

Cityfiveinc

Directors' report and financial statements

Year ended 31 December 2006
Registered number 4047821



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

Principal activities

The company is engaged in leasing transactions

Business review

The profit and loss account is shown on page 5. The directors do not recommend the payment of a dividend (2005 £nil). The retained profit for the year has been transferred to reserves.

No future developments are planned other than those consistent with current leasing transactions with income from finance lease agreements expected to continue for the term of the leases.

In accordance with section 246 of the Companies Act 1985 (special provisions for small companies), the company is exempt from preparing a detailed business review.

Principal risks and uncertainties

The company continues to rely heavily on its parent for administrative support as well as its funding requirements. The main risk inherent in the business is as in previous years collecting out the portfolio. However, in the opinion of the directors, these risks are well covered bearing in mind the support of the parent company and the credit quality of the customer base.

Directors and directors' interests

The directors who held office during the year were as follows:

O Francis
R Harris
W Lewis
C Stamper

W Lewis acted as Company Secretary during the reporting period.

None of the directors had any disclosable interest in the shares or loan capital of the company or of any UK group company during the period.

No rights to subscribe for shares in UK group companies were granted to any of the directors or their immediate families.

Disclosure of information to auditors

The Companies Act 1985 requires directors to provide the company's auditors with every opportunity to take whatever steps and undertake whatever inspections the auditors consider to be appropriate for the purpose of enabling them to give their audit report. The directors, having made appropriate enquiries, confirm that:

- as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report (continued)

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board



W Lewis
Director

**60 High Street
Redhill
Surrey
RH1 1NY**

22 October 2007

Statement of directors' responsibilities in respect of the directors' report and financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 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 financial statements, and
- 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 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITYFIVEINC

We have audited the financial statements Cityfiveinc for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 other transactions is not disclosed.

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 judgments 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss 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.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London EC4Y 8BB
22 October 2007

Profit and loss account

for the year ended 31 December 2006

	<i>Note</i>	2006	2005
		£	£
Turnover		169,458	167,537
Cost of sales		(128,885)	(118,807)
Gross Profit		<u>40,573</u>	<u>48,730</u>
Interest payable and similar charges	5	(20,263)	(28,238)
Profit on ordinary activities before taxation	2 - 5	<u>20,310</u>	<u>20,492</u>
Tax charge on profit on ordinary activities	6	(21,433)	(6,148)
Retained (loss) / profit for the year	11	<u>(1,123)</u>	<u>14,344</u>
Retained profit brought forward		<u>24,180</u>	<u>9,836</u>
Retained profit carried forward		<u>23,057</u>	<u>24,180</u>

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

The results stated above are all derived from continuing operations

There are no recognised gains or losses other than the loss for the year

Balance sheet

at 31 December 2006

	Note	2006 £	2005 £
Current assets			
Debtors			
Finance lease receivables due in one year	7	135,300	128,800
Finance lease receivables due after more than one year	7	371,021	506,321
Other debtors		24,595	24,594
Creditors: amounts due within one year			
Amounts owed to parent undertaking		(476,061)	(625,170)
Net current assets		<u>54,855</u>	<u>34,545</u>
Provisions for liabilities and charges	8	(31,796)	(10,363)
Net assets		<u>23,059</u>	<u>24,182</u>
Capital reserves			
Called up share capital	9	2	2
Profit and loss account		<u>23,057</u>	<u>24,180</u>
Shareholders' funds – equity	11	<u>23,059</u>	<u>24,182</u>

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

These financial statements were approved by the board of directors on 22 October 2007 and were signed on its behalf by



W Lewis
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules and in accordance with Schedule 4 of the Companies Act 1985 and applicable accounting standards

These accounts have been prepared in compliance with the Statement of Recommended Accounting Practice issued by the Finance & Leasing Association

Investment in finance leases

The difference between the gross minimum lease payments receivable and the fair value of the property lease represents finance income which is recognised in the profit and loss account over the period of the lease, on an actuarial basis, in order to give a constant rate of return on the investment in the lease

The finance lease receivables are stated in the balance sheet at the total of the gross minimum lease payments receivable under such leases, less finance income allocated to future periods

