

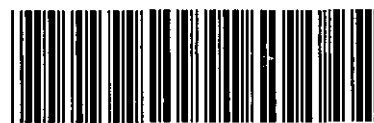
City Retreats Group Limited

Directors' Report and Financial Statements

for the Year Ended 31 March 2006

Registration number: 4063243

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City Retreats Group Limited

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The following page do not form part of the statutory financial statements:

City Retreats Group Limited

Officers and Advisers

Directors	M Cohen
	H S Cohen
Secretary	H S Cohen
Registered office	Emco House 5/7 New York Road Leeds LS2 7PJ
Auditors	Bentley Jennison Chartered Accountants & Registered Auditors 2 Wellington Place Leeds LS1 4AP

City Retreats Group Limited
Directors' Report for the Year Ended 31 March 2006

The directors present their report and the audited financial statements for the year ended 31 March 2006.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a 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 enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity

The principal activity of the company is that of a dormant company.

Directors and their interests

The directors who held office during the year and their beneficial interest in the shares of the company were as follows:

	Ordinary shares of £1 each	
	End of year No.	Start of year No.
M Cohen	-	-
H S Cohen	10,000	-

Auditors

The auditors, Bentley Jennison, are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985.

Small company provisions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

City Retreats Group Limited
Directors' Report for the Year Ended 31 March 2006

..... *continued*

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'M Cohen', written over a horizontal dotted line.

M Cohen
Director

Date:.....15/11/06.....

Independent Auditors' Report to the Members of

City Retreats Group Limited

We have audited the financial statements of City Retreats Group Limited for the year ended 31 March 2006 set out on pages 5 to 10. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standards for Smaller Entities.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our 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 described in the statement of Directors' responsibilities on page 2, the company's directors are responsible for the preparation of 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. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we 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 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an 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 applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2006 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.

Bentley Jennison

Bentley Jennison
Chartered Accountants & Registered Auditors

Date: 17 November 2006

2 Wellington Place
Leeds
LS1 4AP

City Retreats Group Limited
Profit and Loss Account for the Year Ended 31 March 2006

	Note	2006 £	2005 £
Turnover		-	-
Administrative expenses		3,000,000	-
Operating profit		<u>3,000,000</u>	<u>-</u>
Profit on ordinary activities before taxation		<u>3,000,000</u>	<u>-</u>
Profit for the financial year		<u>3,000,000</u>	<u>-</u>
Retained loss brought forward		(3,050,000)	(3,050,000)
Retained loss carried forward		<u>(50,000)</u>	<u>(3,050,000)</u>

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

City Retreats Group Limited
Balance Sheet as at 31 March 2006

		2006	2005
	Note	£	£
Fixed assets			
Investments	3	20,000	20,000
Creditors: Amounts falling due within one year	4	<u>(20,000)</u>	<u>(3,020,000)</u>
Net liabilities		<u>-</u>	<u>(3,000,000)</u>
Capital and reserves			
Called up share capital	5	50,000	50,000
Profit and loss account	6	<u>(50,000)</u>	<u>(3,050,000)</u>
Equity shareholders' deficit		<u>-</u>	<u>(3,000,000)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Approved by the Board on 15/11/06 and signed on its behalf by:



 M Cohen
 Director

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

City Retreats Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Consolidation

The company is part of a small group. The company has taken advantage of the exemption provided by Section 248 Companies Act 1985 and has not prepared group accounts.

Cash flow statement

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement.

Going concern

These financial statements have been prepared on a going concern basis.

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

2 Directors' emoluments

No emoluments were paid to the directors during the year (2005 - £nil).

City Retreats Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

..... continued

3 Fixed asset investments

	Group shares £
Cost	
As at 1 April 2005	3,070,000
Cancellation of shares	(3,000,000)
As at 31 March 2006	<u>70,000</u>
Provision	
As at 1 April 2005	3,050,000
Cancellation of shares	(3,000,000)
As at 31 March 2006	<u>50,000</u>
Net book value	
As at 31 March 2006	<u>20,000</u>
As at 31 March 2005	<u>20,000</u>

The company holds more than 20% of the share capital of the following companies:

	Country of incorporation	Principal activity	Class	%	Year end	Capital & reserves £	Profit/(loss) for the year £
Subsidiary undertakings							
City Retreats Commercial Limited	United Kingdom	Dormant	Ordinary	100	31 March 2006		
City Retreats Limited	United Kingdom	Property development	Ordinary	100	31 March 2006		
City Retreats Management Group	United Kingdom	Dormant	Ordinary	100	31 March 2006		
						Capital & reserves £	Profit/(loss) for the year £
Subsidiary undertakings							
City Retreats Commercial Limited						10,000	-
City Retreats Limited						(135,015)	2,903,932
City Retreats Management Group						10,000	-

City Retreats Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

..... continued

4 Creditors: Amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	<u>20,000</u>	<u>3,020,000</u>

5 Share capital

	2006 £	2005 £
Authorised		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

6 Reserves

	Profit and loss account £
Balance at 1 April 2005	(3,050,000)
Transfer from profit and loss account for the year	<u>3,000,000</u>
Balance at 31 March 2006	<u>(50,000)</u>

City Retreats Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

..... *continued*

7 Related parties

Controlling entity

The company is controlled by the directors by virtue of their directorships and interest in the share capital of the ultimate parent company.

The ultimate parent company is Emco Estates Holdings Limited, a company registered in England and Wales.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Emco Estates Holdings Limited on the grounds that at least 90% of the voting rights in the company are controlled within the group and the company is included in consolidated financial statements.

Related party transactions

At the year end the company owed £nil (2005 - £3,000,000) to City Retreats Limited.