

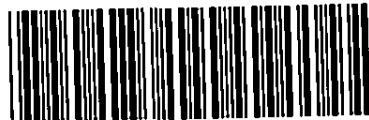
6015123

C G I S Connaught House Limited

Directors' Report and Accounts

Year ended 30 June 2009

WEDNESDAY



\*LQMJ5IRU\*

LD3

31/03/2010

305

COMPANIES HOUSE

**C.G.I.S. Connaught House Limited**  
**Report and accounts**  
**Contents**

	<b>Page</b>
Directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report	3 - 4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Notes to the accounts	8 - 12

**C G I.S. Connaught House Limited**  
**Directors' Report**

The directors present their annual report and the audited financial statements for the year ended 30 June 2009

**Principal activities**

The company's principal activity during the period was property investment

**Results and dividends**

The results for the period 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 were as follows

T S Cole  
S R Collins  
M N Steinberg  
C W Duffy

**Disclosure of information to auditors**

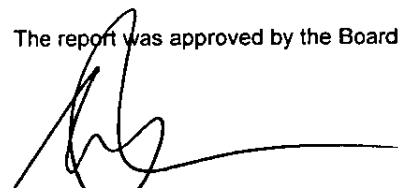
The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make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

**Auditors**

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

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

The report was approved by the Board on ~~22 March 2010~~ and signed on its behalf



M N Steinberg  
Director

10 Upper Berkeley Street  
London  
W1H 7PE

**C G.I S. Connaught House 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 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.

**Independent auditors' report  
to the shareholders of CGIS Connaught House Ltd**

We have audited the accounts of CGIS Connaught House Ltd for the year ended 30 June 2009 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 Section 495 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 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 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.

**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 2009 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 matter prescribed by the Companies Act 2006**

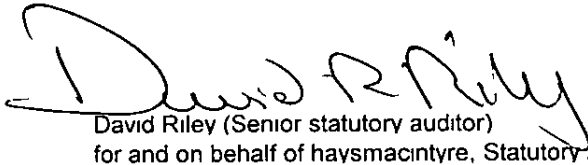
In our opinion the information given in the Directors' Report for the financial year for which the financial statements have been prepared is consistent with the financial statements.

**Independent auditors' report  
to the shareholders of CGIS Connaught House Ltd**

**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 haysmacintyre, Statutory Auditor

22 MARCH 2010

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

**C.G I S. Connaught House Limited**  
**Profit and Loss Account**  
**for the year ended 30 June 2009**

	Notes	2009 £	2008 £
Turnover	2	662,750	664,458
Cost of sales		(6,367)	-
<b>Gross profit</b>		<u>656,383</u>	<u>664,458</u>
Administrative expenses		(150)	-
Other operating income		-	294
<b>Operating profit</b>	4	<u>656,233</u>	<u>664,752</u>
Interest payable	5	(360,693)	(664,752)
<b>Profit on ordinary activities before taxation</b>		<u>295,540</u>	<u>-</u>
Tax on profit on ordinary activities	6	(8,407)	(5,416)
<b>Profit/(loss) for the financial year</b>	13	<u>287,133</u>	<u>(5,416)</u>

**Continuing operations**

All the above results relate to continuing activities

**Statement of total recognised gains and losses**

There has been no other gains or losses other than those recognised in the profit and loss account in the current and previous period

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

The notes on pages 8 to 12 form part of these financial statements

**C.G.I.S. Connaught House Limited**  
**Statement of total recognised gains and losses**  
**for the year ended 30 June 2009**

	<b>Notes</b>	<b>2009 £</b>	<b>2008 £</b>
Profit/(loss) for the financial year		287,133	(5,416)
Unrealised deficit on revaluation of properties	12	(1,662,750)	(927,250)
Total recognised (losses) related to the year		<u>(1,375,617)</u>	<u>(932,666)</u>

The notes on pages 8 to 12 form part of these financial statements

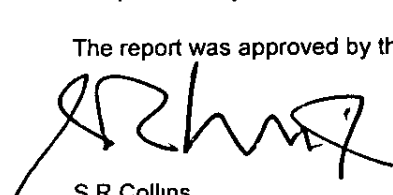


**C.G.I S. Connaught House Limited**  
**Balance Sheet**  
**as at 30 June 2009**

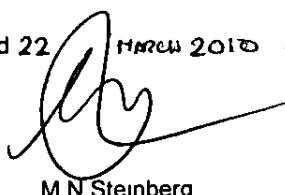
	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	7	8,260,000	9,922,750
<b>Current assets</b>			
Debtors	8	2,820	1
Cash at bank and in hand		-	-
		<u>2,820</u>	<u>1</u>
<b>Creditors amounts falling due within one year</b>	9	(10,847,346)	(11,140,066)
<b>Net current liabilities</b>		<u>(10,844,526)</u>	<u>(11,140,065)</u>
<b>Total assets less current liabilities</b>		<u>(2,584,526)</u>	<u>(1,217,315)</u>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	10	(13,823)	(5,416)
<b>Net liabilities</b>		<u>(2,598,349)</u>	<u>(1,222,731)</u>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Revaluation reserve	12	(2,880,067)	(1,217,316)
Profit and loss account	13	281,717	(5,416)
<b>Equity Shareholder's deficit</b>	14	<u>(2,598,349)</u>	<u>(1,222,731)</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006

