

Registered number  
08711361

**C.G.I.S. Group (Holdings) Limited**

**Directors' Report and Consolidated Financial Statements**

**30 June 2016**



**C.G.I.S. Group (Holdings) Limited**  
**Report and financial statements**  
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## **C.G.I.S. Group (Holdings) Limited**

### **Group Strategic Report**

The directors present their annual report and the audited financial statements of the Group and Company for the year ended 30 June 2016.

#### **Principal activity and business review**

The Group's principal activities during the year continued to be property investment. CGIS Group (Holdings) Limited is a private company registered in England and Wales.

During the year, the Group sold a large number of its properties. The remaining assets are commercial properties located across the UK.

#### **Investment Properties**

The Group's London property portfolio has been valued at 30 June 2016 by the directors with reference to valuations provided by the Group's independent external valuer CB Richard Ellis as at 20 May 2016 and before any impact of 'Brexit' would have been felt. The Regional property portfolio has been valued as at 30 June 2016 by the directors, taking advice from their in-house Chartered Surveyors. The total value of the property holding at the year end was £134m (2015: £385m). The significant fall in the asset holding was driven by a large number of property sales during the year.

After the year end, the Group has sold the properties in CGIS Capital House Limited, CGIS Thavies Inn Limited, CGIS Bastwick Street Limited and CGIS Gee Street Limited.

The reduced rent receivable in 2016 was considered satisfactory and resulted from the disposals in the period.

#### **Cash**

In the opinion of the directors the year end cash holding of £1.2m (2015: £2.2m) shows the Group continue to be in a strong position to meet the operational costs and the current pay loan interest.

#### **Principle risks facing the business**

The principal risks facing the group are seen as:

(i) A rise in vacancy levels in the investment properties.

Management seek to reduce the risk of vacant properties by seeking to let all group properties to reputable tenants on long term leases. Lease expiry dates are reviewed on a regular basis and marketing initiatives started for properties where a tenant is likely to leave in advance of the expiry date in order to reduce empty properties to a minimum.

(ii) A rise in interest rates: The group has significant protection in place against interest rate increases. At 30 June 2016 100% of the groups loans were at a fixed rate. Management continue to monitor the group's exposure to interest rate fluctuations and may use swap instruments in the future.

(iii) A fall in commercial property values: Falling property values could affect the group's ability to meet the investor loan covenants. The directors continue to monitor the market following 'Brexit' and do not believe there has been a material change to the property values by the year end. The group was in full compliance with these covenants at 30 June 2016 and the date of signing these financial statements. As a property investment group, management constantly review the group's property portfolio against market trends and property market data and seek to identify favourable opportunities to make acquisitions with future growth potential and dispose of existing properties at a profit.

(iv) Finance/Liquidity risk: The group is dependent on loan funding from banks and private investors. The group prepares long term cash flow and financing forecasts in order to forecast future working capital and long term financing needs. These are reviewed regularly by management as long term future strategy is devised. Future strategy decision making also includes the consideration of long term financing needs as and when required.

The Group measures its performance by reference to loan covenants. These include a loan to value ratio which compares the value of the portfolio with the value of the loans and an interest cover test which compares net rental income against interest payable on the loans. As previously noted, the group remains in full compliance with these covenants.

This report was approved by the board on 26 June 2017 and signed on its behalf.



M-N Steinberg  
Director

## **C.G.I.S. Group (Holdings) Limited**

**Registered number:** 08711361

### **Directors' Report**

#### **Results and dividends**

The results for the year are shown in the consolidated statement of comprehensive income on page 6.

No interim dividend was paid during the year (2015: Nil). 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

#### **Post balance sheet events**

After the year end the group was restructured to obtain replacement loans secured against the remaining properties. The group was divided into two smaller sub groups by location; 'London' and 'Regional'.

