

COMPCO HOLDINGS LIMITED
(formerly Compc Holdings Plc)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 25 MARCH 2004

Company Number: SC037323



COMPCO HOLDINGS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 25 MARCH 2004

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COMPCO HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 25 MARCH 2004

The directors present their report and the accounts for the year ended 25 March 2004.

ACQUISITION AND CHANGE OF STATUS

On 7 July 2003 the company was acquired by City & General Securities Limited and on 2 September 2003 was re-registered as a private company.

PRINCIPAL ACTIVITY

The principal activity of the company is to act as the holding company for a group of companies engaged in property investment, trading and development.

BUSINESS REVIEW

A summary of the year's results is given on page 4 of the accounts. The directors consider the results to be satisfactory.

RESULTS FOR THE YEAR

The profit for the year after taxation was £17,879,000 (2003: £13,238,000). An interim dividend for the year of £13,500,000 (2003: £746,000) has been paid. No final dividend is proposed.

DIRECTORS

The directors of the company during the year were:

| | |
|-----------------------------|------------------------------|
| A I Jaye | (resigned 8 July 2003) |
| B I Leaver | (resigned 8 July 2003) |
| C I Lehmann | (resigned 8 July 2003) |
| B I Myers | (resigned 8 July 2003) |
| R A Nadler | (resigned 8 July 2003) |
| N K Ross | (resigned 8 July 2003) |
| K D Rubens | (resigned 8 July 2003) |
| Lord Wolfson of Sunningdale | (resigned 8 July 2003) |
| B S Anderson | (appointed 19 February 2004) |
| T S Cole | (appointed 4 September 2004) |
| S R Collins | (appointed 8 July 2003) |
| Sir Christopher Howes | (appointed 12 January 2004) |
| M N Steinberg | (appointed 8 July 2003) |

The interests of the directors in the shares of the parent company, City & General Securities Limited, are disclosed in the directors' report of that company.

COMPCO HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 25 MARCH 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which 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 year. In preparing those accounts, the directors are required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

AUDITORS

A resolution reappointing haysmacintyre will be proposed at the AGM in accordance with S385(2) of the Companies Act 1985.

BY ORDER OF THE BOARD ON 22ND JULY 2004



R J De Barr
Secretary

Registered office:
Level 4, Saltire Court,
20 Castle Terrace,
Edinburgh

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMPCO HOLDINGS LIMITED

We have audited the accounts of Compcos Holdings Limited for the year ended 25 March 2004 which comprise of the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Historical Cost note of Profits and Losses, the Balance Sheet, and the related notes. These accounts 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 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 preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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.

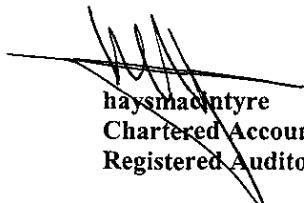
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 25 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Haysmacintyre
Chartered Accountants
Registered Auditors

22nd July 2004

Fairfax House
15 Fulwood Place
London
WC1V 6AY

COMPCO HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 25 MARCH 2004

| | Note | 2004 £'000 | 2003 £'000 |
|--|------|---------------|---------------|
| TURNOVER | 2 | 476 | 390 |
| Cost of sales | | (321) | (295) |
| GROSS PROFIT | | 155 | 95 |
| Administrative expenses | | (2,865) | (2,919) |
| Other operating income | 3 | 192 | 519 |
| OPERATING LOSS | | (2,518) | (2,305) |
| Dividends receivable | | 21,000 | 15,000 |
| Interest receivable | 7 | 1,134 | 936 |
| Interest payable | 8 | (1,422) | (2,283) |
| Loss on sale of tangible fixed assets | | (1,039) | - |
| Restructuring costs | | (673) | - |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 4 | 16,482 | 11,348 |
| Taxation | 9 | 1,397 | 1,890 |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 17,879 | 13,238 |
| Dividends | 10 | (10,883) | (3,363) |
| RETAINED PROFIT FOR THE YEAR | 18 | 6,996 | 9,875 |

COMPCO HOLDINGS LIMITED**OTHER PRIMARY STATEMENTS****FOR THE YEAR ENDED 25 MARCH 2004**

| | 2004 | 2003 |
|--|--------------|--------------|
| | £'000 | £'000 |
| STATEMENT OF RECOGNISED GAINS AND LOSSES | | |
| Profit for the financial year | 6,996 | 9,875 |
| Unrealised deficit on revaluation of investment properties | - | (199) |
| Corporation tax charge on sale of investment property | 759 | - |
| | <u>7,755</u> | <u>9,676</u> |
| Total gains and losses recognised since last annual report | <u>7,755</u> | <u>9,676</u> |

