

Registered number  
06514648

CGIS 85 Gracechurch Street Limited  
Directors Report and Financial Statements  
30 June 2012

THURSDAY



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**CGIS 85 Gracechurch Street Limited**  
**Report and financial statements**  
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**CGIS 85 Gracechurch Street Limited**  
**Registered number: 06514648**  
**Directors' Report**

The directors present their report and accounts for the year ended 30 June 2012

**Principal activities**

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

**Directors**

The following persons served as directors during the year

T S Cole  
S R Collins  
M N Steinberg

**Results for the period**

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

The directors do not recommend payment of a final dividend

**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

This report was approved by the board on 14 March 2013 and signed on its behalf



S R Collins  
Director

Registered Office  
10 Upper Berkeley Street  
London  
W1H 7PE

## **CGIS 85 Gracechurch Street Limited**

### **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.

**CGIS 85 Gracechurch Street Limited**  
**Independent auditors' report**  
**to the shareholders of CGIS 85 Gracechurch Street Limited**

We have audited the financial statements of CGIS 85 Gracechurch Street Limited for the year ended 30 June 2012 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 2012 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.

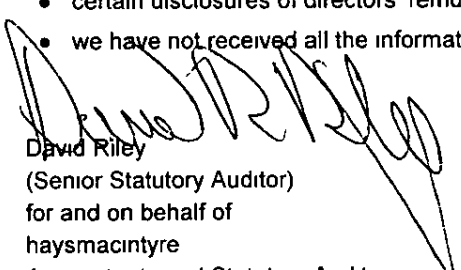
**Opinion on other matters prescribed by the Companies Act 2006**

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 accounts 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  
Accountants and Statutory Auditors  
14 March 2013

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

**CGIS 85 Gracechurch Street Limited**  
**Profit and Loss Account**  
**for the year ended 30 June 2012**

	<b>Notes</b>	<b>2012 £</b>	<b>2011 £</b>
<b>Turnover</b>	2	2,531,386	2,550,713
Cost of sales		(36,995)	(5,650)
<b>Gross profit</b>		<u>2,494,391</u>	<u>2,545,063</u>
Administrative expenses		(1,352)	(963)
<b>Operating profit</b>		<u>2,493,039</u>	<u>2,544,100</u>
Interest receivable		-	487
Interest payable	5	(1,227,895)	(1,320,199)
<b>Profit on ordinary activities before taxation</b>		<u>1,265,144</u>	<u>1,224,388</u>
Tax on profit on ordinary activities	6	(70,292)	(71,032)
<b>Profit for the financial year</b>		<u>1,194,852</u>	<u>1,153,356</u>

**Continuing operations**

All results relate to continuing operations

**CGIS 85 Gracechurch Street Limited**  
**Statement of total recognised gains and losses**  
**for the year ended 30 June 2012**

	Notes	2012 £	2011 £
Profit for the financial year		1,194,852	1,153,356
Unrealised (deficit)/surplus on revaluation of properties	7	(2,840,951)	4,720,000
Total recognised gains and losses related to the year		<u>(1,646,099)</u>	<u>5,873,356</u>

**CGIS 85 Gracechurch Street Limited**  
**Balance Sheet**  
**as at 30 June 2012**

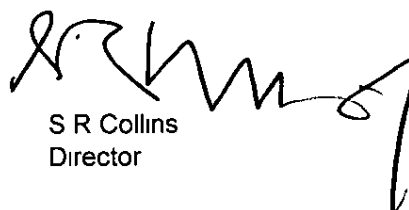
Registered number 06514648

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Investment Property	7	39,580,000	42,420,000
		<u>39,580,000</u>	<u>42,420,000</u>
<b>Current assets</b>			
Debtors	8	687,948	676,150
<b>Creditors, amounts falling due within one year</b>	9	(38,074,875)	(39,327,270)
<b>Net current liabilities</b>		<u>(37,386,927)</u>	<u>(38,651,120)</u>
<b>Total assets less current liabilities</b>		<u>2,193,073</u>	<u>3,768,880</u>
<b>Provisions for liabilities</b>	10	(463,941)	(393,649)
<b>Net assets</b>		<u>1,729,132</u>	<u>3,375,231</u>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Revaluation reserve	12	(3,065,387)	(224,436)
Profit and loss account	13	4,794,518	3,599,666
<b>Shareholders' funds</b>		<u>1,729,132</u>	<u>3,375,231</u>



M N Steinberg  
Director

Approved by the board on 14 March 2013



S R Collins  
Director



**CGIS 85 Gracechurch Street Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2012**

**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, and a loan 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 will help the company to meet its liabilities as they fall due. The CGIS group has undertaken not to recall these loans until funds permit and will help 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 2014 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 2012, which is based upon valuations provided by 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 SSAP19 (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.

