

Registered number
04880166

C.G.I.S Imperial Buildings Limited

Directors' Report and Accounts

30 June 2008

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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 2008.

Principal activities

The company's principal activity during the year was property investment.

Results and dividends

The results for the year are shown in the profit and loss account on page 5.

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 ultimate holding company, C.G.I.S Group Limited, are disclosed in the accounts of that company.

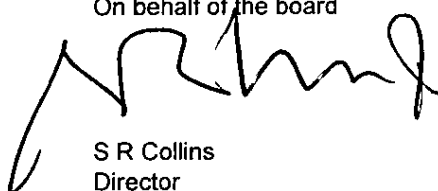
Disclosure of information to auditors

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

31 January 2009

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

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.

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 that 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;
- 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 its financial statements 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.

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 of C.G.I.S. Imperial Buildings Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Note of Historical Cost Profits and Losses, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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. We also 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.


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

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 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.

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 the Accounting Policies note on page 8 concerning the Company's ability to continue as a going concern. This is dependent upon ongoing support from the Company's ultimate parent company and that company's continued compliance with various covenant requirements under the banking facilities. These conditions, along with the other matters explained in the Accounting Policies note, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

31 January 2009

C.G.I.S Imperial Buildings Limited
Profit and Loss Account
for the year ended 30 June 2008

	Notes	2008 £	2007 £
Turnover	2	1,183,382	1,139,000
Cost of sales		(45,022)	(5,244)
Gross profit		<u>1,138,360</u>	<u>1,133,756</u>
Administrative expenses	4	(100)	-
Other operating income		250	-
Operating profit		<u>1,138,510</u>	<u>1,133,756</u>
Interest receivable		-	-
Interest payable	5	(1,074,281)	(1,133,756)
Profit on ordinary activities before taxation		<u>64,229</u>	<u>-</u>
Tax on profit on ordinary activities	6	-	-
Profit for the financial year	12	<u>64,229</u>	<u>-</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 2008

	Notes	2008 £	2007 £
Profit for the financial year		64,229	-
Unrealised surplus on revaluation of properties	11	230,750	1,670,000
Total recognised gains related to the year		<u>294,979</u>	<u>1,670,000</u>

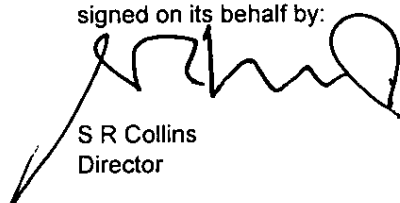
Note of historical cost profits and losses
for the year ended 30 June 2008

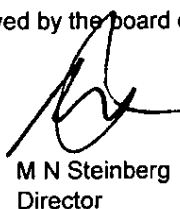
	Notes	2008 £	2007 £
Profit on ordinary activities before taxation		64,229	-
Realisation of property revaluation surplus on disposal		-	-
Historical cost profit on ordinary activities before taxation		<u>64,229</u>	<u>-</u>

C.G.I.S Imperial Buildings Limited
Balance Sheet
as at 30 June 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	7	20,600,750	20,370,000
Current assets			
Debtors	8	1,978,505	2,609
Creditors: amounts falling due within one year	9	(15,972,378)	(14,060,711)
Net current liabilities		(13,993,873)	(14,058,102)
Total assets less current liabilities		6,606,877	6,311,898
Net assets		6,606,877	6,311,898
Capital and reserves			
Called up share capital	10	1	1
Revaluation reserve	11	6,448,855	6,218,105
Profit and loss account	12	158,021	93,792
Equity Shareholder's funds	13	6,606,877	6,311,898

These financial statements were approved by the board of directors on 31 January 2009 and were signed on its behalf by:


S R Collins
Director


M N Steinberg
Director

C.G.I.S Imperial Buildings Limited
Notes to the financial statements
for the year ended 30 June 2008

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.

Going concern

The Company is dependent for its working capital requirements on cash generated from operations, cash holdings of £3.8 million as at 30 June 2008, and a loan of £19.7 million from the Company's parent, C.G.I.S. Group Limited ('CGIS Group'). The Directors have prepared cash flow projections for the period to 30 June 2010 which show that the Company expects to be able to operate within these financing arrangements.

In evaluating the going concern assumption, the Directors have in particular considered the financial covenants contained within CGIS Group's financing arrangements, on which this Company's investment property is in part secured, the most significant of which are the loan to value covenants and interest cover covenants on CGIS Group's loan with the Bank of Scotland and the Secured Debenture Stock.

