

**Company Registration No. 2366812**

**C M Property Development Limited**

**Report and Financial Statements**

**31 December 2008**

TUESDAY



LD2 "L6G109S9" 118  
12/05/2009  
COMPANIES HOUSE

# **C M Property Development Limited**

## **Report and financial statements 2008**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Statement of total recognised gains and losses</b>	<b>8</b>
<b>Reconciliation of movements in shareholders' funds</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Notes to the accounts</b>	<b>10</b>

# **C M Property Development Limited**

## **Report and financial statements 2008**

### **Officers and professional advisers**

#### **Directors**

Mr Youge Cheng  
Mr Wanquan Li

#### **Secretary**

Mr Wanquan Li

#### **Registered Office**

Mimet House  
5A Praed Street  
London W2 1NJ

#### **Bankers**

Bank of China  
90 Cannon Street  
London EC4N 6HA

Barclays Bank PLC  
Willesden & Notting Hill Branch  
P.O. Box 3750  
London NW10 6AQ

#### **Solicitors**

Beveridge Milton  
10-11 New Street  
London EC2M 4TP

#### **Auditors**

Deloitte LLP  
Chartered Accountants  
London

# C M Property Development Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008. The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) (a) of the Companies Act 1985.

### Business review and principal activity

C M Property Development Limited is a wholly owned subsidiary of Minmetals UK Limited, a company registered in England and Wales.

The principal activity of the company is the management of properties. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account, there was a profit after tax of £95,851 (2007: £87,489).

The company's financial position at the year end as per the balance sheet in the financial statements shows net assets of £11,713,516 (2007: £11,727,665).

There have been no significant events since the balance sheet date which require disclosure.

### Review of future prospects

The company is expected to expand its current activity.

### Principal risks and uncertainties

#### *Price risk:*

The principal risk faced by the company is that of changes in valuation of the investment property which is dependent heavily on the property market within London and the United Kingdom. The value of rentals earned also is affected by the changes in the commercial letting market in London.

#### *Liquidity risk:*

Liquidity risk is the risk that the company will be unable to meet its financial requirements. To guard against this risk, assets are managed with liquidity in mind maintaining a healthy balance of cash and cash equivalents. The maturity profile is monitored to ensure adequate liquidity is maintained.

The company has considerable financial resources together with on going support from the head office. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

As at the date of the report, the directors are not aware of any other risks that might have an impact on the financial statements. Therefore, after making enquiries, the directors have a reasonable expectation that the company has adequate resources for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the company's financial statements.

### Employees

Details of the number of UK operational contracted employees and related costs can be found in note 3 to the financial statement on page 11.

### Directors

The following served as directors throughout the year and to the present time unless otherwise stated:

Mr Youge Cheng

Mr Yong Zhao (Resigned 11 November 2008)

Mr Wanquan Li (Appointed 11 November 2008)

# C M Property Development Limited

## Directors' report

### Dividends

The directors have paid an interim dividend of £nil (2007: £3,200,000) to the shareholders for the year ended 31 December 2008. The directors do not recommend payment of final dividend (2007: £nil).

### Information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

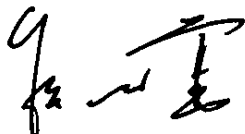
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

### Auditors

Deloitte LLP has expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Youge Cheng  
Managing Director

26 March 2009

## **C M Property Development Limited**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

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 as at the end of the financial year 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 UK Accounting Standards have been followed; 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 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.

## **Independent auditors' report to the members of C M Property Development Limited**

We have audited the financial statements of C M Property Development Limited for the year ended 31 December 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes 1 to 14. 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 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**

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.

## **Independent auditors' report to the members of C M Property Development Limited (continued)**

### **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 December 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.

*Deloitte LLP*

**Deloitte LLP**

Chartered Accountants and Registered Auditors  
London, United Kingdom

31 March 2009



# C M Property Development Limited

## Profit and loss account Year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover	1	713,293	532,881
Cost of sales		(327,351)	(302,384)
<b>Gross profit</b>		<b>385,942</b>	<b>230,497</b>
Administrative expenses		(249,464)	(223,252)
<b>Operating profit</b>	2	<b>136,478</b>	<b>7,245</b>
Interest receivable and similar income	4	698	117,806
Interest payable and similar charges	5	(2,362)	(769)
<b>Profit on ordinary activities before taxation</b>		<b>134,814</b>	<b>124,282</b>
Tax on profit on ordinary activities	6	(38,963)	(36,793)
<b>Profit on ordinary activities after taxation and retained for the financial year</b>	12	<b>95,851</b>	<b>87,489</b>

All activities are derived from continuing operations.