**CGIS 85 Gracechurch Street Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2012**

**Cashflow statement**

A cashflow statement is included in the consolidated financial statements of the ultimate holding company, C G I S Group Limited. The company therefore is exempt under FRS1 from the requirement to prepare a separate cashflow 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.

**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**

	2012 £	2011 £
Interest payable	<u>1,227,895</u>	<u>1,320,199</u>
	<u>1,227,895</u>	<u>1,320,199</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 loss arises in its accounts.

**6 Taxation**

	2012 £	2011 £
Deferred tax	<u>70,292</u>	<u>71,032</u>
	<u>70,292</u>	<u>71,032</u>
<b>Current taxation reconciliation</b>	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>1,265,144</u>	<u>1,224,388</u>
UK corporation tax at 24/26% (2011 26/28%) on profits before tax	322,629	336,707
Capital allowances and IBAs	(92,960)	(116,158)
Tax losses from group companies	<u>(229,669)</u>	<u>(220,549)</u>
	<u>-</u>	<u>-</u>

The company had provided deferred tax liability of £463,941 (2011 £393,649) and £nil (2011 £nil) unprovided deferred tax asset regarding potential tax on property value deficit as at 30 June 2012.

**CGIS 85 Gracechurch Street Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2012**

**7 Investment Property**

	<b>Land and buildings £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 July 2011	42,420,000	42,420,000
Additions	951	951
Deficit on revaluation	(2,840,951)	(2,840,951)
At 30 June 2012	<u>39,580,000</u>	<u>39,580,000</u>
<b>Net book value</b>		
At 30 June 2012	<u>39,580,000</u>	<u>39,580,000</u>
At 30 June 2011	<u>42,420,000</u>	<u>42,420,000</u>
<b>Freehold land and buildings</b>	<b>2012 £</b>	<b>2011 £</b>
Historical cost	<u>42,645,387</u>	<u>42,644,436</u>

The company is a subsidiary of CGIS 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 2012, the group was in full compliance with these ratios.

The company's property has been valued as at 30 June 2012 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").

<b>8 Debtors</b>	<b>2012 £</b>	<b>2011 £</b>
Other debtors	687,948	676,150
	<u>687,948</u>	<u>676,150</u>
<b>9 Creditors amounts falling due within one year</b>	<b>2012 £</b>	<b>2011 £</b>
Trade creditors	115,188	23,679
Amounts owed to parent undertaking	37,288,745	38,501,033
Other creditors	670,942	802,558
	<u>38,074,875</u>	<u>39,327,270</u>

**CGIS 85 Gracechurch Street Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2012**

**10 Provisions for liabilities**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Deferred taxation		
Accelerated capital allowances	463,941	393,649
	<u>463,941</u>	<u>393,649</u>

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
At 1 July	393,649	322,617
Deferred tax charge in profit and loss account	70,292	71,032
At 30 June	<u>463,941</u>	<u>393,649</u>

**11 Share capital**

	<b>Nominal value</b>	<b>2012 Number</b>	<b>2012 £</b>	<b>2011 £</b>
Allotted, called up and fully paid Ordinary shares	£1 each	1	<u>1</u>	<u>1</u>
			<u>1</u>	<u>1</u>

**12 Revaluation reserve**

	<b>2012 £</b>
At 1 July 2011	(224,436)
Arising on revaluation during the year	(2,840,951)
At 30 June 2012	<u>(3,065,387)</u>

**13 Profit and loss account**

	<b>2012 £</b>
At 1 July 2011	3,599,666
Profit for the year	1,194,852
At 30 June 2012	<u>4,794,518</u>

**CGIS 85 Gracechurch Street Limited**  
**Notes to the Accounts**  
**for the year ended 30 June 2012**

<b>14 Reconciliation of movement in shareholder's funds</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
At 1 July	3,375,231	(2,498,125)
Result for the financial year	1,194,852	1,153,356
Arising on revaluation during the year	<u>(2,840,951)</u>	<u>4,720,000</u>
At 30 June	<u>1,729,132</u>	<u>3,375,231</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 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