

Registered number
04316344

C.G.I.S. Littlehampton Limited
Directors' Report and Accounts

30 June 2004



C.G.I.S. Littlehampton Limited
Report and accounts
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C.G.I.S. Littlehampton Limited
Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 June 2004.

Principal activities

The company's principal activity during the year continued to be property investment.

Results and dividends

The results for the year and the amount proposed to be transferred to reserves are shown in the profit and loss account on page 5.

The directors do not recommend the payment of a final dividend on the ordinary share capital (2003: Nil). A dividend of £4,157 was paid on the preference shares (2003: Nil).

Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

T S Cole
S R Collins
M N Steinberg

None of the directors have any interest in the share capital of the company.

The directors' interest in the shares of the holding company, CGIS Group (No.3) Limited, are disclosed in the accounts of that company.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



M N Steinberg
Director

10 Upper Berkeley Street
London
W1H 7PE

18 February 2005

C.G.I.S. Littlehampton Limited
Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 30 June 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and which 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.

Report of the independent auditors to the member of C.G.I.S. Littlehampton Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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.

Report of the independent auditors to the member of C.G.I.S. Littlehampton Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30 June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants

and Registered Auditors

London, 2 March 2005

C.G.I.S. Littlehampton Limited
Profit and Loss Account
for the year ended 30 June 2004

	Notes	2004 £	2003 (Restated) £
Turnover	2		
Rent receivable		714,263	682,550
Service charge income		26,438	25,929
		<u>740,701</u>	<u>708,479</u>
 Cost of sales		 (32,496)	 (29,074)
Gross profit		<u>708,205</u>	<u>679,405</u>
 Administrative expenses		 (6,600)	 (645)
Operating profit		<u>701,605</u>	<u>678,760</u>
 Interest receivable		 613	 2,200
Interest payable	5	(327,261)	(479,050)
Profit on ordinary activities before taxation		<u>374,957</u>	<u>201,910</u>
 Tax on profit on ordinary activities	6	 (126,252)	 -
Profit for the financial year		<u>248,705</u>	<u>201,910</u>
 Preference dividends	7	 (4,157)	 -
Retained profit for the financial year		<u>244,548</u>	<u>201,910</u>

Continuing operations

All of the above relate to continuing operations.

There is no difference between the profit as stated and that prepared on the historic cost basis.

The notes on pages 8 - 14 form part of these financial statements.

C.G.I.S. Littlehampton Limited
Statement of total recognised gains and losses
for the year ended 30 June 2004

	Notes	2004 £	2003 £
Profit for the financial year		248,705	201,910
Unrealised surplus on revaluation of properties	8	1,450,000	150,000
Total recognised gains and losses related to the year		<u>1,698,705</u>	<u>351,910</u>

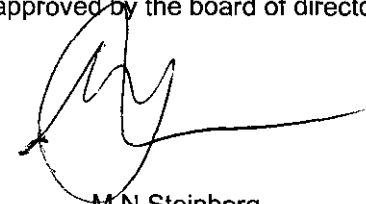
The notes on pages 8 - 14 form part of these financial statements.

C.G.I.S. Littlehampton Limited
Balance Sheet
as at 30 June 2004

	Notes	2004 £	2003 £
Fixed assets			
Investment property	8	9,000,000	7,550,000
Investments	9	2	2
		<u>9,000,002</u>	<u>7,550,002</u>
Current assets			
Debtors	10	1	1
Creditors: amounts falling due within one year	11	(6,574,664)	(7,102,900)
Net current liabilities		<u>(6,574,663)</u>	<u>(7,102,899)</u>
Total assets less current liabilities		<u>2,425,339</u>	<u>447,103</u>
Provisions for liabilities and charges			
Deferred taxation	12	(126,252)	-
Net assets		<u>2,299,087</u>	<u>447,103</u>
Capital and reserves			
Called up share capital	13	2,041	467
Share premium	14	205,213	49,351
Revaluation reserve	14	1,602,000	152,000
Profit and loss account	14	489,833	245,285
Equity Shareholder's funds	15	<u>2,299,087</u>	<u>447,103</u>

These financial statements were approved by the board of directors on 18 February 2005 and were signed on its behalf by:


S R Collins
Director


M N Steinberg
Director

The notes on pages 8 - 14 form part of these financial statements.

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2004

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 with the exception of the presentation of gross property income noted below.

Accounting convention

The financial statements have been prepared on a going concern basis, under the historical cost accounting rules, modified by the revaluation of certain fixed assets, and in accordance with the Companies Act 1985 and applicable accounting standards for the United Kingdom.