Following the refinancing, a further 4 properties were sold and the proceeds used to part repay outstanding financing and restructure the remaining debt. The properties which have been sold were those held in the following companies:

- CGIS Thavies Inn Limited; gross sale proceeds £33.0m
- CGIS Capital House Limited; gross sale proceeds £5.4m
- CGIS Bastwick Street Limited; gross sale proceeds £12.8m
- CGIS Gee Street Limited; gross sale proceeds £13.4m

#### **Strategic report**

The Group's business review, review of principal risks and future developments is included in the Group Strategic Report.

#### **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 re-appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26 June 2017 and signed on its behalf.

  
M-N Steinberg  
Director

Registered office:  
10 Upper Berkeley Street  
London  
W1H 7PE

## **C.G.I.S. Group (Holdings) Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Group strategic report, the Directors' report and Group financial statements and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and have elected to prepare parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of the Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The parent company financial statements are required by law to give a true and fair view of the state of affairs of the parent company.

In preparing each of the Group and parent company financial statements, the directors are required

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic and Directors' Report to comply with that law and those regulations.

**C.G.I.S. Group (Holdings) Limited**  
**Independent auditors' report**  
**to the members of C.G.I.S. Group (Holdings) Limited**

We have audited the financial statements of C.G.I.S. Group (Holdings) Limited for the year ended 30 June 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated Cash Flows Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Policies) including Financial Reporting Standard 101 'Reduced Disclosure Framework' as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 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**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

**Opinion on the financial statements**

In our opinion the financial statements:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2016 and the group's loss for the year then ended;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

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

In our opinion the information given in the Directors' Report and the Strategic 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 parent company 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  
26 June 2017

26 Red Lion Square  
London  
WC1R 4AG

**C.G.I.S. Group (Holdings) Limited**  
**Consolidated Statement of Comprehensive Income**  
**for the year ended 30 June 2016**

	Notes	2016 £ '000	2015 £ '000
Revenue	3	12,220	17,198
Cost of sales	4	(1,779)	(1,148)
<b>Gross profit</b>		<b>10,441</b>	<b>16,050</b>
Administrative expenses		(7,084)	(4,422)
Other operating income		474	15
Gain on investment property disposals		21,094	3,116
(Loss)/ profit arising on investment property valuation		(6,273)	89,102
<b>Profit from operations</b>		<b>18,652</b>	<b>103,861</b>
Bank interest receivable and similar income		235	380
Finance costs	7	(71,195)	(22,607)
<b>(Loss) / profit on ordinary activities before taxation</b>	8	<b>(52,308)</b>	<b>81,634</b>
Tax on (loss)/profit on ordinary activities	9	26,538	(19,156)
<b>(Loss)/profit for the financial year</b>		<b>(25,770)</b>	<b>62,478</b>
<b>Total comprehensive (expense) / income</b>		<b>(25,770)</b>	<b>62,478</b>

All the above results relate to continuing activities

The notes on pages 10 - 20 form part of these financial statements



**C.G.I.S. Group (Holdings) Limited**  
**Consolidated Statement of Financial Position**  
**as at 30 June 2016**

Registered No: 08711361

	Notes	2016 £ '000	2015 £ '000
<b>Non-current assets</b>			
Investment property	10	133,928	385,221
<b>Current assets</b>			
Trade and other receivables	11	28,564	15,802
Cash and cash equivalents		1,187	2,242
		<u>29,751</u>	<u>18,044</u>
<b>Total assets</b>		<u><b>163,679</b></u>	<u><b>403,265</b></u>
<b>Current liabilities</b>			
Trade and other payables	12	(47,680)	(9,796)
Accruals		(3,687)	(17,253)
Deferred income		(2,900)	(2,562)
		<u>(54,267)</u>	<u>(29,611)</u>
<b>Net current liabilities</b>		<u>(24,516)</u>	<u>(11,567)</u>
<b>Total assets less current liabilities</b>		<u>109,412</u>	<u>373,654</u>
<b>Non-current liabilities</b>			
Financial liabilities	13	(51,036)	(262,970)
Deferred taxation	15	(877)	(27,415)
		<u>(51,913)</u>	<u>(290,385)</u>
<b>Total liabilities</b>		<u>(106,180)</u>	<u>(319,996)</u>
<b>Net assets</b>		<u><b>57,499</b></u>	<u><b>83,269</b></u>
<b>Capital and reserves</b>			
Called up share capital	16	3,325	3,325
Share premium		8,032	8,032
Profit and loss account		46,142	71,912
<b>Total equity</b>		<u><b>57,499</b></u>	<u><b>83,269</b></u>