NOTE OF HISTORICAL COST PROFITS AND LOSSES

| | | |
|--|----------------|---------------|
| Reported profit on ordinary activities before taxation | 16,482 | 11,348 |
| Realisation of property revaluation gains of previous years | <u>(4,324)</u> | <u>-</u> |
| Historical cost profit on ordinary activities before taxation | <u>12,158</u> | <u>11,348</u> |
| Historical cost profit for the year retained after taxation, minority interests and dividends | <u>3,431</u> | <u>9,875</u> |


COMPCO HOLDINGS LIMITED

BALANCE SHEET

AS AT 25 MARCH 2004

| | Note | 2004 £'000 | 2003 £'000 |
|--|-------|------------------|-----------------|
| FIXED ASSETS | | | |
| Tangible assets | 11 | 74 | 10,115 |
| Investments | 12 | 149,936 | 144,296 |
| | | <u>150,010</u> | <u>154,411</u> |
| CURRENT ASSETS | | | |
| Debtors | 13 | 144,639 | 70,816 |
| Cash at bank and in hand | | 1,418 | 9,161 |
| | | <u>146,057</u> | <u>79,977</u> |
| CREDITORS: amounts falling due within one year | 14 | <u>(118,605)</u> | <u>(45,371)</u> |
| NET CURRENT ASSETS | | <u>27,452</u> | <u>34,606</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>177,462</u> | <u>189,017</u> |
| CREDITORS: amounts falling due after more than one year | 15 | - | (18,896) |
| Provisions for liabilities and charges | 16 | - | (414) |
| | | <u>177,462</u> | <u>169,707</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 7,475 | 7,475 |
| Share premium account | 18(a) | 38,719 | 38,719 |
| Revaluation reserve | 18(b) | 116,372 | 112,048 |
| Profit and loss account | 18(c) | 14,896 | 11,465 |
| Equity shareholders' funds | 19 | <u>177,462</u> | <u>169,707</u> |

Approved by the board on 22nd July 2004 and signed on its behalf by:


Director

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 25 MARCH 2004

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties, and in accordance with applicable accounting standards.

b) Basis of consolidation

The directors have taken the exemption available under Section 228 of the Companies Act 1985 and have not prepared consolidated accounts on the grounds that the company is itself a subsidiary company. The company comparatives have been stated accordingly and the parent company will deliver group accounts.

c) Cash Flow Statement

As permitted by Financial Reporting Standard number 1 no cash flow statement has been prepared since that information is adequately reflected in the group cash flow statement included in the accounts of the parent company during the period, City and General Securities Limited.

d) Rental income

Rents are accounted for on a receivable basis, all rental income arose in the United Kingdom.

e) Property expenses

Expenditure on properties is charged to cost of sales as incurred.

f) Interest charges

Interest is charged to the profit and loss account as incurred.

g) Finance issue costs

Finance issue costs are amortised over the life of the associated loans under the classification of interest charges.

h) Investment Properties

In accordance with Statement of Standard Accounting Practice No. 19 no amortisation is provided on freehold and long leasehold investment properties. The directors consider that although this represents a departure from the requirements of the Companies Act 1985 for all investment properties to be depreciated, this policy results in the financial statements giving a true and fair view. Amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

i) Other Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at costs or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

| | |
|-----------------------------|----------------------|
| Computer and IT equipment | 25% reducing balance |
| Other fixtures and fittings | 15% reducing balance |
| Motor vehicles | 25% reducing balance |

j) Investments

Investments in subsidiaries are stated on the basis of the net asset value to the parent company.

k) Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

l) Current taxation

Current tax in respect of the sale of investment properties is charged to the profit and loss account in respect of the taxation of any surplus over book value and direct to the statement of total recognised gains and losses in respect of any taxation in excess of book value over historical cost.

