

COMPCO HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2007
Company Number: SC037323

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COMPCO HOLDINGS LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007

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COMPCO HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2007

The directors present their report and the accounts for the year ended 31 March 2007

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

During the year the company continued its principal activity of holding and managing investments in subsidiary companies involved in property investment and trading

The company's principal source of income is dividends receivable from subsidiaries. The directors consider that the investments performed satisfactorily during the year and that the costs of administration were reasonable in relation to the scale of the group's activities

The principal risks facing a business such as that of the company are seen as

- (i) a rise in vacancy levels in the investment properties held by subsidiaries during the year there was a significant reduction in vacancy levels
- (ii) a rise in interest rates the group of which the company forms part has taken out a significant level of protection against interest rate increases. Additional hedging has been arranged in connection with the new finance obtained during the year

RESULTS FOR THE YEAR

The profit for the year after taxation was £23,271,000 (2006 £22,480,000). Interim dividends for the year of £25,500,000 (2006 £24,000,000 as restated) have been paid.

POST BALANCE SHEET EVENTS

Since the balance sheet date, an interim dividend of £22,000,000 was paid. This will be recognised in the financial statements for the year ended 31 March 2008.

DIRECTORS

The directors of the company during the year were

B S Anderson
T S Cole
S R Collins
Sir Christopher Howes
M N Steinberg

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 31 MARCH 2007

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.

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 audit 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

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 19 SEPTEMBER 2007



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 Compco Holdings Limited for the year ended 31 March 2007 which comprise of the Profit and Loss Account, the Balance Sheet, and the related notes. These accounts 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 (United Kingdom Generally Accepted Accounting Practice).

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 other 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.

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 31 March 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

Date 19 September 2007

Fairfax House
15 Fulwood Place
London
WC1V 6AY

COMPCO HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2007**

	Note	2007 £'000	2006 £'000
TURNOVER			1
Cost of sales		(5)	
GROSS (LOSS)/PROFIT		(5)	1
Administrative expenses		(1,670)	(1,609)
Other operating income	2	50	8
OPERATING LOSS	3	(1,625)	(1,600)
Dividends receivable		25,500	24,000
Interest receivable	6	398	75
Interest payable	7	(1,973)	(884)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		22,300	21,591
Taxation on profit on ordinary activities	8	971	889
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		£23,271	£22,480

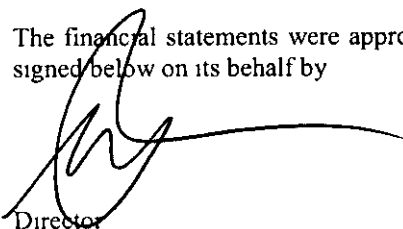
COMPCO HOLDINGS LIMITED

BALANCE SHEET

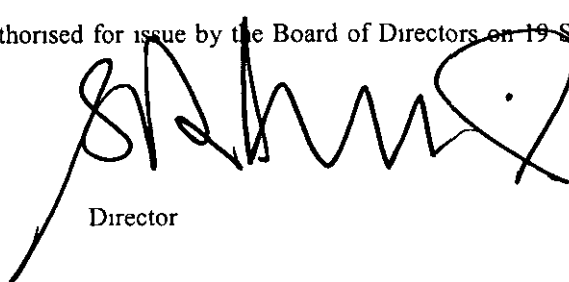
AS AT 31 MARCH 2007

		2007		2006 Restated	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	10		69		84
Investments	11		162,933		148,077
			<u>163,002</u>		<u>148,161</u>
CURRENT ASSETS					
Debtors	12	225,173		202,130	
Cash at bank and in hand		28,630		14,958	
		<u>253,803</u>		<u>217,088</u>	
CREDITORS amounts falling due within one year	13	<u>(255,145)</u>		<u>(206,211)</u>	
NET CURRENT (LIABILITIES)ASSETS			<u>(1,342)</u>		<u>10,877</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>£161,660</u></u>		<u><u>£159,038</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		7,475		7,475
Share premium account	15(a)		38,719		38,719
Revaluation reserve	15(b)		116,822		111,971
Profit and loss account	15(c)		<u>(1,356)</u>		<u>873</u>
Shareholders' funds	16		<u><u>£161,660</u></u>		<u><u>£159,038</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 19 September 2007 and signed below on its behalf by



Director



Director

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

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 No 1 'Cash Flow Statements' (FRS 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 year, 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 'Accounting for Investment Properties' (SSAP 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 31 MARCH 2007

1. ACCOUNTING POLICIES (continued)

m) Operating leases

Operating lease costs are charged to the Profit and Loss account as incurred

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

n) Dividends

The adoption of Financial Reporting Standard 21 'Events after the Balance Sheet Date' (FRS 21) resulted in a change in accounting policy for dividends. Dividends payable by the Company are now recorded as a liability following a dividend declaration by the Board. Interim dividends are recognised when paid.

