

Company Registration No. 05479493 (England and Wales)

**COMPAGNIE DES GARANTIES LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

# COMPAGNIE DES GARANTIES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Cauzioni S.A. Limited Carlo Mottola
<b>Company number</b>	05479493
<b>Registered office</b>	30 City Road London EC1Y 2AB
<b>Auditors</b>	Arram Berlyn Gardner 30 City Road London EC1Y 2AB

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# COMPAGNIE DES GARANTIES LIMITED

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# COMPAGNIE DES GARANTIES LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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The directors present their report and financial statements for the year ended 31 December 2007.

### Principal activities

The principal activity of the company is that of providing insurance services. The results for the financial position at the year end were considered satisfactory by the directors.

### Directors

The following directors have held office since 1 January 2007:

Cauzioni S.A. Limited  
Carlo Mottola

### Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386 of the Companies Act 1985. Therefore, the auditors, Arram Berlyn Gardner, will be deemed to be reappointed for each succeeding financial year.

# COMPAGNIE DES GARANTIES LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

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### Directors' responsibilities

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those 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;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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.

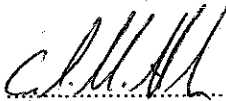
### Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

On behalf of the board



Carlo Mottola

Director

17/03/09

# **COMPAGNIE DES GARANTIES LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF COMPAGNIE DES GARANTIES LIMITED**

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We have audited the financial statements of Compagnie Des Garanties Limited for the year ended 31 December 2007 set out on pages 5 to 12. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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 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 the directors and auditors**

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

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 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.

# COMPAGNIE DES GARANTIES LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE SHAREHOLDERS OF COMPAGNIE DES GARANTIES LIMITED

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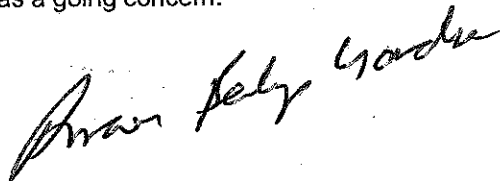
#### Opinion

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 December 2007 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.

#### Emphasis of matter - Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £405,048 during the year ended 31 December 2007 and, at that date, the company's current liabilities exceeded its total assets by £360,100. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



Arram Berlyn Gardner

Chartered Accountants  
Registered Auditor

17/03/09

30 City Road  
London  
EC1Y 2AB

# COMPAGNIE DES GARANTIES LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Turnover		821,016	545,585
Cost of sales		(1,084,059)	(410,819)
<b>Gross (loss)/profit</b>		<u>(263,043)</u>	<u>134,766</u>
Administrative expenses		(127,302)	(86,164)
<b>Operating (loss)/profit</b>	<b>2</b>	<u>(390,345)</u>	<u>48,602</u>
Other interest receivable and similar income	<b>3</b>	54	-
Interest payable and similar charges		-	(370)
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(390,291)</u>	<u>48,232</u>
Tax on (loss)/profit on ordinary activities		(14,757)	(23,690)
<b>(Loss)/profit for the year</b>	<b>8</b>	<u><u>(405,048)</u></u>	<u><u>24,542</u></u>



# COMPAGNIE DES GARANTIES LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2007

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	Notes	2007 £	2006 £
(Loss)/profit for the financial year		(405,048)	24,542
Currency translation differences on foreign currency net investments		1,533,134	(324,542)
<b>Total recognised gains and losses relating to the year</b>		<u>1,128,086</u>	<u>(300,000)</u>

# COMPAGNIE DES GARANTIES LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 £	£	2006 £	£
<b>Fixed assets</b>					
Investments	4	17,894,039		16,360,905	
<b>Current assets</b>					
Debtors	5	6,142		101,434	
Cash at bank and in hand		661,877		206,453	
		<u>668,019</u>		<u>307,887</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>(1,028,119)</u>		<u>(262,939)</u>	
<b>Net current (liabilities)/assets</b>			<u>(360,100)</u>		<u>44,948</u>
<b>Total assets less current liabilities</b>			<u>17,533,939</u>		<u>16,405,853</u>
<b>Capital and reserves</b>					
Called up share capital	7	16,673,990		16,673,990	
Profit and loss account	8	859,949		(268,137)	
<b>Shareholders' funds</b>			<u>17,533,939</u>		<u>16,405,853</u>

# COMPAGNIE DES GARANTIES LIMITED

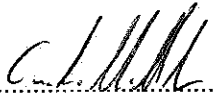
## BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2007

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These 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 2007).

Approved by the Board for issue on ..... 7/03/09



Carlo Mottola

Director

# COMPAGNIE DES GARANTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

At the year end, the company had net current liabilities totalling £360,100. The company is dependent on the outcome of the payment on claims which have been provided for at the year end. The going concern support of the directors for the foreseeable future has been confirmed.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services. Income is recognised when the contracts are signed, which is a point when the company starts provision of insurance in accordance with a policy agreed.

