

Registered number  
04880166

C.G.I.S Imperial Buildings Limited

Directors' Report and Accounts

30 June 2005



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**C.G.I.S Imperial Buildings Limited**  
**Report and accounts**  
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**C.G.I.S Imperial Buildings Limited**  
**Directors' Report**

The directors present their annual report and the audited financial statements for the year ended 30 June 2005.

**Principal activities**

The company's principal activity during the year was 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 4.

The directors do not recommend the payment of a final dividend.

**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

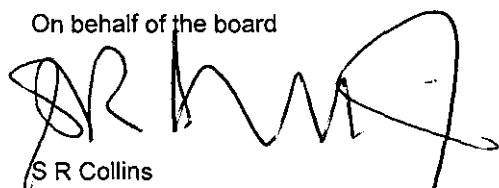
None of the directors have any interest in the share capital of the company.

The directors' interest in the shares of the intermediate holding company, C.G.I.S Group 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 KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



S R Collins  
Director

10 Upper Berkeley Street  
London  
W1H 7PE

26 April 2006

**C.G.I.S Imperial Buildings Limited**  
**Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, 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;
- prepare the accounts 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 accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguarding the assets of the company and to prevent and detect fraud and other irregularities.

The above statement should be read in conjunction with the statement of auditors' responsibilities set out in the audit report on page 3.

KPMG Audit Plc  
8 Salisbury Square  
London EC4Y 8BB  
United Kingdom

**Report of the independent auditors to the member of C.G.I.S Imperial Buildings Limited**

We have audited the financial statements on pages 4 to 11.

*This report is made solely to the company's member, 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 member 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 member 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 are responsible for the preparing the directors' report and as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the company 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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

27 April 2006

**C.G.I.S Imperial Buildings Limited**  
**Profit and Loss Account**  
**for the year ended 30 June 2005**

|  | Notes | 2005<br>£        | 2004<br>£      |
|--|-------|------------------|----------------|
| Turnover   | 2     | 1,133,975        | 383,059        |
| Cost of sales  |       | (3,098)          | (5,542)        |
| <b>Gross profit</b>                                  |       | <u>1,130,877</u> | <u>377,517</u> |
| Administrative expenses                              |       | (15)             | -              |
| <b>Operating profit</b>                              |       | <u>1,130,862</u> | <u>377,517</u> |
| Interest receivable                                  |       | 115              | -              |
| Interest payable                                     | 5     | (1,107,962)      | (343,729)      |
| <b>Profit on ordinary activities before taxation</b> |       | <u>23,015</u>    | <u>33,788</u>  |
| Tax on profit on ordinary activities                 | 6     | -                | -              |
| <b>Retained profit for the financial year</b>        | 12    | <u>23,015</u>    | <u>33,788</u>  |

**Continuing operations**

None of the above activities were discontinued during the year.

There is no difference between the profit as stated and those prepared on the historical cost basis.

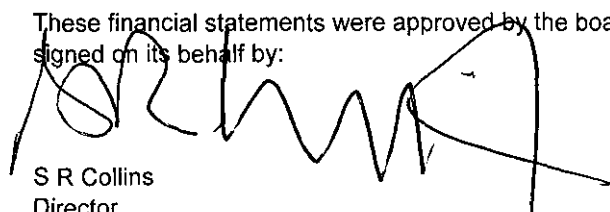
**C.G.I.S Imperial Buildings Limited**  
**Statement of total recognised gains and losses**  
**for the year ended 30 June 2005**

|   | Notes | 2005<br>£      | 2004<br>£        |
|---|-------|----------------|------------------|
| Profit for the financial year                   |       | 23,015         | 33,788           |
| Unrealised surplus on revaluation of properties | 7     | 900,000        | 1,048,105        |
| Total recognised gains related to the year      |       | <u>923,015</u> | <u>1,081,893</u> |