## C M Property Development Limited

### Statement of total recognised gains and losses Year ended 31 December 2008

	Notes	2008 £	2007 £
Profit for the financial year		95,851	87,489
Unrealised (deficit) / surplus on revaluation of investment properties	7	(110,000)	2,901,276
<b>Total recognised gains and losses relating to the year</b>		<u>(14,149)</u>	<u>2,988,765</u>

### Reconciliation of movements in shareholders' funds Year ended 31 December 2008

	Notes	2008 £	2007 £
Profit for the financial year		95,851	87,489
Unrealised (deficit) / surplus on revaluation of investment properties	7	(110,000)	2,901,276
Dividend paid		-	(3,200,000)
Net decrease in shareholders' funds		(14,149)	(211,235)
Opening shareholders' funds		11,727,665	11,938,900
Closing shareholders' funds		<u>11,713,516</u>	<u>11,727,665</u>

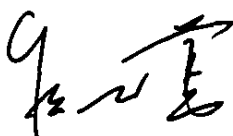
# C M Property Development Limited

## Balance sheet 31 December 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Tangible assets	7	11,850,904	11,959,253
<b>Current assets</b>			
Debtors	8	84,734	66,741
Cash at bank and in hand		271,261	189,092
		355,995	255,833
<b>Creditors: amounts falling due within one year</b>	9	(493,383)	(487,421)
<b>Net current liabilities</b>		(137,388)	(231,588)
<b>Total assets less current liabilities</b>		11,713,516	11,727,665
<b>Net assets</b>		11,713,516	11,727,665
<b>Capital and reserves</b>			
Called up share capital	11	50,000	50,000
Revaluation reserve	12	4,267,488	4,377,488
Profit and loss account	12	7,396,028	7,300,177
<b>Total shareholders' funds</b>		11,713,516	11,727,665

These financial statements were approved by the Board of Directors on 26 March 2009.

Signed on behalf of the Board of Directors



Younge Cheng  
Managing Director

# C M Property Development Limited

## Notes to the accounts

Year ended 31 December 2008

### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have been consistently applied throughout the current and preceding year.

The company has considerable financial resources together with on going support from the head office. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Therefore, after making enquiries, the directors have a reasonable expectation that the company has adequate resources for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the company's financial statements.

#### Accounting convention

The financial statements are prepared under the historical cost convention modified by revaluing the investment properties to market value in accordance with the requirements of SSAP 19.

#### Investment properties

In accordance with SSAP 19, investment properties are revalued annually. Surplus or deficits on individual properties are transferred to the revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been decreased by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation 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.

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets.

The rates of depreciation are as follows:

Investment properties	Nil
Computer equipment	33% per annum
Fixtures and fittings	25% per annum

#### Turnover

Turnover represents the gross value of rental income and service charges excluding value added tax, all arising in the United Kingdom.

Turnover comprises rental income which is recognised on a straight line basis over the term of the lease.

# C M Property Development Limited

## Notes to the accounts

### Year ended 31 December 2008

#### 1. Accounting policies (continued)

##### Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future 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 and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### Cash flow statement

The group has taken advantage of exemptions granted by Financial Reporting Standard 1 (Revised) "Cash Flow Statements" and has not prepared a consolidated cash flow statement. All cash flows of the company are included in the consolidated financial statements of Minmetals (UK) Limited, which are publicly available.

#### 2. Operating profit

	2008 £	2007 £
<b>Operating profit is stated after charging:</b>		
Depreciation of owned assets	3,981	1,711
Auditors' remuneration		
- audit fees	8,000	8,000
- other fees – tax compliance services	5,200	4,900

#### 3. Information regarding directors and employees

	2008 £	2007 £
Directors' emoluments	-	-
Employee costs during the year (including directors):	£	£
Wages and salaries	32,234	34,160
Social security costs	3,437	3,710
	<u>35,671</u>	<u>37,870</u>
	No.	No.
Average number of persons employed during the year (including directors)	<u>1</u>	<u>1</u>

# C M Property Development Limited

## Notes to the accounts Year ended 31 December 2008

### 4. Interest receivable and similar income

	2008 £	2007 £
Bank interest receivable	698	117,806

### 5. Interest payable and similar charges

	2008 £	2007 £
Bank loans and overdrafts	2,362	769

### 6. Tax on profit on ordinary activities

	2008 £	2007 £
Current tax – UK Corporation tax	37,113	33,607
Deferred tax	-	-
Timing differences, origination and reversal	1,518	3,186
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods	-	-
Adjustment in respect of prior years	332	-
	<u>38,963</u>	<u>36,793</u>

#### Factors affecting current tax charge

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 28.5% (2007: 30%). The blended rate of 28.5% has been applied due to the standard rate of corporation tax changing part way through the year.