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 25 MARCH 2004

1. ACCOUNTING POLICIES (continued)

m) Operating leases

The cost to the Company of operating lease incentives, such as rent-free periods, are recognised on a straight line basis over either the lease term or, if shorter, the period ending on the date from which the prevailing market rental will become payable under the lease, in accordance with UITF 28.

| | | |
|--------------------|--------------|--------------|
| 2. TURNOVER | 2004 | 2003 |
| | £'000 | £'000 |

Turnover, which excludes value added tax, represents:

| | | |
|---------------|-------------------|-------------------|
| Rental income | 476 | 390 |
| | <u> </u> | <u> </u> |

| | | |
|----------------------------------|--------------|--------------|
| 3. OTHER OPERATING INCOME | 2004 | 2003 |
| | £'000 | £'000 |

| | | |
|--------------|-------------------|-------------------|
| Other income | 192 | 519 |
| | <u> </u> | <u> </u> |

| | | |
|---|--------------|--------------|
| 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 2004 | 2003 |
| | £'000 | £'000 |

The profit on ordinary activities before taxation is stated after charging:

| | | |
|--|-------------------|-------------------|
| Operating lease rentals – land and buildings | 110 | 80 |
| Depreciation of owned assets | 15 | 27 |
| | <u> </u> | <u> </u> |

| | | |
|-----------------------|--------------|--------------|
| 5. STAFF COSTS | 2004 | 2003 |
| | £'000 | £'000 |

| | | |
|--|-------------------|-------------------|
| Wages and salaries (including directors) | 1,589 | 1,832 |
| Social security costs | 117 | 130 |
| | <u> </u> | <u> </u> |
| | <u>1,706</u> | <u>1,962</u> |

The average number of full time persons employed (including executive directors) during the year, analysed by category, was as follows:

| | |
|---------------------------------|---------------------------------------|
| | Number of Employees |
| | 2004 2003 |
| Property investment and trading | <u>11 15</u> |

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 25 MARCH 2004

| 6. DIRECTORS' EMOLUMENTS | 2004 £'000 | 2003 £'000 |
|----------------------------------|-----------------------|-----------------------|
| Fees | 33 | 89 |
| Management services - emoluments | 87 | 827 |
| - payable to third parties | 94 | 339 |
| Compensation for loss of office | 741 | - |
| | <u>955</u> | <u>1,255</u> |

The remuneration and other amounts paid to Directors who served during the year is shown below:

| | Salary and fees £'000 | Termination payment £'000 | Benefits £'000 | Total 2004 £'000 | Total 2003 £'000 |
|------------------------------------|--------------------------------------|--|---------------------------|---------------------------------|---------------------------------|
| Executive | | | | | |
| A.I. Jaye | 15 | 58 | - | 73 | 77 |
| B.I. Leaver (until 30th July 2002) | - | - | - | - | 16 |
| R.A. Nadler | 62 | 259 | 13 | 334 | 484 |
| N.K. Ross | 89 | 344 | 2 | 435 | 585 |
| Non-Executive | | | | | |
| P. Lewis | - | - | - | - | 4 |
| D.M. Pickford | - | - | - | - | 6 |
| K.D. Rubens (Chairman) | 7 | - | - | 7 | 26 |
| Lord Wolfson | 5 | 9 | - | 14 | 18 |
| C. I. Lehmann | 5 | 18 | - | 23 | 15 |
| B.I. Leaver (from 31 July 2002) | 5 | 18 | - | 23 | 12 |
| B. Myers | 7 | 35 | - | 42 | 12 |
| Sir Christopher Howes | 4 | - | - | 4 | - |
| | <u>199</u> | <u>741</u> | <u>15</u> | <u>955</u> | <u>1,255</u> |

No pension contributions are made in respect of Directors.

| 7. INTEREST RECEIVABLE | 2004 £'000 | 2003 £'000 |
|---|-----------------------|-----------------------|
| Interest receivable from Group undertakings | 649 | - |
| Other interest | 485 | 936 |
| | <u>1,134</u> | <u>936</u> |

| 8. INTEREST PAYABLE | 2004 £'000 | 2003 £'000 |
|---------------------------------------|-----------------------|-----------------------|
| Bank loan interest | 958 | 2,283 |
| Interest payable to group undertaking | 464 | - |
| | <u>1,422</u> | <u>2,283</u> |

