

CGIS 85 GRACECHURCH STREET LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017



CGIS 85 GRACECHURCH STREET LIMITED

COMPANY INFORMATION

Directors	T S Cole S R Collins M N Steinberg
Registered number	06514648
Registered office	10 Upper Berkeley Street London W1H 7PE
Independent auditors	haysmacintyre 10 Queen Street Place London EC4R 1AG

CGIS 85 GRACECHURCH STREET LIMITED

CONTENTS

	Page
Directors' Report	1 - 2
Independent Auditors' Report	3 - 4
Statement of Comprehensive Income	5
Balance Sheet	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8 - 13

CGIS 85 GRACECHURCH STREET LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

The directors present their report and the financial statements for the year ended 30 June 2017.

Principal activity

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

Directors

The directors who served during the year were:

T S Cole
S R Collins
M N Steinberg

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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 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 to 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

CGIS 85 GRACECHURCH STREET LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017**

Auditors

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

Small companies note

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

This report was approved by the board on

24/1/18

and signed on its behalf.



M N Steinberg
Director

CGIS 85 GRACECHURCH STREET LIMITED

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS, AS A BODY, OF CGIS 85 GRACECHURCH STREET LIMITED

Opinion

We have audited the financial statements of CGIS 85 Gracechurch Street Limited for the year ended 30 June 2017, set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's shareholder 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 shareholder 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 shareholder for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CGIS 85 GRACECHURCH STREET LIMITED

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS, AS A BODY, OF CGIS 85 GRACECHURCH STREET LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

Responsibilities of directors

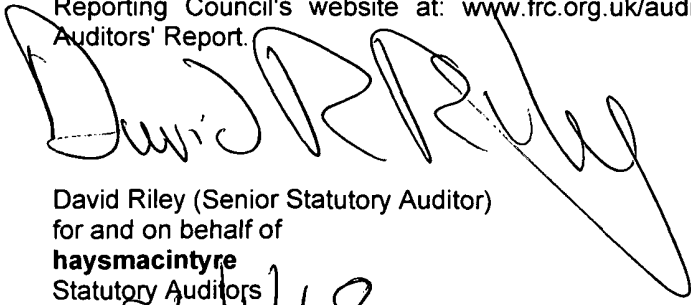
As explained more fully in the Directors' Responsibilities Statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' Report.



David Riley (Senior Statutory Auditor)
for and on behalf of
haysmacintyre
Statutory Auditors
Date: 24/1/18

CGIS 85 GRACECHURCH STREET LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 £	2016 £
Turnover		-	747,146
Cost of sales		(181,671)	(14,843)
Gross (loss)/profit		(181,671)	732,303
Administrative expenses		-	(84)
Profit on sale of investment property		-	5,954,582
Operating (loss)/profit		(181,671)	6,686,801
Interest receivable and similar income		273,428	465,378
Interest payable and similar expenses		-	(874)
Profit before tax		91,757	7,151,305
Tax on profit	6	-	534,910
Profit for the financial year		91,757	7,686,215

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income. There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 8 to 13 form part of these financial statements.

CGIS 85 GRACECHURCH STREET LIMITED
REGISTERED NUMBER: 06514648

BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017 £	2017 £	2016 £	2016 £
Current assets					
Debtors: amounts falling due within one year	7	7,741,603		7,651,495	
		<u>7,741,603</u>		<u>7,651,495</u>	
Creditors: amounts falling due within one year	8	(8,506)		(10,155)	
		<u></u>		<u></u>	
Net current assets			7,733,097		7,641,340
Total assets less current liabilities			<u>7,733,097</u>		<u>7,641,340</u>
Net assets			<u>7,733,097</u>		<u>7,641,340</u>
Capital and reserves					
Called up share capital	9		1		1
Profit and loss account			7,733,096		7,641,339
			<u>7,733,097</u>		<u>7,641,340</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

24/1/18

S R Collins
 Director

The notes on pages 8 to 13 form part of these financial statements.

CGIS 85 GRACECHURCH STREET LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 1 July 2015	1	8,423,802	8,185,230	16,609,033
Profit for the year	-	-	7,686,215	7,686,215
Dividends: Equity capital	-	-	(16,653,908)	(16,653,908)
Transfer to/from profit and loss account	-	(8,423,802)	8,423,802	-
At 1 July 2016	1	-	7,641,339	7,641,340
Profit for the year	-	-	91,757	91,757
At 30 June 2017	1	-	7,733,096	7,733,097

CGIS 85 GRACECHURCH STREET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. General information

CGIS 85 Gracechurch Street Limited is a private limited company limited by shares. It is registered in England and Wales, and its registered office is 10 Upper Berkeley Street, London, W1H 7PE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue includes rent receivable, and the invoiced value of other operations within the United Kingdom. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.3 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.4 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)

2.4 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.5 Creditors

Short term creditors are measured at the transaction price.

2.6 Finance costs on intercompany loans

Interest on intercompany loans is charged annually in arrears at a 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 charges is constrained to the funds available in that subsidiary company such that neither a gain or a loss arises in its financial statements.

2.7 Dividends

Dividends are recognised when they become legally payable.

2.8 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.9 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. The directors do not consider there to be any areas of critical estimate and judgement applicable to the financial statements.

4. Auditors' remuneration

The auditors' remuneration has been borne by a group company, CGIS Group Limited.

5. Employees

Except for the directors, there were no persons employed by the Company during the year (2016: Nil). The directors received no remuneration for their services to the Company (2016: £nil).

CGIS 85 GRACECHURCH STREET LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

6. Taxation

	2017 £	2016 £
Current tax on profits for the year	-	-
	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	(534,910)
Total deferred tax	-	(534,910)
Taxation on profit/(loss) on ordinary activities	-	(534,910)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.75% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	91,757	7,151,305
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 - 20%)	18,122	1,430,261
Effects of:		
Expenses not deductible for tax purposes	-	105,142
Fixed asset differences	-	(1,851,006)
Capital gains	-	1,204,340
Group relief	(18,122)	(1,431,677)
Deferred tax not recognised	-	8,030
Total tax charge for the year	-	(534,910)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

CGIS 85 GRACECHURCH STREET LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

7. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	7,738,525	7,440,899
Other debtors	3,078	210,596
	<u>7,741,603</u>	<u>7,651,495</u>

8. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	-	10,155
Amounts owed to related undertakings	8,506	-
	<u>8,506</u>	<u>10,155</u>

9. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

10. Reserves

Profit and loss account

The profit and loss account includes all retained profits of the group.

Other reserve

The other reserve includes all non distributable accumulated fair value movements on the Company's investment property net of deferred tax.

11. Related party transactions

Included in creditors is a balance of £8,506 due to a company under common control.

CGIS 85 GRACECHURCH STREET LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

12. Controlling party

The Company's immediate parent company is C.G.I.S. Group (Holdings No. 2) Limited. The Company's ultimate parent company and controlling party is C.G.I.S. Group (Holdings) Limited. C.G.I.S. Group (Holdings) Limited is the only group company to prepare consolidated financial statements in which this company is included.

13. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 an