2. OTHER OPERATING INCOME

2007	2006
£'000	£'000

Other income	£50	£8
	<u>£50</u>	<u>£8</u>

3. OPERATING LOSS

2007	2006
£'000	£'000

The operating loss is stated after charging

Operating lease rentals – land and buildings	37	41
Depreciation of owned assets	15	14
Auditor's remuneration		52
	<u>52</u>	<u>107</u>

4. STAFF COSTS

2007	2006
£'000	£'000

Wages and salaries (including directors)	567	629
Social security costs	67	54
Other pension costs	30	5
	<u>£664</u>	<u>£688</u>

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

Number of Employees
2007
2006

Property investment and trading	8	8
	<u>8</u>	<u>8</u>

5. DIRECTORS' EMOLUMENTS

2007	2006
£'000	£'000

Fees	£27	£25
	<u>£27</u>	<u>£25</u>
Emoluments in respect of the highest paid director are	£27	£25
	<u>£27</u>	<u>£25</u>

No pension contributions are made in respect of Directors (£2006 £Nil)

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2007

6	INTEREST RECEIVABLE	2007 £'000	2006 £'000
	Bank interest	<u>£398</u>	<u>£75</u>
7.	INTEREST PAYABLE	2007 £'000	2006 £'000
	Interest payable to group undertaking	<u>£1,973</u>	<u>£884</u>
8	TAXATION	2007 £'000	2006 £'000
	(a) Analysis of credit for year		
	Current Tax		
	UK corporation tax credit on profit for the year	971	900
	Adjustment in respect of prior years		(11)
		<u>971</u>	<u>889</u>
	Deferred Tax		
	Origination and reversal of timing differences		
	Tax credit on profit on ordinary activities	<u>£971</u>	<u>£889</u>
	(b) Factors affecting tax credit for year		
	The tax assessed for the year is lower than the standard rate of corporation tax in the UK		
	The differences are explained below		
	Profit on ordinary activities before tax	<u>22,300</u>	<u>21 591</u>
	Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2006 30%)	6,690	6,477
	Effects of		
	Expenses not deductible for tax purposes	4	2
	Capital allowances in excess of depreciation	1	1
	Interest timing differences		(180)
	Losses brought forward	(16)	
	Dividends receivable	(7,650)	(7,200)
	Adjustment in respect of prior years		11
	Current tax credit for year (note 9 (a))	<u>£(971)</u>	<u>£(889)</u>
9.	DIVIDENDS	2007 £'000	2006 £'000
	Dividends on ordinary shares		
	Interims paid 68p per share (2006 64p)	<u>£25,500</u>	<u>£24,000</u>

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2007

10	TANGIBLE FIXED ASSETS	Fixtures & fittings £'000
	Cost	
	At 1 April 2006	107
	Additions	
	At 31 March 2007	<u>107</u>
	Depreciation	
	At 1 April 2006	23
	Charge for year	15
	Eliminated on disposal	
	At 31 March 2007	<u>38</u>
	Net book value	
	At 31 March 2007	<u>£69</u>
	At 31 March 2006	<u>£84</u>
11	INVESTMENTS	Investment in Subsidiary Undertakings £'000
	At 1 April 2006	148,077
	Additions	10,005
	Revaluation	4,851
	At 31 March 2007	<u>£162,933</u>
	On the historical cost basis investments would be included at	£'000
	Cost	40,206
	Provision for diminution in value	
		<u>£40,206</u>

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2007

11 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	100
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 6% non cumulative £1 preference shares	100
Terrington Properties Limited	Property investment	Ordinary £1 shares	100
Compco Investments Two Limited	Investment	Ordinary £1 shares	10,000
Design Centre Personal Shopping Limited	Personal shopping	Ordinary £1 shares	?

* Not held directly by Compco Holdings Limited

12. DEBTORS

	2007 £'000	2006 £'000
Due within one year		
Amounts owed by subsidiary companies	222,762	202,116
Other debtors	7	3
Prepayments and accrued income	11	11
Corporation tax	2,393	
	<u>£225,173</u>	<u>£202,130</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Other taxation and social security	30	31
Other creditors	26	1
Amounts owed to subsidiary companies	255,014	206,053
Amounts owed to joint venture		49
Accruals and deferred income	75	77
	<u>£255,145</u>	<u>£206,211</u>

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2007

14	SHARE CAPITAL	2007 £'000	2006 £'000
	Authorised		
	49,000,000 (2006 49,000,000) Ordinary shares of 20p each	<u>£9,800</u>	<u>£9,800</u>
	Allotted, issued and fully paid		
	37,376,123 (2006 37,376,123) Ordinary shares of 20p each	<u>£7,475</u>	<u>£7,475</u>
15	RESERVES		2007 £'000
(a)	Share premium account		
	At 1 April 2006 and at 31 March 2007		<u>£38,719</u>
(b)	Revaluation reserve		
	At 1 April 2006		111,971
	Surplus on revaluation of investments		4,851
	At 31 March 2007		<u>£116,822</u>
(c)	Profit and loss account		
	At 1 April 2006		873
	Profit for the year		23,771
	Dividend paid		(25,500)
	At 31 March 2007		<u>£(1,356)</u>
16.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2007 £'000	2006 £'000
	Profit for the financial year	23,271	22,480
	Dividend paid	(25,500)	(24,000)
	Surplus on revaluation of investments	4,851	22,267
	Net increase in shareholders funds	<u>1,622</u>	<u>20,747</u>
	Opening shareholders' funds	159,038	138,291
	Closing shareholders' funds	<u>£161,660</u>	<u>£159,038</u>

17 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 31 MARCH 2007

18 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 31 March 2007 those borrowings amounted to £43,698,514 (2006 £62,747,040).

19 FINANCE COMMITMENTS

Annual commitments under non cancellable operating leases are as follows

	Land and Buildings	
	2007	2006
	£'000	£'000
Expiry date		
More than five years	<u>£37</u>	<u>£37</u>

20 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.

21 POST BALANCE SHEET EVENTS

Since the balance sheet date, an interim dividend of £22,000,000 was paid. This will be recognised in the financial statements for the year ended 31 March 2008.