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 25 MARCH 2004

| 9. TAXATION | 2004 £'000 | 2003 £'000 |
|---|-----------------------|-----------------------|
| (a) Analysis of credit for period | | |
| Current Tax: | | |
| UK corporation tax credit on profit for the period at 30% | 1,835 | 2,316 |
| Tax charged to the statement of total recognised gains and losses | (759) | - |
| Adjustment in respect of prior periods | (93) | (344) |
| | <u>983</u> | <u>1,972</u> |
| Deferred Tax: | | |
| Origination and reversal of timing differences | 414 | (82) |
| | <u>1,397</u> | <u>1,890</u> |
| (b) Factors affecting tax credit for period | | |
| The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below: | | |
| Profit on ordinary activities before tax | <u>16,482</u> | <u>11,348</u> |
| Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% | 4,944 | 3,404 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 350 | 15 |
| Capital allowances in excess of depreciation | (70) | (74) |
| Group relief | - | (1,161) |
| Adjustment in respect of prior periods | 93 | 344 |
| Dividends receivable | (6,300) | (4,500) |
| | <u>(983)</u> | <u>(1,972)</u> |
| Current tax credit for period (note 9 (a)) | | |
| (c) Factors affecting future tax credit | | |
| The deferred tax provision arises due to accelerated capital allowances. However, it is the Company's experience that such timing differences do not reverse since, when investment properties are sold an election is made to transfer the plant and machinery at its tax written down value. Accordingly, the deferred tax provision is not an indication of the actual tax that the Company may have to pay. | | |
| 10. DIVIDENDS | 2004 £'000 | 2003 £'000 |
| Equity dividends on ordinary shares: | | |
| Interim of 36p per share (2003 - 2p) | 13,500 | 746 |
| Final 2003 dividend proposed but not paid 7p per share (2003 - 7p) | (2,617) | 2,617 |
| | <u>10,883</u> | <u>3,363</u> |

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 25 MARCH 2004

| 11. TANGIBLE FIXED ASSETS | Long leasehold £'000 | Fixtures & fittings £'000 | Motor Vehicles £'000 | Total £'000 |
|---------------------------|---|--------------------------------------|--|----------------|
| Cost | | | | |
| At 26 March 2003 | 10,000 | 339 | 110 | 10,449 |
| Additions | 405 | 1 | - | 406 |
| Disposals | - | - | (110) | (110) |
| Revaluation | (10,405) | (15) | - | (10,420) |
| At 25 March 2004 | - | 325 | - | 325 |
| Depreciation | | | | |
| At 26 March 2003 | - | 242 | 92 | 334 |
| Charge for year | - | 14 | - | 14 |
| Eliminated on disposal | - | (5) | (92) | (97) |
| At 25 March 2004 | - | 251 | - | 251 |
| Net book value | | | | |
| At 25 March 2004 | - | 74 | - | 74 |
| At 25 March 2003 | 10,000 | 97 | 18 | 10,115 |
| 12. INVESTMENTS | Investment in associated undertaking £'000 | Investment in joint venture £'000 | Investment in subsidiary Undertakings £'000 | Total £'000 |
| At 26 March 2003 | 8,960 | 343 | 134,993 | 144,296 |
| Additions | - | - | 5,640 | 5,640 |
| Transfers | (8,960) | - | 8,960 | - |
| Revaluation | - | - | - | - |
| At 25 March 2004 | - | 343 | 149,593 | 149,936 |

On the historical cost basis investments would be included at:

| | |
|-----------------------------------|---------------|
| Cost | 28,311 |
| Provision for diminution in value | (1,695) |
| | <u>26,616</u> |

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 25 MARCH 2004

12. INVESTMENTS (continued)

Principal investments

The Company has investments in the following subsidiary undertakings, all of which are registered in England and Wales. To avoid a statement of excessive length, details of investments that are not significant have been omitted.

| | Principal activity | Holding | % |
|-------------------------------|-------------------------------------|--|-----|
| Cadogan Properties Limited * | Property investment | ordinary 50p shares | 100 |
| Chelsea Harbour Limited* | Property investment and Development | ordinary £1 shares | 80 |
| Compco Camden Limited | Property investment | ordinary £1 shares | 100 |
| Haigside Limited | Property dealing and investment | ordinary 10p shares | 100 |
| Seymour Development Limited | Property investment | ordinary £1 shares | 100 |
| | | 6% non-cumulative £1 preference shares | |
| Terrington Properties Limited | Property investment | ordinary £1 shares | 100 |

* Not held directly by Compco Holdings Limited.