T S Cole  
Director

Approved by the board on 26 June 2017

S R Collins  
Director

**C.G.I.S. Group (Holdings) Limited**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**for the year ended 30 June 2016**

	Share capital £ '000	Share premium £ '000	Retained earnings £ '000	Total £ '000
<b>At 1 July 2015</b>	3,325	8,032	71,912	83,269
Total comprehensive expense for the period	-	-	(25,770)	(25,770)
<b>At 30 June 2016</b>	<b>3,325</b>	<b>8,032</b>	<b>46,142</b>	<b>57,499</b>

**for the year ended 30 June 2015**

<b>At 1 July 2014</b>	3,325	8,032	9,434	20,791
Total comprehensive income for the period	-	-	62,478	62,478
<b>At 30 June 2015</b>	<b>3,325</b>	<b>8,032</b>	<b>71,912</b>	<b>83,269</b>

**C.G.I.S. Group (Holdings) Limited**  
**Consolidated Cash Flow Statement**  
**for the year ended 30 June 2016**

	2016 £ '000	2015 £ '000
<b>Operating activities</b>		
(Loss) / profit on ordinary activities before taxation	(52,308)	81,634
Adjustments for:		
Gain on investment property disposals	(21,094)	(3,116)
Bank interest receivable and similar income	(235)	(380)
Finance costs	71,195	22,754
Gain / (loss) on foreign exchange	2,259	(147)
Loss / (gain) arising on investment property valuation	6,273	(89,102)
Increase in debtors	(12,762)	(3,154)
(Decrease)/increase in creditors	(15,201)	8,147
<b>Cash generated from operations</b>	<u>(21,873)</u>	<u>16,636</u>
Refinancing costs	(55,807)	(147)
Interest paid	(15,388)	(22,313)
Corporation tax paid	-	(6)
<b>Net cash outflow from operating activities</b>	<u>(93,068)</u>	<u>(5,830)</u>
<b>Cash flows from Investing activities</b>		
Capital payments in relation to properties	(2,454)	(26,797)
Proceeds from sale of investment properties	268,574	16,638
Interest received	235	380
<b>Net cash inflow / (outflow) from investing activities</b>	<u>266,355</u>	<u>(9,779)</u>
<b>Cash flow from financing activities</b>		
Proceeds from new loans	30,000	8,178
Repayment of loans	(204,342)	(62)
<b>Net cash outflow / (inflow from financing activities)</b>	<u>(174,342)</u>	<u>8,116</u>
<b>Net cash used</b>		
Cash used in operating activities	(93,068)	(5,830)
Cash generated by/(used in) investing activities	266,355	(9,779)
Cash (used in)/generated by financing activities	(174,342)	8,116
<b>Net cash used</b>	<u>(1,055)</u>	<u>(7,493)</u>
Cash and cash equivalents at 1 July	<u>2,242</u>	<u>9,735</u>
Cash and cash equivalents at 30 June	<u>1,187</u>	<u>2,242</u>
Cash and cash equivalents comprise:		
Cash at bank	<u>1,187</u>	<u>2,242</u>

**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

**1 Accounting policies**

***Basis of preparation***

The Group financial statements consolidate those of the company and its subsidiaries (together referred to as the 'Group') using the purchase method. The parent company financial statements on pages 21 to 25 present information about the company as a separate entity and not about its group.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRS').

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Groups financial statements except as noted below.

CGIS Group (No 3) Limited is a private company registered in the United Kingdom with the registered office 10 Upper Berkeley Street, London, W1H 7PE.