**C.G.I.S Imperial Buildings Limited**  
**Balance Sheet**  
**as at 30 June 2005**

|   | Notes | 2005<br>£        | 2004<br>£        |
|---|-------|------------------|------------------|
| <b>Fixed assets</b>                                   |       |                  |                  |
| Tangible assets                                       | 7     | 16,100,000       | 15,200,000       |
| <b>Current assets</b>                                 |       |                  |                  |
| Debtors   | 8     | 1                | 1                |
| <b>Creditors: amounts falling due within one year</b> | 9     | (14,095,092)     | (14,118,107)     |
| <b>Net current liabilities</b>                        |       | (14,095,091)     | (14,118,106)     |
| <b>Total assets less current liabilities</b>          |       | 2,004,909        | 1,081,894        |
| <b>Net assets</b>                                     |       | <u>2,004,909</u> | <u>1,081,894</u> |
| <b>Capital and reserves</b>                           |       |                  |                  |
| Called up share capital                               | 10    | 1                | 1                |
| Revaluation reserve                                   | 11    | 1,948,105        | 1,048,105        |
| Profit and loss account                               | 12    | 56,803           | 33,788           |
| <b>Equity Shareholder's funds</b>                     | 13    | <u>2,004,909</u> | <u>1,081,894</u> |

These financial statements were approved by the board of directors on 26 April 2006 and were signed on its behalf by:



S R Collins  
 Director



**C.G.I.S Imperial Buildings Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2005**

**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 except as noted below.

***Accounting convention***

The financial statements have been prepared under the historical cost accounting rules, modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards, except for the non-depreciation of certain fixed assets as referred to below.

***Properties***

Investment properties are included in the balance sheet at their open market value at the balance sheet date on the basis of an annual professional valuation. 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.

Additions to investment properties include only costs of a capital nature.

In accordance with SSAP 19 (as amended) no depreciation or amortisation is provided in respect of freehold and leasehold investment properties. This treatment of the Group's investment properties, 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 intermediate holding company, C.G.I.S. Group 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 C.G.I.S. Group 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).

***Deferred taxation***

Deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future, except that:

- a. provision is not made in respect of property revaluation surpluses unless an unconditional sales agreement has been signed and rollover relief is not available to cover any gain arising; and
- b. deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the relevant timing differences can be deducted.

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

**C.G.I.S Imperial Buildings Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2005**

**2 Turnover**

Turnover, which is stated net of value added tax, includes rents receivable and the invoiced value of other sales from operations within the United Kingdom.

**3 Staff numbers and costs**

Except for the directors, there were no persons employed by the company during the year (2004: Nil). The directors received no remuneration for their services to the company (2004: Nil).

**4 Auditors' remuneration**

The auditors' remuneration has been borne by its intermediate parent company, C.G.I.S. Group Limited.

| <b>5 Interest payable</b> | <b>2005</b>      | <b>2004</b>    |
|---------------------------|------------------|----------------|
|                           | <b>£</b>         | <b>£</b>       |
| Other loans               | 1,107,518        | 343,729        |
| Other interest            | 444              | -              |
|                           | <u>1,107,962</u> | <u>343,729</u> |

Interest on intercompany loans is charged annually in arrears at bank base rate plus 3.25%. However, where this would result in a loss arising in the subsidiary company's accounts, the amount of interest charged is constrained to the funds available in that subsidiary company, such that neither a gain or a loss arises in its accounts.

| <b>6 Taxation</b>         | <b>2005</b> | <b>2004</b> |
|---------------------------|-------------|-------------|
|                           | <b>£</b>    | <b>£</b>    |
| UK corporation tax at 30% | <u>-</u>    | <u>-</u>    |

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:-

| <b>Current taxation reconciliation</b>          | <b>2005</b>   | <b>2004</b>   |
|---|---------------|---------------|
|   | <b>£</b>      | <b>£</b>      |
| Profit on ordinary activities before taxation   | <u>23,015</u> | <u>33,788</u> |
| UK corporation tax at 30% on profits before tax | 6,905         | 10,136        |
| Permanently disallowable expenditure            | -             | 600           |
| Tax losses from group companies                 | (6,905)       | (10,736)      |
|   | <u>-</u>      | <u>-</u>      |

The company had no provided deferred tax (2004: £Nil) and a £584,432 unprovided deferred tax liability regarding potential tax on property value gain at 30 June 2005 (2004: £314,432).

