FINANCE FOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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 12 the financing arrangements of the company have been the subject of enquiries by HM Revenue & Customs, with a potential liability of £1,237,436 payable

Since the year end the Court of Appeal has dismissed an appeal by a company that had adopted similar financing arrangements

Until there is a successful appeal to the Supreme Court the liability remains and there is a material uncertainty that casts a significant doubt on the company's ability to remain a going concern. The directors, however, having received further advice, are hopeful that an appeal to the Supreme Court will be successful, and it is on this basis that it is deemed appropriate to prepare these financial statements on a going concern basis

The financial statements do not include any adjustments that would be necessary should this basis not be appropriate

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

2. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2013 - £NIL)

3 INTEREST PAYABLE

	2014 £	2013 £
On bank loans and overdrafts	25,460	-
Other interest payable	-	363,303
	<u>25,460</u>	<u>363,303</u>

CITY & GENERAL SECURITIES FINANCE FOUR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

4. TAXATION

	2014 £	2013 £
UK corporation tax (credit)/charge on loss for the year	(5,856)	761,480

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2013 - higher than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below

	2014 £	2013 £
Loss on ordinary activities before tax	(25,460)	(363,303)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	(5,856)	(87,193)
Effects of:		
Adjustments to tax charge in respect of prior periods	-	848,673
Current tax (credit)/charge for the year (see note above)	(5,856)	761,480

5. DEBTORS

	2014 £	2013 £
Amounts owed by group undertakings	20,116	87,193

**6. CREDITORS.
Amounts falling due within one year**

	2014 £	2013 £
Amounts owed to group undertakings	-	72,933
Corporation tax	1,237,436	1,211,976
	1,237,436	1,284,909

CITY & GENERAL SECURITIES FINANCE FOUR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

7. SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid		
51,945,902 ordinary shares shares of £1 each	<u>51,945,902</u>	<u>51,945,902</u>

8. RESERVES

	Share premium account £	Profit and loss account £
At 1 April 2013	2,828,913	(55,972,531)
Loss for the year		(19,604)
At 31 March 2014	<u>2,828,913</u>	<u>(55,992,135)</u>

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014 £	2013 £
Opening shareholders' deficit	(1,197,716)	(72,933)
Loss for the financial year	(19,604)	(1,124,783)
Closing shareholders' deficit	<u>(1,217,320)</u>	<u>(1,197,716)</u>

10. 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 Four Limited. At 31 March 2014 those borrowings amounted to £17,592,676 (2013 £16,376,445).

11. 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 FOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

12 POST BALANCE SHEET EVENTS

The financing arrangements adopted by the company have been the subject of enquiries by HM Revenue & Customs ('HMRC'). On completion of these enquiries the company was assessed on previously untaxed credits for the periods ended 31 March 2004 and 31 March 2005. HMRC contend that as a result of these financing arrangements the company has an additional corporation tax liability of £848,674 on which there is an interest liability of over £388,000 up to 31 March 2014.

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 found in favour of HMRC on the primary issue. The decision was then unsuccessfully appealed to the Upper Tribunal and then again to the Court of Appeal but on the 30 October 2014 the Court dismissed the appeal.

While the appeal was dismissed the directors, having received further advice, are hopeful that a further appeal to the Supreme Court may be successful, although they consider that the degree of uncertainty is such that it is appropriate to continue to provide for the possible tax and late payment interest liability within these financial statements.

13. 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.