***Accounting convention***

The financial statements have been prepared under the historical cost accounting rules, modified to include the revaluation of investment properties and in accordance with applicable Accounting Standards.

***Going concern***

The financial statements have been prepared on a going concern basis, which assumes the Group will continue to be able to meet its liabilities when they fall due, for the foreseeable future.

In evaluating the going concern assumptions, the directors have in particular considered compliance with the financial covenants contained in the Group's financing arrangements.

The directors have prepared cash flow projections for the period to December 2018 which show that the Group expects to be able to operate within these financing arrangements.

The directors therefore have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future.

***Consolidated financial statements***

The consolidated financial statements of the Group incorporate the assets and liabilities of the Company and its subsidiary undertakings (all of whose accounts have been made up to 30 June 2016).

***Properties***

Investment properties and properties in the course of development for investment purposes are included in the Statement of Financial Position at their fair value, comprising market value at the Financial Position date. The valuations have been prepared by the directors with reference to independent professional valuations. Surpluses or deficits in the carrying amount arising on valuation are credited or charged to the income statement.

Additions to investment properties include only costs of a capital nature.

In accordance with IAS 40 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 the 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.

***Revenue***

Revenue represents rents, surrender premiums, and lease assignments receivable during the period (all excluding value added tax).

***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 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 deleted.

Deferred tax is measured on a non-discounted basis at the tax rates which apply at the balance sheet date.

**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

**1 Accounting policies (continued)**

**Recognition of profits**

Purchases and sales of properties are accounted for as follows:

Investment and development properties	-	upon exchange of unconditional contracts;
Trading properties	-	upon completion of contracts;
Ground rents and similar income	-	as receivable

**Borrowing costs**

Interest on loans is charged to the income statement as incurred. Costs incurred in the acquisition of loan finance are capitalised in the balance sheet and charged to the income statement over the period of the loan to which the costs relate on a straight line basis.

**Financial Instruments**

Cash deposits comprising funds held with banks and other financial institutions and trade receivables, are classified as cash and cash equivalents and receivables.

Borrowings and trade payables are classified as liabilities. These are all recognised initially at fair value and subsequently held at amortised cost and are not revalued.

**Segmental Reporting**

Segmental information is not presented within these financial statements as the directors consider the Group to be operating in one sector and in the United Kingdom only.

**Leases**

IAS 40 requires the Group to account for leasehold investment properties as finance leases.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Finance charges are recognised in the income statement over the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

**2 Critical accounting estimates and judgements**

The preparation of financial statements under International Financial Reporting Standards (IFRS) requires the use of accounting estimates and assumptions that affect the reported value of assets and liabilities at the year end, and the reported income and expenses for the year then ended. Although these estimates are based on management's best knowledge of normal events, actual results may differ from those estimates.

IFRS also require management to exercise its judgement when applying the group's accounting policies.

The prime areas involving a higher degree of judgement or complexity, where assumptions and estimates are significant to the financial statements, are as follows:

**- Valuation of Investment properties**

Investment properties held by the group are held at the directors' estimates of market values, as disclosed in note 10. Management utilise the expertise of third party professional values to reduce uncertainty, however a risk remains that actual realisable values differ from these estimates. The 'Brexit' referendum result has increased uncertainty in the property investment market and hence the risk of valuation estimation uncertainty.

**- Impairment of receivables**

Management must exercise judgement when deciding whether to provide against the receivables. All available information up to the date of approval of the financial statements is reviewed and assessed, and provisions made when management consider it more likely than not that recoverables will not be recovered.

**3 Revenue**

	2016 £ '000	2015 £ '000
Rental Income	12,220	17,198

All income arose from the group's principal activity of property investment. All of the group's investment properties are held within the United Kingdom.

**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

<b>4 Cost of Sales</b>	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Direct property costs	<u>1,779</u>	<u>1,148</u>

**5 Directors' emoluments**

The group does not employ staff aside from the directors.

	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Directors remuneration	360	360
Social security costs	46	46
Consultancy fees	<u>25</u>	<u>25</u>
	<u>431</u>	<u>431</u>

The highest paid director received £120k (2015: £120k).

