

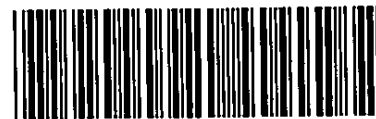
**Skillgreat Limited**

**Directors' report and financial  
statements**

**Registered number 4066859**

**For the year ended 31 December 2009**

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## **Directors' report and financial statements**

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

### Principal activity

The principal activity of the company is property investment. There has been no significant change in the nature of the company's business activity during the year under review nor is any envisaged in the immediate future.

### Results and dividends

The result for the year ended 31 December 2009 is set out in the attached financial statements.

The directors do not recommend the payment of a dividend (2008: £nil).

### Property

A professional valuation of the company's investment properties was carried out at 31 December 2009 by the company's valuers, Colliers CRE. The resultant figures have been included in the financial statements under review and the deficit of £70,000 (2008: £1,410,000) below previous book values has been transferred to revaluation reserve.

### Directors

The directors who held office during the year are:

Mr BSE Freshwater  
Mr D Davis

The Articles of Association of the company do not require the directors to retire by rotation.

The directors do not have service contracts and do not receive any emoluments from the company.

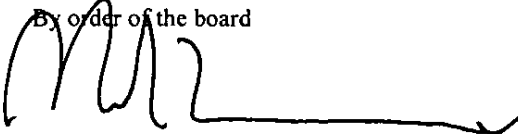
### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Cohen Arnold and KPMG LLP will therefore continue in office as joint auditors of the company.

By order of the board



MRM Jenner  
Secretary

Freshwater House  
158/162 Shaftesbury Avenue  
London WC2H 8HR

21 July 2010

## **Statement of directors' responsibilities in respect of the Directors' Report and the 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)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.



## **Report of the joint independent auditors, Cohen Arnold and KPMG LLP, to the members of Skillgreat Limited**

We have audited the financial statements of Skillgreat Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## **Report of the joint independent auditors, Cohen Arnold and KPMG LLP, to the members of Skillgreat Limited**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

**WEJ Holland (Senior Statutory Auditor)**  
*for and on behalf of KPMG LLP, Statutory Auditor*

Chartered Accountants

15 Canada Square  
London  
E14 5GL  
United Kingdom

21 July 2010

**Joshua Neumann (Senior Statutory Auditor)**  
*for and on behalf of Cohen Arnold, Statutory Auditor*

Chartered Accountants

New Burlington House  
1075 Finchley Road  
London NW11 0PU

21 July 2010

**Profit and loss account**  
*for the year ended 31 December 2009*

	<i>Note</i>	<b>2009</b> £	2008 £
Rents and charges receivable		391,944	402,287
Property outgoings		(365,386)	(125,112)
		<hr/>	<hr/>
Administrative expenses		26,588 (33,250)	277,175 (11,000)
		<hr/>	<hr/>
<b>Operating (loss)/profit</b>		<b>(6,692)</b>	266,175
Interest receivable	2	112	125
Interest payable	3	(255,276)	(257,276)
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities before taxation</b>	4	<b>(261,856)</b>	9,024
Tax on (loss)/profit on ordinary activities	5	73,000	(2,000)
		<hr/>	<hr/>
<b>(Loss)/profit for the financial year</b>	11	<b>(188,856)</b>	7,024
		<hr/>	<hr/>

All of the company's activities are continuing

There is no difference between the results as stated and the results on a historical cost basis in either the current or previous year

**Statement of total recognised gains and losses**  
*for the year ended 31 December 2009*

	2009 £	2008 £
(Loss)/profit for the financial year	(188,856)	7,024
Unrealised deficit on revaluation of investment properties	(70,000)	(1,410,000)
<b>Total recognised losses for the year</b>	<b>(258,856)</b>	<b>(1,402,976)</b>