Basis of preparation

The accounts have been prepared on the going concern basis by the directors, who have assessed the future performance of the company and determined that the going concern basis is appropriate. In addition, the directors have obtained the support of C.G.I.S Group No.3 Limited for a period of at least 12 months from the date of the approval of the financial statements.

Properties

Investment properties are included in the balance sheet at their open market value at the balance sheet date based upon an annual external professional valuation. Aggregate surpluses or deficits arising on valuation are transferred to a revaluation reserve. Impairment in the value of properties to below their carrying values are charged directly to the profit and loss account, where such impairments are considered permanent.

Additions to investment properties include only costs of a capital nature. Costs such as interest and other property outgoings are treated as revenue expenditure and written off as incurred.

In accordance with SSAP 19 (as amended) "Accounting for Investment Properties" no depreciation or amortisation is provided in respect of freehold and leasehold investment properties. This treatment is a departure from the requirements of Companies Act 1985 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 necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in annual valuation, and the amount which might otherwise be shown, cannot be separately identified or quantified.

Cashflow statement

The cash flow statement included in the consolidated financial statements of the holding company, CGIS Group (No.3) Limited, complies with the conditions of Financial Reporting Standard No.1 (revised 1996) 'Cash flow statements' (FRS1). The company therefore is exempt under FRS1 from the requirement to prepare a separate cash flow statement.

Related party transactions

As the company is a wholly owned subsidiary of CGIS Group (No.3) Limited, it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances which form part of the group (or investees of the group qualifying as related parties).

The consolidated financial statements of CGIS Group (No.3) Limited, within which this company is included, can be obtained from 10 Upper Berkeley Street, London, W1H 7PE.

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2004

Gross property income

Following the issue of Application Note G (an amendment to FRS 5) in November 2003, the gross value of property expenses is now included within cost of sales and the contribution from tenants is included in turnover. Previously the net of these two items had been shown within cost of sales. The prior year disclosures have been adjusted accordingly. This resulted in no change to the result for either period.

Lease incentives

In accordance with the Accounting Standard's (ASB) Urgent Issues Task Force Abstract 28 "Operating Lease Incentives" (UTIF 28) the company treats any incentive for leasees to enter into lease agreements as a reverse cost and accounts for rental income from the commencement date of any rent free period. The cost of all lease incentives (such as rent free periods or contributions to tenants fitting out costs) is therefore setoff against the total rent due. The net rental income is then spread evenly over the shorter of the period from the rent commencement date to the date of the next rent review or the lease end date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Turnover

Turnover, which is stated net of value added tax, includes rents receivable, service charge and other recoveries from tenants of its investment property within the United Kingdom.

3 Staff numbers and costs

Other than the directors, the company employed no staff during the year (2003: Nil). None of the directors received any remuneration (2003: Nil).

4 Auditors' remuneration

The auditors' remuneration has been borne by its intermediate parent company, CGIS Group (No.3) Limited.

5 Interest payable

	2004	2003
	£	£
Finance charges arising in respect of loan from group undertaking	326,870	479,050
Other Interest	391	-
	<u>327,261</u>	<u>479,050</u>

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2004

6 Taxation

Tax on profit on ordinary activities

	2004 £	2003 £
Taxation based on profits for the year:		
Current tax	-	-
Deferred taxation - prior year adjustment	107,662	-
Deferred taxation - current year	18,590	-
Total corporation tax and similar taxes	<u>126,252</u>	<u>-</u>

Current tax

The tax on the profit on ordinary activities has been reduced from the amount that would arise from applying the prevailing corporation tax rate to the company's profit as follows:-

	2004 £	2003 £
UK corporation tax at 30% on profits before tax	112,487	60,573
Excess of capital allowances over depreciation	(18,590)	-
Permanently disallowable expenditure	-	-
Tax losses from group companies	(191,959)	(60,573)
Unutilised tax losses arising in the period not recognised	98,062	-
	<u>-</u>	<u>-</u>

Deferred tax

See note 12 for disclosure of the provided and unprovided deferred tax balances.