The directors do not receive pension benefits from the group.

<b>7 Finance costs</b>	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Bank loans and overdrafts	-	22
Other loans	15,304	22,308
Bank charges and finance fees	84	130
Refinancing costs	<u>55,807</u>	<u>147</u>
	<u>71,195</u>	<u>22,607</u>

The refinancing costs relate to the Debenture loan early repayment charge and other associated fees.

<b>8 Profit on ordinary activities before taxation</b>	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
This is stated after charging:		
Auditors' remuneration for audit services	83	65
Auditors' remuneration for other services	72	5
Auditors remuneration for services in connection with various financial assistance declarations and tax compliance	42	10
Operating lease rentals - land and buildings	<u>352</u>	<u>301</u>

**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

**9 Taxation**

	2016 £ '000	2015 £ '000
<b>Analysis of charge in period</b>		
Current tax:		
UK corporation tax on profits of the period	-	-
Adjustments in respect of previous periods	-	20
	<u>-</u>	<u>20</u>
Deferred tax:		
Current year	(26,538)	19,136
Prior years	-	-
	<u>(26,538)</u>	<u>19,136</u>
	<u>-</u>	<u>-</u>
Total corporation tax and similar charges	<u>(26,538)</u>	<u>19,156</u>

**Factors affecting tax charge for period**

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2016 £ '000	2015 £ '000
(Loss)/profit on ordinary activities before tax	<u>(52,308)</u>	<u>81,634</u>
Standard rate of corporation tax in the UK	20.00%	20.75%
	<u>£ '000</u>	<u>£ '000</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax	(10,462)	16,939
Effects of:		
Non taxable income	(89)	(2,877)
Expenses not deductible for tax purposes	1,620	75
Capital gains / (losses)	12,192	(14,125)
Tax overprovided in previous periods	(98)	2
Unrelieved tax losses carried forward	-	6
Deferred tax not recognised	(3,163)	-
	<u>-</u>	<u>20</u>
Current tax charge for period	<u>-</u>	<u>20</u>

**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

**10 Non-current assets**

Year ended 30 June 2016	Investment Property		
	Freehold £ '000	Long Leasehold £ '000	Total £ '000
<b>Valuation</b>			
At 1 July 2015	287,720	97,501	385,221
Additions - Capital expenditure	1,767	687	2,454
Revaluation	(455)	(5,812)	(6,267)
Disposals	(245,821)	-	(245,821)
Present value of minimum ground rent adjustment	-	(1,659)	(1,659)
At 30 June 2016	<u>43,211</u>	<u>90,717</u>	<u>133,928</u>
<b>Net book value</b>			
At 30 June 2016	<u>43,211</u>	<u>90,717</u>	<u>133,928</u>
<b>Year ended 30 June 2015</b>			
<b>Valuation</b>			
At 1 July 2014	189,381	93,463	282,844
Additions - Purchase of properties	24,276	-	24,276
Additions - Capital expenditure	2,124	397	2,521
Revaluation	71,939	17,163	89,102
Disposals	-	(13,250)	(13,250)
Present value of minimum ground rent adjustment	-	(272)	(272)
At 30 June 2015	<u>287,720</u>	<u>97,501</u>	<u>385,221</u>
<b>Net book value</b>			
At 30 June 2015	<u>287,720</u>	<u>97,501</u>	<u>385,221</u>

The Group's London properties have been valued at 30 June 2016 by the directors with reference to valuations provided by the Group's independent external valuer CB Richard Ellis as at 20 May 2016 and before any impact of 'Brexit' would have been felt. The regional properties have been valued as at 30 June 2016 taking advice from their in-house Chartered Surveyors. Both 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 9th edition ("The Red Book").