**Balance sheet**  
*at 31 December 2009*

	<i>Note</i>	<b>2009</b>	<b>2008</b>
		£	£
<b>Fixed assets</b>			
Investment properties	6	4,750,000	4,820,000
<b>Current assets</b>			
Debtors	7	343,865	303,179
Cash at bank		7,073	691
		<u>350,938</u>	<u>303,870</u>
<b>Creditors</b> amounts falling due within one year	8	(2,253,166)	(1,917,242)
<b>Net current liabilities</b>		<u>(1,902,228)</u>	<u>(1,613,372)</u>
<b>Total assets less current liabilities</b>		<u>2,847,772</u>	<u>3,206,628</u>
<b>Creditors</b> amounts falling due after more than one year	9	(2,620,000)	(2,720,000)
<b>Net assets</b>		<u>227,772</u>	<u>486,628</u>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Revaluation reserve	11	147,528	217,528
Profit and loss account	11	80,243	269,099
<b>Equity shareholders' funds</b>	12	<u>227,772</u>	<u>486,628</u>

These financial statements were approved by the board of directors on 28 May 2010 and were signed on its behalf by

  
**BSE Freshwater**  
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 convention as adjusted by the policy of accounting for investment properties referred to below, and in accordance with applicable Accounting Standards

The financial statements have been prepared on the going concern basis, notwithstanding the company's net current liabilities, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Centremanor Limited, the company's immediate parent undertaking. Centremanor Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available.

This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

- Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### *Taxation*

##### *Current*

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

##### *Deferred*

Deferred tax is provided in accordance with Financial Reporting Standard No 19 (FRS 19). Under FRS 19 full provision is made in respect of all timing differences that have originated but not reversed by the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in future, except that

- i no provision is made in respect of unrealised property revaluation surpluses, and
- ii deferred tax assets are recognised to the extent that they are considered recoverable.

Deferred tax is measured on a non-discounted basis at the tax rates which apply at the balance sheet date.

#### *Investment properties*

Investment properties are included in the balance sheet at professional valuation at 31 December 2009, on the basis stated in note 6 on the financial statements.

In accordance with Statement of Standard Accounting Practice No 19

- i investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, with the exception of permanent diminutions in value which are written off through the profit and loss, and
- ii no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Investment properties (continued)*

This treatment, as regards the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation and amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### *Cash flow statement*

The company is exempt from the requirement to prepare a cash flow statement (in accordance with Financial Reporting Standard No 1 (revised 1996)) on the grounds that it is a wholly owned subsidiary undertaking of a parent undertaking registered in England and Wales which prepares consolidated financial statements that include a consolidated cash flow statement.

#### *Related party transactions*

The company has taken advantage of the exemption in FRS 8 Related Party Disclosures in order to dispense with the requirements to disclose transactions with other Centremanor Limited group companies.

### 2 Interest receivable

	2009 £	2008 £
Interest on rental arrears	112	125
	<u>112</u>	<u>125</u>

### 3 Interest payable

	2009 £	2008 £
Mortgage interest payable	166,276	172,276
Group finance charges	89,000	85,000
	<u>255,276</u>	<u>257,276</u>

## Notes (continued)

### 4 (Loss)/profit on ordinary activities before taxation

	2009 £	2008 £
<i>(Loss)/Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration for audit services	17,000	6,000

The directors of the company did not receive any emoluments from the company during the year or in the previous year

Apart from the directors, there were no other employees of the company during the year or in the previous year

### 5 Tax on (loss)/profit on ordinary activities

	2009 £	2008 £
<i>a) Analysis of charge for the year</i>		
Consideration (receivable)/payable for group relief		
Current year	(73,000)	2,000
<i>b) Factors affecting the tax charge for the year</i>		
(Loss)/profit on ordinary activities before taxation	(261,856)	9,024
(Loss)/profit on ordinary activities at the standard rate of 28% (2008 28.5%)	(73,320)	2,572
Sundry differences	320	(572)
Current tax credit/charge	(73,000)	2,000

#### *c) Factors affecting the tax charge for future years*

The potential deferred taxation liability at 31 December 2009 in respect of the surpluses on revaluation of investment properties, for which no provision has been made, is estimated at £nil (2008 £nil)

### 6 Investment properties

	£
<i>Land and buildings (freehold properties)</i>	
Valuation	
At 31 December 2008	4,820,000
Deficit on revaluation (note 11)	(70,000)
At 31 December 2009	4,750,000

A professional valuation of the company's investment properties was carried out at 31 December 2009 by the company's valuers, Colliers CRE. The valuation figures are based on open market value assessed in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes.