#### 1.4 Investments

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

#### 1.5 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.6 Claims provision

Claims provision is based on the amounts settled in the year or estimated cost to settle the claim at the balance sheet date in respect of policies raised pre year end date.

It also includes a general provision based on estimates of the ultimate cost of reported and unreported claims.

The general provisions are included in the accounts at the best and reasonable estimates of the director's projections.

2	Operating (loss)/profit	2007 £	2006 £
	Operating (loss)/profit is stated after charging:		
	Auditors' remuneration	21,717	10,174

# COMPAGNIE DES GARANTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

3	Investment income	2007 £	2006 £
	Other interest	54	-

### 4 Fixed asset investments

	Shares in group undertakings and participating interests £
<b>Cost</b>	
At 1 January 2007	16,360,905
Exchange differences	1,533,134
	<u>17,894,039</u>
At 31 December 2007	
<b>Net book value</b>	
At 31 December 2007	17,894,039
	<u>16,360,905</u>
At 31 December 2006	

#### Holdings of more than 20%

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

Company	Country of registration or incorporation	Class	Shares held %
<b>Participating interests</b>			
Gryphon Real Estate Corporation	USA	Ordinary shares	48.57

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2007 £	Profit for the year 2007 £
	<b>Principal activity</b>		
Gryphon Real Estate Corporation	Dormant	17,894,039	-

# COMPAGNIE DES GARANTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

5	Debtors	2007	2006
		£	£
	Trade debtors	6,142	88,019
	Other debtors	-	13,415
		<u>6,142</u>	<u>101,434</u>
6	Creditors: amounts falling due within one year	2007	2006
		£	£
	Trade creditors	292,326	109,949
	Taxation and social security	19,605	34,535
	Other creditors	716,188	118,455
		<u>1,028,119</u>	<u>262,939</u>
7	Share capital	2007	2006
		£	£
	<b>Authorised</b>		
	242,840 Ordinary of £68.662452 each	<u>16,673,990</u>	<u>16,673,990</u>
	<b>Allotted, called up and fully paid</b>		
	242,840 Ordinary of £68.662452 each	<u>16,673,990</u>	<u>16,673,990</u>
8	Statement of movements on profit and loss account	Profit and loss account	
		£	
	Balance at 1 January 2007	(268,137)	
	Loss for the year	(405,048)	
	Foreign currency translation differences	1,533,134	
	Balance at 31 December 2007	<u>859,949</u>	

# **COMPAGNIE DES GARANTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **9 Transactions with directors**

At the year end the company owed £63,851 (2006: £11,534) to C Mottola, a director of the company.

### **10 Control**

The ultimate controlling party is C Mottola.

### **11 Related party transactions**

During the year, administration fees of £8,921 (2006: £3,429) were charged by Cauzioni SA Limited, a company in which C Mottola is a director.

Amounts due to Cauzioni SA Limited at 31 December 2007 were £10,437 (2006: amounts due from Cauzioni SA Limited were £13,415).

The loan account balance is interest free.

During the year the company paid insurance costs of £255,396 (2006: nil) to Aedes Insurance Limited, a company which is under the control of the Aedes Trust. Director C Mottola is the sole beneficiary of the Aedes Trust.

**COMPAGNIE DES GARANTIES LIMITED**  
**MANAGEMENT INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**



# COMPAGNIE DES GARANTIES LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	£	£
<b>Turnover</b>		
Premiums	821,016	545,585
<b>Cost of sales</b>		
Insurance	255,396	-
Claims	500,511	212,159
Commissions payable	328,152	198,660
	<u>(1,084,059)</u>	<u>(410,819)</u>
<b>Gross (loss)/profit</b>	<u>(263,043)</u>	<u>134,766</u>
<b>Administrative expenses</b>	<u>(127,302)</u>	<u>(86,164)</u>
<b>Operating (loss)/profit</b>	<u>(390,345)</u>	<u>48,602</u>
<b>Other interest receivable and similar income</b>		
Other interest received	54	-
<b>Interest payable</b>		
Interest on overdue taxation payable	-	(370)
<b>(Loss)/profit before taxation</b>	<u><u>(390,291)</u></u>	<u><u>48,232</u></u>

# COMPAGNIE DES GARANTIES LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	£	£
<b>Administrative expenses</b>		
Wages and salaries (excl. N.I.)	12,022	10,304
Employer's N.I. contributions	2,973	2,123
Administration fees	8,921	3,429
Printing, postage and stationery	622	-
Marketing	11,046	-
Telephone	206	-
Computer expenses	275	2,904
Travelling expenses	4,028	2,017
Entertaining	292	-
Legal and professional fees	48,570	19,491
Consultancy fees	51,700	27,610
Accountancy	122	-
Audit fees	21,717	10,174
Bank charges	1,439	299
Loss/(profit) on foreign currency	(36,402)	4,601
Sundry expenses	(229)	3,212
	<u>127,302</u>	<u>86,164</u>