

Registered number
06015123

C G I S Connaught House Ltd
Directors Report and Financial Statements
30 June 2013



C.G.I.S. Connaught House Ltd
Report and Financial Statements
Contents

	Page
Directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Balance sheet	6
Notes to the financial statements	7-11

C.G.I.S. Connaught House Ltd

Registered number: 06015123

Directors' Report

The directors present their report and financial statements for the year ended 30 June 2013

Principal activities

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

Results and dividends

The results for the period are shown in the profit and loss account on page 4

The directors do not recommend the payment of a final dividend

Directors

The following persons served as directors during the year

T S Cole
S R Collins
M N Steinberg

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

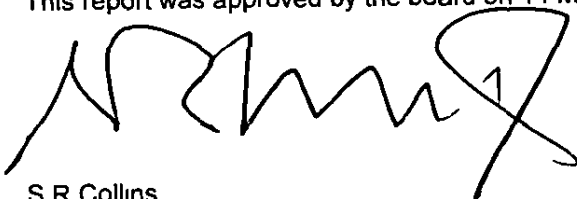
Auditors

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

Small company provisions

In preparing this report the Directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006

This report was approved by the board on 14 March 2014 and signed on its behalf



S R Collins
Director

Registered Office
10 Upper Berkeley Street
London
W1H 7PE

C.G.I.S. Connaught House Ltd
Statement of Directors' Responsibilities

The directors are responsible for preparing the report and 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 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). 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,
- 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 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.

C.G.I.S. Connaught House Ltd
Independent auditors' report
to the shareholders of C.G.I.S. Connaught House Ltd

We have audited the financial statements of C G I S Connaught House Ltd for the year ended 30 June 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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

As explained more fully in the Statement of Directors' Responsibilities, 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 and express an opinion on 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition we read all the financial and non financial information in the Directors Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

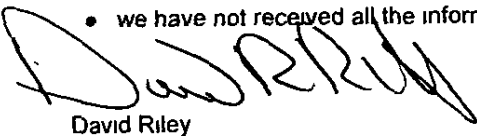
Opinion on other matters prescribed by the Companies Act 2006

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.

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


David Riley
(Senior Statutory Auditor)
for and on behalf of
hasymacintyre
Statutory Auditor
14 March 2014

26 Red Lion Square
London
WC1R 4AG

C.G.I.S. Connaught House Ltd
Profit and Loss Account
for the year ended 30 June 2013

	Notes	2013 £	2012 £
Turnover	2	662,750	662,750
Cost of sales		-	(12,000)
Gross profit		<u>662,750</u>	<u>650,750</u>
Administrative expenses		(77)	(353)
Operating profit		<u>662,673</u>	<u>650,397</u>
Interest payable	5	(262,246)	(287,561)
Profit on ordinary activities before taxation		<u>400,427</u>	<u>362,836</u>
Tax on profit on ordinary activities	6	(557)	(1,280)
Profit for the financial year		<u>399,870</u>	<u>361,556</u>

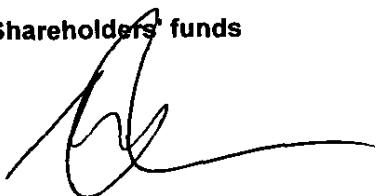
C.G.I.S. Connaught House Ltd
Statement of total recognised gains and losses
for the year ended 30 June 2013

	Notes	2013 £	2012 £
Profit for the financial year		399,870	361,556
Unrealised deficit on revaluation of properties	7	(450,000)	(930,000)
Total recognised gains and losses related to the year		<u>(50,130)</u>	<u>(568,444)</u>

C.G.I.S. Connaught House Ltd
Balance Sheet
as at 30 June 2013

Registered number 06015123

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	7	<u>5,970,000</u> 5,970,000	<u>6,420,000</u> 6,420,000
Current assets			
Debtors	8	<u>12,574</u> 12,574	<u>21,349</u> 21,349
Creditors: amounts falling due within one year	9	(9,370,470)	(9,779,672)
Net current liabilities		<u>(9,357,896)</u>	<u>(9,758,323)</u>
Total assets less current liabilities		<u>(3,387,896)</u>	<u>(3,338,323)</u>
Provisions for liabilities	10	(24,632)	(24,075)
Net liabilities		<u>(3,412,528)</u>	<u>(3,362,398)</u>
Capital and reserves			
Called up share capital	11	1	1
Revaluation reserve	12	(5,131,697)	(4,681,697)
Profit and loss account	13	1,719,168	1,319,298
Shareholders' funds		<u>(3,412,528)</u>	<u>(3,362,398)</u>



M N Steinberg
Director

Approved by the board on 14 March 2014



S R Collins

C.G.I.S. Connaught House Ltd
Notes to the Accounts
for the year ended 30 June 2013

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 in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Law)

Going concern

The Company is dependent for its working capital requirements on cash generated from operations, cash holdings, and long term loans from the Company's parent, C G I S Group Limited ('CGIS Group'). The CGIS Group has undertaken not to recall these loans until funds permit and if required will assist the company to meet its liabilities as they fall due