13. DEBTORS

| | 2004 £'000 | 2003 £'000 |
|--------------------------------------|----------------|---------------|
| Due within one year: | | |
| Amounts owed by subsidiary companies | 141,420 | 65,582 |
| Other debtors | 133 | 682 |
| Prepayments and accrued income | 66 | 86 |
| Corporation tax | 3,020 | 4,466 |
| | <u>144,639</u> | <u>70,816</u> |

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2004 £'000 | 2003 £'000 |
|--------------------------------------|----------------|---------------|
| Bank loans and overdrafts | - | 4,767 |
| Other taxation and social security | 30 | 188 |
| Other creditors | - | 344 |
| Amounts owed to subsidiary companies | 117,328 | 36,071 |
| Amounts owed to joint venture | 390 | - |
| Dividends payable | - | 2,617 |
| Accruals and deferred income | 857 | 1,384 |
| | <u>118,605</u> | <u>45,371</u> |

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 25 MARCH 2004

| | | |
|--|-----------------------|-----------------------|
| 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 2004 £'000 | 2003 £'000 |
| Bank and other loans | - | 18,896 |
| Amounts falling due: | | |
| In one year or less or on demand | - | 4,767 |
| In more than two years but not more than five years | - | 19,000 |
| | - | 23,767 |
| Less: issue costs | - | (104) |
| | - | 23,663 |
| Less: included in creditors: amounts falling due within one year | - | 4,767 |
| | - | 18,896 |
| 16. PROVISIONS FOR LIABILITIES AND CHARGES | | 2004 £'000 |
| Deferred taxation: | | |
| At 26 March 2003 | | 414 |
| Origination and reversal of timing differences | | (414) |
| At 25 March 2004 | | - |

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

| | 2004 | | 2003 | |
|--------------------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| | Provided £'000 | Unprovided £'000 | Provided £'000 | Unprovided £'000 |
| Accelerated capital allowances | - | - | 414 | - |
| Revaluation of investment properties | - | - | - | 675 |
| | - | - | 414 | 675 |

| | | |
|---|-----------------------|-----------------------|
| 17. SHARE CAPITAL | 2004 £'000 | 2003 £'000 |
| Authorised: | | |
| 49,000,000 (2003: 49,000,000) Ordinary shares of 20p each | 9,800 | 9,800 |
| Allotted, issued and fully paid: | | |
| 37,376,123 (2003: 37,376,123) Ordinary shares of 20p each | 7,475 | 7,475 |

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 25 MARCH 2004

| | | |
|---|--------------|--------------|
| 18. RESERVES | | 2004 |
| | | £'000 |
| (a) Share premium account: | | |
| At 26 March 2003 and at 25 March 2004 | | 38,719 |
| (b) Revaluation reserve: | | |
| At 26 March 2003 | | 112,048 |
| Deficit on revaluation of investment properties | | - |
| Realised surplus on sale of investment properties | | 4,324 |
| Deficit on revaluation of investments | | - |
| At 25 March 2004 | | 116,372 |
| (c) Profit and loss account: | | |
| At 26 March 2003 | | 11,465 |
| Retained profit for the year | | 6,996 |
| Realised surplus on sale of investment properties | | (4,324) |
| Current tax charged to the statement of total recognised gains and losses | | 759 |
| At 25 March 2004 | | 14,896 |
| 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS | 2004 | 2003 |
| | £'000 | £'000 |
| Retained profit for the financial year | 6,996 | 9,875 |
| Deficit on revaluation | - | (22,330) |
| Current tax charged to the Statement of total recognised gains and losses | 759 | - |
| Net increase/(decrease) in shareholders funds | 7,755 | (12,455) |
| Opening shareholders' funds | 169,707 | 182,162 |
| Closing shareholders' funds | 177,462 | 169,707 |

20. 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.

COMPCO HOLDINGS LIMITED

* NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 25 MARCH 2004

21. CONTINGENT LIABILITIES

There are cross guarantees in respect of bank borrowings of the ultimate parent undertaking. The borrowings are secured by a fixed and floating charge over the property and assets of Compco Holdings Limited. At 25 March 2004 those borrowings amounted to £183,751,898.

22. FINANCE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

| | Land and Buildings £'000 |
|----------------------------|---|
| Expiry date | |
| Between two and five years | 86 |

23. DIRECTORS' INTERESTS IN TRANSACTIONS

During the year the Company and its subsidiaries undertook the following transactions in which directors had an interest:

- i) The Company and its subsidiaries incurred fees totalling £499,369 (2003: £423,392) in respect of the management and agency fees of certain properties by Ross Jaye Sayer and Company Limited. Such fees are at normal market rates and over 24% is recharged to tenants. Nigel Ross and Andrew Jaye have a controlling interest in Ross Jaye Sayer and Company Limited.
- ii) The Company and its subsidiaries paid fees at normal market rates totalling £10,693 (2003: £13,324) to Leaver Charles Granger Limited, a company in which Brian Leaver is interested.
- iii) Ross Jaye Sayer and Company Limited paid rent for use of a property of £55,367 (2003: £111,960), at normal market rates.