

COMPCO HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2008
Company Number: SC037323

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COMPCO HOLDINGS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2008

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COMPCO HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report and the accounts for the year ended 31 March 2008.

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.
- (iii) a fall in value of the commercial properties held by its subsidiary undertakings.

RESULTS FOR THE YEAR

The profit for the year after taxation was £18,391,000 (2007: £23,271,000).

DIVIDENDS

An interim dividend of £22,000,000 (2007: £25,500,000) was paid during the year. The directors do not recommend the payment of a final dividend (2007: £Nil).

DIRECTORS

The directors of the company during the year were:

B S Anderson
T S Cole
S R Collins
Sir Christopher K 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.

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.

COMPCO HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2008

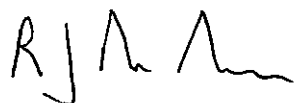
STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

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 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.

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.

BY ORDER OF THE BOARD ON 6th November 2008



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 31 March 2008 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

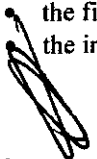
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2008 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

Fairfax House
15 Fulwood Place
London
WC1V 6AY

6th November 2008

COMPCO HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2008**

	Note	2008 £'000	2007 £'000
TURNOVER		-	-
Cost of sales		-	(5)
GROSS LOSS		-	(5)
Administrative expenses		(2,182)	(1,670)
Other operating income	2	-	50
OPERATING LOSS	3	(2,182)	(1,625)
Dividends receivable		24,000	25,500
Interest receivable	6	346	398
Interest payable	7	(3,831)	(1,973)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		18,333	22,300
Taxation on profit on ordinary activities	8	58	971
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>£18,391</u>	<u>£23,271</u>

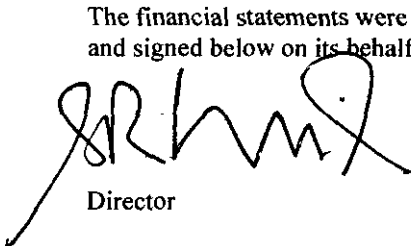
COMPCO HOLDINGS LIMITED

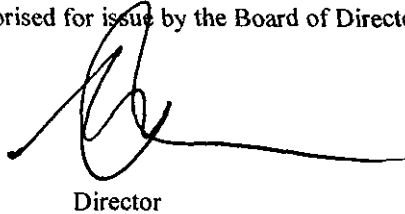
BALANCE SHEET

AS AT 31 MARCH 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Tangible assets	10	54	69
Investments	11	174,567	162,933
		<u>174,621</u>	<u>163,002</u>
CURRENT ASSETS			
Debtors	12	252,663	225,173
Cash at bank and in hand		2,923	28,630
		<u>255,586</u>	<u>253,803</u>
CREDITORS: amounts falling due within one year	13	<u>(260,142)</u>	<u>(255,145)</u>
NET CURRENT LIABILITIES		(4,566)	(1,342)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£170,065</u>	<u>£161,660</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)	128,836	116,822
Profit and loss account	15(c)	(4,965)	(1,356)
Shareholders' funds	16	<u>£170,065</u>	<u>£161,660</u>

The financial statements were approved and authorised for issue by the Board of Directors on 6th November 2008 and signed below on its behalf by:


Director


Director

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

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 (see note 17).

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.

n) Dividends

Final dividends payable by the Company are recorded as a liability following a dividend declaration by the Board. Interim dividends are recognised when paid.

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2008

2. OTHER OPERATING INCOME	2008	2007
	£'000	£'000
Other income	£ -	£50
	<u> </u>	<u> </u>
3. OPERATING LOSS	2008	2007
	£'000	£'000
The operating loss is stated after charging:		
Operating lease rentals - land and buildings	37	37
Depreciation of owned assets	15	15
Auditor's remuneration	-	-
	<u> </u>	<u> </u>
4. STAFF COSTS	2008	2007
	£'000	£'000
Wages and salaries (including directors)	1,005	567
Social security costs	126	67
Other pension costs	29	30
	<u> </u>	<u> </u>
	<u>£1,160</u>	<u>£664</u>

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

	Number of Employees	
	2008	2007
Property investment and trading	8	8
	<u> </u>	<u> </u>

5. DIRECTORS' EMOLUMENTS	2008	2007
	£'000	£'000
Fees	£24	£27
	<u> </u>	<u> </u>
Emoluments in respect of the highest paid director are:	£24	£27
	<u> </u>	<u> </u>
No pension contributions are made in respect of Directors (£2007: £Nil).		
6. INTEREST RECEIVABLE	2008	2007
	£'000	£'000
Bank interest	£346	£398
	<u> </u>	<u> </u>