The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	134,814	124,282
Tax at 28.5% thereon:	(38,422)	(37,285)
Effects of:		
Expenses not deductible for tax purposes	(592)	(409)
Capital allowances in excess of depreciation	1,545	2,992
Utilisation of tax losses	-	-
Prior year adjustments	356	1,095
Current tax charge	<u>(37,113)</u>	<u>(33,607)</u>

# C M Property Development Limited

## Notes to the accounts Year ended 31 December 2008

### 7. Tangible fixed assets

	Investment properties £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost or valuation:</b>				
At 1 January 2007	11,950,000	60,781	79,594	12,090,375
Additions	-	-	5,632	5,632
Revaluation	(110,000)	-	-	(110,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	11,840,000	60,781	85,226	11,986,007
<b>Depreciation:</b>				
At 1 January 2007	-	60,781	70,341	131,122
Charge for the year	-	-	3,981	3,981
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	-	60,781	74,322	135,103
<b>Net book value:</b>				
At 31 December 2008	<u>11,840,000</u>	<u>-</u>	<u>10,904</u>	<u>11,850,904</u>
At 31 December 2007	<u>11,950,000</u>	<u>-</u>	<u>9,253</u>	<u>11,959,253</u>
<b>Cost or valuation</b>				
At 31 December 2008 is represented by:				
- cost	9,048,724	60,781	85,226	9,194,731
- valuation	2,791,276	-	-	2,791,276
	<hr/>	<hr/>	<hr/>	<hr/>
	11,840,000	60,781	85,226	11,986,007

As at 31 December 2008, the majority of the company's long leasehold properties were occupied by third parties. Accordingly those properties are classified as investment properties under the requirements of SSAP 19.

The investment properties were valued as at 31 December 2008 by external surveyors on an open market basis. In their opinion the market value for the existing use was £11,840,000 (2007: £11,950,000) as compared with the historical value of £11,950,000 (2007: £9,048,724). The revaluation deficit of £110,000 has been incorporated in the financial statements by debiting the revaluation reserve in the balance sheet in accordance with SSAP 19. All other fixed assets are valued at cost.

# C M Property Development Limited

## Notes to the accounts Year ended 31 December 2008

### 8. Debtors

	2008 £	2007 £
Trade debtors	7,005	12
Deferred tax asset (see note 10)	867	2,717
Other debtors	60,379	47,317
Prepayments and accrued income	16,483	16,695
	<u>84,734</u>	<u>66,741</u>

### 9. Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	132,580	97,682
Amounts owed to ultimate parent company	191,581	219,479
Corporation tax	37,469	33,607
Other creditors including taxation and social security	4,755	5,486
Accruals and deferred income	126,998	131,167
	<u>493,383</u>	<u>487,421</u>

### 10. Deferred taxation

The movements in the deferred taxation balances were as follows:

	2008 £	2007 £
Deferred tax asset at beginning of year	(2,717)	(5,903)
Amount charged to profit and loss account	1,850	3,186
Deferred tax asset at end of year	<u>(867)</u>	<u>(2,717)</u>

The current rate of UK corporation tax of 28.5% has been used to calculate the amount of deferred taxation.

The deferred tax asset can be analysed as follows:

	2008 £	2007 £
Capital allowances in excess of depreciation	<u>(867)</u>	<u>(2,717)</u>



# C M Property Development Limited

## Notes to the accounts

Year ended 31 December 2008

### 11. Called up share capital

	2008 £	2007 £
<b>Authorised:</b>		
100,000 ordinary shares of £1 each	100,000	100,000
<b>Called up, allotted and fully paid:</b>		
50,000 ordinary shares of £1 each	50,000	50,000

### 12. Reserves

	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2008	4,377,488	7,300,177	11,677,665
Profit retained for the year	-	95,851	95,851
Unrealised deficit on revaluation of investment properties	(110,000)	-	(110,000)
At 31 December 2008	4,267,488	7,396,028	11,663,516

### 13. Related party transactions

As the company is a wholly owned subsidiary it is exempt under Financial Reporting Standard 8 from the requirement to disclose related party transactions with fellow group entities.

### 14. Ultimate parent company

The immediate parent company is Minmetals (UK) Limited, a company incorporated in Great Britain. Minmetals (UK) Limited is the parent undertaking of the smallest group which includes the company for which group accounts are prepared. Copies of the report and accounts are available from Mimet House, 5a Praed Street, London W2 1NJ.

The ultimate parent and controlling company is China Minmetals Corporation, a company incorporated in the People's Republic of China. China Minmetals Corporation is the parent undertaking of the largest group which includes the company for which group accounts are prepared. Copies of the report and accounts are available from No.5 San Li He Road, Haidian District, Beijing, 100044, The People's Republic of China.