7 Preference dividends

	2004 £	2003 £
Dividends on preference shares: Paid 8.93p (2003: Nil) per 1p share	<u>4,157</u>	<u>-</u>

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2004

8 Investment properties

	Freehold land and buildings £
Valuation	
At 1 July 2003	7,550,000
Surplus on revaluation	1,450,000
At 30 June 2004	<u>9,000,000</u>
Net book value	
At 30 June 2004	<u>9,000,000</u>
At 30 June 2003	<u>7,550,000</u>

The cost of properties included above at valuation is:

	2004 £	2003 £
Freehold investment properties	<u>7,398,000</u>	<u>7,398,000</u>

The company owns the beneficial interest in the property but not the legal title which is owned by Hawthorne Road Nominee (No1) Limited and Hawthorne Road Nominee (No2) Limited, which are both subsidiary undertakings.

The company's property has been valued at open market value as at 30 June 2004 by the Group's independent external valuer, CB Richard Ellis.

9 Investments

	Investments in subsidiary undertakings £	Total £
Cost		
At 1 July 2003	2	2
At 30 June 2004	<u>2</u>	<u>2</u>

Company	Shares held	
	Class	%
Hawthorne Road Nominee (No1) Limited	Ordinary	100
Hawthorne Road Nominee (No2) Limited	Ordinary	100

All subsidiary companies are registered in England and Wales.

These subsidiaries have not been consolidated into these financial statements as, as a subsidiary of CGIS Group No.3 Limited the company is exempt from preparing consolidated accounts.

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2004

10 Debtors	2004 £	2003 £
Amounts owed by group undertakings	<u>1</u>	<u>1</u>
Amounts due after more than one year included in: Amounts owed by group undertakings	<u>1</u>	<u>1</u>
11 Creditors: amounts falling due within one year	2004 £	2003 £
Trade creditors	5,020	-
Amounts owed to group undertakings	6,341,326	6,900,611
Other taxes and social security costs	64,595	29,862
Other creditors	-	12,454
Accruals and deferred income	<u>163,723</u>	<u>159,973</u>
	<u>6,574,664</u>	<u>7,102,900</u>

Included in amounts to group undertakings is a zero coupon loan note from a group undertaking that fell due on 30 June 2004. The loan note was refinanced as necessary on 5 July 2004 to meet the company's ongoing funding requirements.

12 Provisions for liabilities and charges
Deferred taxation

	2004 £	2003 £
At 1 July	-	-
Adjustment for prior years - capital allowances in excess of depreciation	107,662	-
Current year charge - capital allowances in excess of depreciation	<u>18,590</u>	<u>-</u>
At 30 June	<u>126,252</u>	<u>-</u>

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	Provided 2004 £	Unprovided 2004 £	Provided 2003 £	Unprovided 2003 £
Capital allowances in advance of depreciation	126,252	-	-	-
Unrecognised losses - deferred tax asset prior year adjustment	-	(1,678)	-	-
Unrecognised losses - deferred tax asset in the year	-	(98,062)	-	-
	<u>126,252</u>	<u>(99,740)</u>	<u>-</u>	<u>-</u>

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2004

13 Share capital	2004	2003
	£	£
Authorised:		
Ordinary shares of £1 each	100	100
Preference shares of 1p each	375,000	375,000
	<u>375,100</u>	<u>375,100</u>
	2004	2003
	£	£
Allotted, called up and fully paid:		
Ordinary shares of £1 each	1	1
Preference shares of 1p each	2,040	466
	<u>2,041</u>	<u>467</u>

The irredeemable preference shares rank *pari passu* with the ordinary shares except for the following. The preference shares have the right to receive a cumulative preferential dividend, priority on the assets of the company on winding up and have no voting rights.

Movement in share capital	2004	2003
	£	£
At 1 July	467	1
Shares issued	1,574	466
	<u>2,041</u>	<u>467</u>
At 30 June		
	<u>2,041</u>	<u>467</u>
14 Reserves	Share premium account	Revaluation reserve
		Profit and loss account
At 1 July	49,351	152,000
Retained profit	-	-
Preference shares issued	155,862	-
Arising on revaluation during the year	-	1,450,000
	<u>205,213</u>	<u>1,602,000</u>
At 30 June		<u>489,833</u>

15 Reconciliation of movement in shareholder's funds	2004	2003
	£	£
At 1 July	447,103	45,376
Profit for the financial year	248,705	201,910
Dividends	(4,157)	-
Arising on revaluation during the year	1,450,000	150,000
Shares issued	157,436	49,817
	<u>2,299,087</u>	<u>447,103</u>
At 30 June		

C.G.I.S. Littlehampton Limited
Notes to the Accounts
for the year ended 30 June 2004

16 Ultimate controlling parties

The immediate holding company is CGIS Group (No.3) Limited, a company incorporated in England and Wales.

The company is ultimately controlled by the directors.