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2008

7. INTEREST PAYABLE	2008	2007
	£'000	£'000
Interest payable to group undertaking	3,829	1,967
On bank loans and overdrafts	2	6
	<u>£3,831</u>	<u>£1,973</u>
8. TAXATION	2008	2007
	£'000	£'000
(a) Analysis of credit for year		
Current Tax:		
UK corporation tax credit on profit for the year	58	971
Adjustment in respect of prior years	-	-
	<u>58</u>	<u>971</u>
Deferred Tax:		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Tax credit on profit on ordinary activities	<u>£58</u>	<u>£971</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>£18,333</u>	<u>£22,300</u>
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2007: 30%)	5,500	6,690
Effects of:		
Expenses not deductible for tax purposes	3	4
Capital allowances in excess of depreciation	2	1
Losses brought forward and carried forward	1,637	(16)
Dividends receivable	(7,200)	(7,650)
	<u>£(58)</u>	<u>£(971)</u>
Current tax credit for year		
9. DIVIDENDS	2008	2007
	£'000	£'000
Dividends on ordinary shares:		
Interims paid: 59p per share (2007: 68p)	<u>£22,000</u>	<u>£25,500</u>

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2008

10. TANGIBLE FIXED ASSETS	Fixtures & fittings £'000
Cost	
At 1 April 2007	107
Additions	-
At 31 March 2008	107
Depreciation	
At 1 April 2007	38
Charge for year	15
Eliminated on disposal	-
At 31 March 2008	53
Net book value	
At 31 March 2008	£54
At 31 March 2007	£69
11. INVESTMENTS	Investment in Subsidiary Undertakings £'000
At 1 April 2007	162,933
Additions	1
Surplus on revaluation	12,014
Disposals	(381)
At 31 March 2008	£174,567

The surplus on revaluation includes the share of profits/(losses) recognised in the financial statements of the company's subsidiary companies as well as the write back of the net liabilities (£571,000) of investments struck off during the year.

On the historical cost basis investments would be included at:	£'000
Cost	39,824
Provision for diminution in value	-
	£39,824

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2008

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 insignificant investments 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	100
Compco Investments Two Limited	Investment	Ordinary £1 shares	100
Design Centre Personal Shopping Limited	Personal shopping	Ordinary £1 shares	100
Creative Hat	Organisation of events	Ordinary £1 shares	100

* Not held directly by Compco Holdings Limited.

12. DEBTORS

	2008 £'000	2007 £'000
Due within one year:		
Amounts owed by subsidiary companies	250,376	222,762
Other debtors	3	7
Prepayments and accrued income	12	11
Corporation tax	2,272	2,393
	<u>£252,663</u>	<u>£225,173</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Other taxation and social security	41	30
Other creditors	21	26
Amounts owed to subsidiary companies	260,078	255,014
Accruals and deferred income	2	75
	<u>£260,142</u>	<u>£255,145</u>

COMPCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2008

14. SHARE CAPITAL	2008	2007
	£'000	£'000
Authorised:		
49,000,000 (2007: 49,000,000) Ordinary shares of 20p each	£9,800	£9,800
Alotted, issued and fully paid:		
37,376,123 (2007: 37,376,123) Ordinary shares of 20p each	£7,475	£7,475
15. RESERVES		2008
		£'000
(a) Share premium account:		
At 1 April 2007 and at 31 March 2008		£38,719
(b) Revaluation reserve:		
At 1 April 2007		116,822
Surplus on revaluation of investments		12,014
At 31 March 2008		£128,836
(c) Profit and loss account:		
At 1 April 2007		(1,356)
Profit for the year		18,391
Dividend paid		(22,000)
At 31 March 2008		£(4,965)
16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2008	2007
	£'000	£'000
Profit for the financial year	18,391	23,271
Dividend paid	(22,000)	(25,500)
Surplus on revaluation of investments	12,014	4,851
Net increase in shareholders funds	8,405	1,622
Opening shareholders' funds	161,660	159,038
Closing shareholders' funds	£170,065	£161,660

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 2008

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 2008 those borrowings amounted to £31,139,322 (2007: £43,698,514).

19. FINANCE COMMITMENTS

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

	Land and Buildings	
	2008	2007
	£'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.