Turnover

This comprises income on finance lease agreements which is recognised in the profit and loss account over the period of the leases. It is stated exclusive of Value Added Tax. All income is generated in the United Kingdom

Cost of sales

This comprises costs associated with other services provided

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company

Direct costs

Direct costs incurred in arranging leases are capitalised and amortised over the life of the transaction

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for accounting and taxation purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS19

Where a deferred tax asset arises this is recognised where considered recoverable. Losses are surrendered to / received from other group companies for no payment

Notes (continued)

1 Accounting policies (continued)

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of ING Lease (UK) Limited and a parent undertaking includes the company in its consolidated accounts

2 Remuneration of directors

None of the directors received remuneration in respect of services to the company during the year (2005 £nil)

3 Remuneration of auditors

There is no charge to audit fees for the year as the fees are paid by ING Lease (UK) Limited (2005 £nil)

4 Staff number and costs

The company employed no direct staff and incurred no staff costs during the year (2005 £nil)

5 Interest payable

	2006 £	2005 £
Interest payable to Birthland Limited	<u>20,263</u>	<u>28,238</u>

6 Taxation

	2006 £	2005 £
The taxation charge is based on the profit for the year and comprises		
Deferred tax - prior year	20,039	-
- current year	<u>1,394</u>	<u>6,148</u>
Deferred tax charge (see note 8)	<u>21,433</u>	<u>6,148</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2005 lower) than the standard rate of corporation tax in the UK of 30%, (2005 30%) The current tax reconciliation is provided on the next page

Notes (continued)

6 Taxation (continued)

	2006 £	2005 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	20,310	20,492
Current tax at 30% (2005 30%)	6,093	6,148
<i>Effects of</i>		
Differences between capital element of finance leases and capital allowances	(1,368)	(277)
Losses brought forward	-	(10,737)
Non-deductible expenses	2,840	4,866
Group relief received for free	(7,565)	-
	-	-

7 Finance lease receivables

	2006 £	2005 £
Minimum lease receivables	575,593	744,965
Finance lease income allocated to future periods	(69,272)	(109,844)
Net finance lease receivables	506,321	635,121
Due within one year	135,300	128,800
Due after more than one year	371,021	506,321
	506,321	635,121

The cost of assets acquired under finance leases was £nil (2005 £nil)

Gross rentals receivable in relation to finance leases for the period were £169,458 (2005 £167,537)

8 Provisions for liabilities and charges

	2006 Recognised £	2005 Recognised £
<i>Deferred tax</i>		
Difference between accumulated depreciation and capital allowances	31,796	45,322
Losses carried forward	-	(34,959)
	31,796	10,363
	2006 £	2005 £
Deferred tax at the beginning of the year	10,363	4,215
Charge to profit and loss account (see note 6)	21,433	6,148
Deferred tax at the end of the year	31,796	10,363

Notes (continued)

9 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
Equity Ordinary shares of £1 each	<u>12,000,000</u>	<u>12,000,000</u>
<i>Issued</i>		
Equity Ordinary shares of £1 each	<u>2</u>	<u>2</u>
<i>Allotted, called up and fully paid</i>		
Equity Ordinary shares of £1 each	<u>2</u>	<u>2</u>

10 Related party transactions

The company is controlled by ING Lease (UK) Limited The ultimate controlling party is ING Groep N V

Under Financial Reporting Standard 8, companies which are wholly owned subsidiaries of a parent whose consolidated financial statements in which the subsidiaries' results are included are publicly available, are granted exemption from disclosing inter-group transactions The Company is such a subsidiary undertaking and accordingly has not disclosed such transactions

11 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Opening shareholders' funds	24,182	9,838
Retained profit for the year	<u>(1,123)</u>	<u>14,344</u>
Closing shareholders' funds	<u>23,059</u>	<u>24,182</u>

12 Ultimate parent company and parent of larger group of which the company is a member

The ultimate parent company of the company is ING Groep NV which is incorporated in The Netherlands

The largest group in which the results of the company are consolidated is ING Groep NV which is incorporated in The Netherlands The smallest group in which they are consolidated is ING Lease Holding NV which is also incorporated in The Netherlands The consolidated accounts of both these companies are available to the public and may be obtained from Postbus 810, 1000 AV, Amsterdam, Netherlands