**C.G.I.S Imperial Buildings Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2005**

**7 Tangible fixed assets**

|                        | <b>Freehold<br/>land and<br/>buildings<br/>£</b> |
|------------------------|--|
| <b>Cost</b>            |  |
| At 1 July 2004         | 15,200,000                                       |
| Surplus on revaluation | 900,000  |
| At 30 June 2005        | <u>16,100,000</u>                                |
| <b>Net book value</b>  |  |
| At 30 June 2005        | <u>16,100,000</u>                                |

|                              |                   |                   |
|------------------------------|-------------------|-------------------|
| Freehold land and buildings: | <b>2005</b>       | <b>2004</b>       |
|                              | <b>£</b>          | <b>£</b>          |
| Historic cost                | <u>14,151,895</u> | <u>14,151,895</u> |

The company's property has been valued as at 30 June 2005 by the Group's independent external valuer, DTZ Debenham Tie Leung.

|                                    |             |             |
|------------------------------------|-------------|-------------|
| <b>8 Debtors</b>                   | <b>2005</b> | <b>2004</b> |
|                                    | <b>£</b>    | <b>£</b>    |
| Amounts owed by group undertakings | <u>1</u>    | <u>1</u>    |

|   |                   |                   |
|---|-------------------|-------------------|
| <b>9 Creditors: amounts falling due within one year</b> | <b>2005</b>       | <b>2004</b>       |
|   | <b>£</b>          | <b>£</b>          |
| Trade creditors   | 41,468            | 32,488            |
| Amounts owed to group undertakings                      | 13,843,979        | 13,843,979        |
| Other taxes and social security costs                   | 50,127            | 33,495            |
| Other creditors   | 159,518           | 208,145           |
|   | <u>14,095,092</u> | <u>14,118,107</u> |

**C.G.I.S Imperial Buildings Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2005**

|   |                  |                  |
|---|------------------|------------------|
| <b>10 Share capital</b>   | <b>2005</b>      | <b>2004</b>      |
|   | <b>£</b>         | <b>£</b>         |
| Authorised:   |                  |                  |
| Ordinary shares of £1 each                                      | <u>1</u>         | <u>1</u>         |
|   | <b>2005</b>      | <b>2004</b>      |
|   | <b>£</b>         | <b>£</b>         |
| Allotted, called up and fully paid:                             |                  |                  |
| Ordinary shares of £1 each                                      | <u>1</u>         | <u>1</u>         |
| <br><b>Movement in share capital</b>                            | <br><b>2005</b>  | <br><b>2004</b>  |
|   | <b>£</b>         | <b>£</b>         |
| At 1 July 2004  | 1                | -                |
| Shares issued   | -                | 1                |
| At 30 June 2005   | <u>1</u>         | <u>1</u>         |
| <br><b>11 Revaluation reserve</b>                               | <br><b>2005</b>  | <br><b>2004</b>  |
|   | <b>£</b>         | <b>£</b>         |
| At 1 July 2004  | 1,048,105        | -                |
| Arising on revaluation during the year                          | 900,000          | 1,048,105        |
| At 30 June 2005   | <u>1,948,105</u> | <u>1,048,105</u> |
| <br><b>12 Profit and loss account</b>                           | <br><b>2005</b>  | <br><b>2004</b>  |
|   | <b>£</b>         | <b>£</b>         |
| At 1 July 2004  | 33,788           | -                |
| Retained profit   | 23,015           | 33,788           |
| At 30 June 2005   | <u>56,803</u>    | <u>33,788</u>    |
| <br><b>13 Reconciliation of movement in shareholder's funds</b> | <br><b>2005</b>  | <br><b>2004</b>  |
|   | <b>£</b>         | <b>£</b>         |
| At 1 July 2004  | 1,081,894        | -                |
| Profit for the financial year                                   | 23,015           | 33,788           |
| Arising on revaluation during the year                          | 900,000          | 1,048,105        |
| Shares issued   | -                | 1                |
| At 30 June 2005   | <u>2,004,909</u> | <u>1,081,894</u> |

**C.G.I.S Imperial Buildings Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2005**

**14 Ultimate controlling parties**

The largest and smallest group into which the company is consolidated is C.G.I.S. Group Limited, a company registered in England and Wales.

The consolidated financial statements of C.G.I.S Group Limited can be obtained from 10 Upper Berkeley Street, London, W1H 7PE.

The company is ultimately controlled by the directors.