The Directors of the Company are aware, that the financial statements of CGIS Group, in common with many UK property companies, will include reference, in light of the current economic environment, and in particular the current volatility in the UK commercial property market, to a material uncertainty which could cast significant doubt over the Group's ability to continue as a going concern arising from its ability to comply with certain bank covenants. This in turn could cast doubt on CGIS Group's ability to provide support to the Company. The Directors have therefore concluded that these circumstances give rise to material uncertainty that could cast significant doubt upon the Company's ability to continue as a going concern and it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors consider it appropriate to prepare the financial statements on a going concern basis and therefore these financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Properties

Investment properties are included in the balance sheet at the directors' estimate of their market value at 30 June 2008, which is based upon an informal "desk top" of opinion from DTZ Debenham Tie Leung Limited. 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.

C.G.I.S Imperial Buildings Limited
Notes to the financial statements
for the year ended 30 June 2008

1 Accounting policies (continued)

Cashflow statement

The cash flow statement included in the consolidated financial statements of the ultimate holding company, C.G.I.S. Group Limited, complies with International Financial Reporting Standards. 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.

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 (2007: Nil). The directors received no remuneration for their services to the company (2007: Nil).

4 Auditors' remuneration

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

The directors estimate the fee attributable to the company £600.

5 Interest payable

	2008 £	2007 £
Other loans	1,074,281	1,133,756
	<u>1,074,281</u>	<u>1,133,756</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.

C.G.I.S Imperial Buildings Limited
Notes to the financial statements
for the year ended 30 June 2008

6 Taxation

	2008 £	2007 £
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UK corporation tax at 29.5% (2007: 30%)

-	-
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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:-

Current taxation reconciliation	2008 £	2007 £
Profit on ordinary activities before taxation	64,229	-
UK corporation tax at 29.5% (2007: 30%)	18,948	-
Permanently disallowable expenditure	12,701	-
Tax losses from group companies	(31,649)	-
	-	-

The company had no provided deferred tax (2007: £Nil) and a £1,805,679 unprovided deferred tax liability regarding potential tax on property value gain at 30 June 2008 (2007: £1,865,432)

7 Tangible fixed assets

	Freehold land and buildings £
Cost	
At 1 July 2007	20,370,000
Surplus on revaluation	230,750
At 30 June 2008	20,600,750
Net book value	
At 30 June 2008	20,600,750
At 30 June 2007	20,370,000

Freehold land and buildings:	2008 £	2007 £
Historic cost	14,151,895	14,151,895

The company is a subsidiary of C.G.I.S Group Limited group ("the group"). The group has borrowings which are secured against the assets of the group and the company is a guarantor of these borrowings.

The group borrowings contain certain financial covenants relating to the market value of the group's property assets in a ratio to the level of outstanding borrowings. At 30 June 2008, the group was in full compliance with these ratios.

8 Debtors	2008 £	2007 £
Amounts owed by group undertakings	-	1
Other debtors	2,609	2,608
	1,978,505	2,609

C.G.I.S Imperial Buildings Limited
Notes to the financial statements
for the year ended 30 June 2008

9 Creditors: amounts falling due within one year	2008	2007
	£	£
Trade creditors	50,317	8,112
Amounts owed to group undertakings	15,884,140	13,939,054
Other taxes and social security costs	-	49,669
Other creditors	37,921	63,876
	<u>15,972,378</u>	<u>14,060,711</u>
10 Share capital	2008	2007
	£	£
Authorised:		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>
	2008	2007
	£	£
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>
Movement in share capital	2008	2007
	£	£
At 1 July	1	1
At 30 June	<u>1</u>	<u>1</u>
11 Revaluation reserve	2008	2007
	£	£
At 1 July	6,218,105	4,548,105
Arising on revaluation during the year	230,750	1,670,000
At 30 June	<u>6,448,855</u>	<u>6,218,105</u>
12 Profit and loss account	2008	2007
	£	£
At 1 July	93,792	93,792
Profit for the financial year	64,229	-
At 30 June	<u>158,021</u>	<u>93,792</u>
13 Reconciliation of movement in shareholder's funds	2008	2007
	£	£
At 1 July	6,311,898	4,641,898
Profit for the financial year	64,229	-
Arising on revaluation during the year	230,750	1,670,000
At 30 June	<u>6,606,877</u>	<u>6,311,898</u>

C.G.I.S Imperial Buildings Limited
Notes to the financial statements
for the year ended 30 June 2008

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.

15 Post balance sheet events

Since 30 June 2008 the UK property market has deteriorated. No formal external valuation of the group's assets has been undertaken since 31 March 2008 however the directors acknowledge that there is likely to have been a drop in the property values since that date.

The directors have considered the company's position at 30 June 2008 and also the date of approving these financial statements with particular reference to the value of the company's fixed asset property and the intercompany debts. Based on these considerations they have concluded that the fall in property values is a non-adjusting post balance sheet event under FRS 21 and the company will be able to meet its liabilities as they fall due for the foreseeable future.