The report was approved by the board 22 ~~MAY~~ 2010 and signed on its behalf



S R Collins  
Director



M N Steinberg  
Director

The notes on pages 8 to 12 form part of these financial statements

**C G I S Connaught House Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2009**

**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 £1.5m as at 30 June 2009, and a loan of £12.14 million from the Company's parent, C G I S Group Limited ('CGIS Group')

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 2011 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

**Properties**

Investment properties are included in the balance sheet at the directors' estimate of their market value at 30 June 2009, 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 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 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 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)

**C G I S Connaught House Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2009**

**1 Accounting policies (continued)**

**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 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

	Year to 30 June 2009 £	Year to 30 June 2008 £
<b>5 Interest payable</b>		
Other loans	360,693	664,752
	<u>360,693</u>	<u>664,752</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 Connaught House Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2009**

<b>6 Taxation</b>	<b>Year to 30 June 2009 £</b>	<b>Year to 30 June 2008 £</b>
UK corporation tax at 28% (2008 29.5%)	-	-
Deferred taxation	8,407	5,416
<b>Total corporation tax and similar charges for the year</b>	<b>8,407</b>	<b>5,416</b>

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>Year to 30 June 2009 £</b>	<b>Year to 30 June 2008 £</b>
Profit on ordinary activities before taxation	295,540	-
UK corporation tax at 28% (2008 29.5%)	82,751	-
Capital allowances in excess of depreciation	(5,121)	(7,783)
Unutilised tax losses arising in the year	-	7,783
Permanently disallowable expenditure	42	-
Tax losses from group companies	(77,672)	-
	-	-

**7 Tangible fixed assets**

	Freehold land and buildings £
<b>Cost</b>	
At 1 July 2008	9,922,750
Additions	-
Deficit on revaluation	(1,662,750)
At 30 June 2009	8 260 000
<b>Net book value</b>	
At 30 June 2009	8 260,000
At 30 June 2008	9,922,750
<b>Freehold land and buildings</b>	
	<b>2009</b>
	<b>£</b>
Historic cost	11,140,066
	<b>2008</b>
	<b>£</b>
	11 140 066

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 2009, the group was in full compliance with these ratios.

The property has been valued at 30 June 2009 by the directors based upon an informal "desk top" valuation from DTZ Debenham Tie Leung Limited.

<b>8 Debtors</b>	<b>2009 £</b>	<b>2008 £</b>
Other debtors	2,820	1
	<b>2,820</b>	<b>1</b>

**C G I S Connaught House Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2009**

<b>9 Creditors amounts falling due within one year</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,666	2,063
Amounts owed to group undertakings	10,646,379	10,938,702
Accruals and deferred income	199,301	199,301
	<u>10,847,346</u>	<u>11,140,066</u>

<b>10 Deferred taxation</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
At 1 July	5,416	-
Charged to the profit and loss account	8,407	-
Utilised during the year	-	-
Capital allowances in advance of depreciation	-	5,416
	<u>13,823</u>	<u>5,416</u>
At 30 June		

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

	<b>Provided</b>	<b>Potential</b>	<b>Provided</b>	<b>Potential</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capital allowances in advance of depreciation	8,407	-	5,416	-
Potential tax on property value gain/deficit	-	(806,418)	-	-
	<u>8,407</u>	<u>(806,418)</u>	<u>5,416</u>	<u>-</u>

<b>11 Share capital</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Authorised		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

<b>12 Revaluation reserve</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
At 1 July 2008	(1,217,317)	(290,066)
Arising on revaluation during the year	(1,662,750)	(927,250)
	<u>(2,880,067)</u>	<u>(1,217,316)</u>
At 30 June 2009		

**C G I S Connaught House Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2009**

<b>13 Profit and loss account</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
At 1 July 2008	(5,416)	-
Profit/(loss) for the financial year	287,133	(5,416)
At 30 June 2009	<u>281,717</u>	<u>(5,416)</u>

<b>14 Reconciliation of movement in shareholder's funds</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
At 1 July 2008	(1,222,732)	(290,065)
Profit/(loss) for the financial year	287,133	(5,416)
Arising on revaluation during the year	(1,662,750)	(927,250)
At 30 June 2009	<u>(2,598,349)</u>	<u>(1,222,731)</u>

**15 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