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 have prepared cash flow projections for the period to 31 March 2015 which show that the Company expects to be able to operate within these financing arrangements

The directors therefore, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and have therefore prepared the financial statements on a going concern basis

Properties

Investment properties are included in the balance sheet at their market value at 30 June 2013, which is based upon valuations provided by DTZ Debenham Tie Leung Limited. Temporary surpluses or deficits arising on valuation are transferred to a revaluation reserve. Permanent impairment in the value of properties to below their carrying values is 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 2006 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 financial statements 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

A cash flow statements is included in the consolidated financial statements of the ultimate holding company CGIS Group Limited. The company therefore is exempt under FRS1 from the requirement to prepare a separate cash flow statement

C.G.I.S. Connaught House Ltd
Notes to the Accounts
for the year ended 30 June 2013

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 with fellow wholly owned subsidiaries

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes. Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse

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 period. The directors received no remuneration for their services to the company

4 Auditors' remuneration

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

5 Interest payable	2013 £	2012 £
Interest payable	<u>262,246</u>	<u>287,561</u>
	<u>262,246</u>	<u>287,561</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

6 Taxation	2013 £	2012 £
Deferred tax	<u>557</u>	<u>1,280</u>
	<u>557</u>	<u>1,280</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 -

C.G I.S. Connaught House Ltd
Notes to the Accounts
for the year ended 30 June 2013

	2013 £	2012 £
Current taxation reconciliation		
Profit on ordinary activities before taxation	<u>400,427</u>	<u>362,836</u>
UK corporation tax at 24/23% (2012 26/24%)	95,104	92,528
Capital allowances in excess of depreciation	(1,611)	(2,261)
Permanently disallowable expenditure	-	3,060
Tax losses from group companies	<u>(93,493)</u>	<u>(93,327)</u>
	<u>-</u>	<u>-</u>

7 Tangible fixed assets

	Investment Properties £	Total £
Cost		
At 1 July 2012	6,420,000	6,420,000
Deficit on revaluation	<u>(450,000)</u>	<u>(450,000)</u>
At 30 June 2013	<u>5,970,000</u>	<u>5,970,000</u>
Net book value		
At 30 June 2013	<u>5,970,000</u>	<u>5,970,000</u>
At 30 June 2012	<u>6,420,000</u>	<u>6,420,000</u>

	2013 £	2012 £
Freehold land and buildings		
Historical cost	<u>11,101,796</u>	<u>11,101,796</u>

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 2013, the group was in full compliance with these ratios

The company's property has been valued as at 30 June 2013 by the directors based on valuations provided by the Group's independent external valuer, DTZ Debenham Tie Leung These valuations were prepared in accordance with the current Valuation Standards ("VS") and United Kingdom Valuation Standards ("UKVS") contained within the RICS Appraisal and Valuation Standards, 8th edition ('The Red Book')

C.G.I.S. Connaught House Ltd
Notes to the Accounts
for the year ended 30 June 2013

8 Debtors			2013	2012
			£	£
Trade debtors			-	8,775
Other debtors			12,574	12,574
			<u>12,574</u>	<u>21,349</u>
9 Creditors: amounts falling due within one year			2013	2012
			£	£
Trade creditors			2,441	2,454
Amounts owed to parent undertaking			9,214,298	9,623,487
Deferred income			153,731	153,731
			<u>9,370,470</u>	<u>9,779,672</u>
10 Provisions for liabilities			2013	2012
<i>Deferred taxation</i>			£	£
Accelerated capital allowances			24,632	24,075
			<u>24,632</u>	<u>24,075</u>
			2013	2012
			£	£
At 1 July			24,075	22,795
Deferred tax charge in profit and loss account			557	1,280
			<u>24,632</u>	<u>24,075</u>
At 30 June				
11 Share capital	Nominal value	2013 Number	2013	2012
			£	£
Allotted, called up and fully paid Ordinary shares	£1 each	1	1	1
			<u>1</u>	<u>1</u>
12 Revaluation reserve			2013	2012
			£	£
At 1 July 2012			(4,681,697)	(3,751,697)
Arising on revaluation during the year			(450,000)	(930,000)
			<u>(5,131,697)</u>	<u>(4,681,697)</u>
At 30 June 2013				

C.G.I.S. Connaught House Ltd
Notes to the Accounts
for the year ended 30 June 2013

13 Profit and loss account	2013 £	2012 £
At 1 July 2012	1,319,298	957,742
Profit for the year	399,870	361,556
At 30 June 2013	<u>1,719,168</u>	<u>1,319,298</u>
14 Reconciliation of movement in shareholder's funds	2013 £	2012 £
At 1 July	(3,362,398)	(2,793,954)
Profit for the financial year	399,870	361,556
Arising on revaluation during the year	(450,000)	(930,000)
At 30 June	<u>(3,412,528)</u>	<u>(3,362,398)</u>

15 Ultimate controlling party

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 company is ultimately controlled by the directors