## Notes (continued)

### 6 Investment properties (continued)

The relevant amounts determined under the historical cost convention of land and buildings included in the financial statements at valuation are as follows

	£
<i>Cost</i>	
At 31 December 2009 and 31 December 2008	4,602,472

### 7 Debtors

	2009 £	2008 £
Rents and charges receivable	86,468	120,115
Consideration receivable for group relief (note 5)	71,000	-
Amount due from fellow subsidiary undertaking	166,941	173,740
Other debtors and prepayments	10,087	9,324
VAT debtor	9,369	-
	<u>343,865</u>	<u>303,179</u>

### 8 Creditors: amounts falling due within one year

	2009 £	2008 £
Mortgage repayment (note 9)	100,000	100,000
Rents and service charges charged and paid in advance	84,873	101,450
Amount due to immediate parent undertaking	2,009,515	1,652,504
Consideration payable for group relief (note 5)	-	4,000
VAT creditor	-	10,494
Other creditors and accruals	58,778	48,794
	<u>2,253,166</u>	<u>1,917,242</u>

### 9 Creditors: amounts falling due after more than one year

	Interest %	2009 £	2008 £
Mortgage repayable in instalments terminating in 2023	6	2,720,000	2,820,000
Amounts repayable prior to 1 January 2010 (note 8)		(100,000)	(100,000)
		<u>2,620,000</u>	<u>2,720,000</u>

The mortgage is secured by way of a fixed legal charge over the company's investment properties with a book value of £4,750,000 (2008 £4,820,000) and a floating charge over all the assets and undertakings of the company

## Notes (continued)

### 10 Called up share capital

	2009 £	2008 £
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

### 11 Reserves

	£	£
<b>Revaluation reserve</b>		
At 31 December 2008	217,528	
Deficit on revaluation of investment properties (note 6)	(70,000)	
	<u>147,528</u>	
<b>At 31 December 2009</b>		147,528
<b>Profit and loss account:</b>		
At 31 December 2008	269,099	
Loss for the financial year	(188,856)	
	<u>80,243</u>	
<b>At 31 December 2009</b>		80,243
<b>Total reserves at 31 December 2009</b>		<u>227,771</u>

### 12 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
(Loss)/profit for the financial year	(188,856)	7,024
Unrealised deficit on revaluation of investment properties	(70,000)	(1,410,000)
	<u>(258,856)</u>	<u>(1,402,976)</u>
Net reduction in shareholders' funds	(258,856)	(1,402,976)
Opening shareholders' funds	486,628	1,889,604
	<u>227,772</u>	<u>486,628</u>
<b>Closing shareholders' funds</b>	<u>227,772</u>	<u>486,628</u>

## Notes (continued)

### 13 Directors' interests in contracts

Day-to-day management of the company's properties is mainly carried out by Highdorn Co Limited, one of the Freshwater Group of Companies, with which this company is closely associated. Mr BSE Freshwater is a director of Highdorn Co Limited and has a non-beneficial interest in the share capital of that company.

During the year £8,946 (2008 £9,641), excluding VAT, was paid to Highdorn Co Limited for the full range of management and administrative services which were charged for at normal commercial rates.

### 14 Ultimate parent undertaking

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up is Centremanor Limited, a company registered in England and Wales.

Copies of these financial statements can be obtained from the following address:

Freshwater House, 158/162 Shaftesbury Avenue, London WC2H 8HR

The ultimate parent undertaking is Linnet Limited, a company incorporated in the Isle of Man and controlled by trusts.

**Property revenue account**  
*for the year ended 31 December 2009*

	2009		2008
	£	£	£
<b>Rents and charges receivable</b>	<b>391,944</b>		<b>402,287</b>
<b>Property outgoings</b>			
Ground rent and service charge payable	22,500		20,140
General and water rates	27,269		21,941
Insurance	3,744		4,276
Lighting and heating	(2,638)		11,477
Porterage and cleaning	12,378		14,312
Repairs and maintenance	288,012		37,177
Legal and professional fees	110		1,500
Management commission	14,011		14,289
	<hr/>		<hr/>
	<b>(365,386)</b>		<b>(125,112)</b>
	<hr/>		<hr/>
<b>Net property revenue</b>	<b>26,558</b>		<b>277,175</b>
	<hr/>		<hr/>

This schedule is provided for information purposes only and does not form part of the audited financial statements