**Reconciliation to portfolio valuations**

	£ '000
Net book value at 30 June 2016	131,886
IFRS adjustments:	
Present Value of minimum ground rent payments	2,042
<b>Total valuation of portfolio at 30 June 2016</b>	<u>133,928</u>

<b>11 Trade and other receivables</b>	<b>2016 £ '000</b>	<b>2015 £ '000</b>
Trade receivables	227	6,932
Related party receivables	19,128	4,581
Other receivables	7,614	2,472
Prepayments and accrued income	1,595	1,817
	<u>28,564</u>	<u>15,802</u>
<b>12 Trade and other payables</b>	<b>2016 £ '000</b>	<b>2015 £ '000</b>
Trade payables	2,142	3,547
Other taxes and social security costs	-	608
Other payables	809	769
Shareholder loans	44,729	4,872
	<u>47,680</u>	<u>9,796</u>



**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

**13 Loans: due more than one year**

	2016 £ '000	2015 £ '000
Debenture loan	-	146,000
Other loans	51,036	62,293
Shareholder loans	-	54,677
	<u>51,036</u>	<u>262,970</u>
	2016 £ '000	2015 £ '000
<b>Analysis of maturity of debt:</b>		
Within one year or on demand	44,729	4,872
Between one and two years	51,036	54,677
Between two and five years	-	208,293
After five years	-	-
	<u>95,765</u>	<u>267,842</u>
<b>Borrowings</b>		
Debenture loans:		
9.625% Secured Debenture Stock 2019	-	146,000

**Debenture Loan**

On 15th February 2016 the Group redeemed the Debenture Stock for the total amount of £200,151,000, which includes spens clause repayment fees of £54,151,000. The debenture loan debt was originally due for repayment on 31st December 2019.

**Shareholder loans**

At the year end, the balance of £44,729,000 (2015: £59,549,000) was due to the shareholders.

**Other loans**

On the 15th February 2016 the group repaid the debenture loan using property sale proceeds. Additional disposals after this date, led to repayments made against other loans.

As at 30 June 2016, tranche A had been repaid, tranche B had an outstanding balance of £36,853,000 incurring interest at 14.73%. Tranche C had an outstanding balance of £9,183,000 incurring interest at 13%. The second loan facility received in the prior year for £5,000,000 interest free, remained outstanding at the year end.

After the year end, on 16th August 2016, the group refinanced all existing loans with Pramerica were repaid. New loans with Barclays and Pramerica amounting to £45,000,000 and £36,000,000 respectively. Further sales after the year end (see note 21) led to part repayment of the loans.

On the 2nd March 2017, the group was refinanced, repaying all the Barclays loan capital through an amendment to the loan with Pramerica. At the time of signing the financial statements, the outstanding loan capital with Pramerica was £41,871,000 incurring interest rates of between 5 and 12%.

**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

**14 Financial instruments and financial risk management**

Set out below is a comparison by category of the book values of the Group's financial liabilities as at 30 June 2016.

Each of the group's current assets, including trade receivables are held at a carrying value which approximates to their fair value.

Each of the group's current liabilities, including trade payables are held at a carrying value which approximates to their fair value.

**Financial risk management**

The group's operations expose it to a number of financial risks. A risk management programme has been established to protect the group against the potential adverse effects of these financial risks. There has been no significant change in these financial risks since the prior year. The principal financial risks are interest rate risks and liquidity risk. Both are considered below.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the group uses, principally variable rate debt. The group seeks to mitigate interest rate risk by seeking variable and fixed rate financing from various sources. As at 30 June 2016 the group had arranged its finance so all finance attracted only fixed rate interest charges.

**Interest rate risk and hedge profile**

		Loan Value £ '000	Rate %
Shareholder loans	Fixed	44,729	0.000%
Other loans	Fixed	51,036	0 to 14.73%
Weighted average rate		95,765	6.915%

**Liquidity risk**

The group maintains sufficient cash and marketable securities for its operations. Management review cash flow forecasts on a regular basis to determine whether the group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

Contractual maturity analysis for financial liabilities:

	Due in less than 3 months	Due between 3 months to 1 year	Due after 1 year less than 5yrs	Due after 5 years	Total
<b>2016</b>					
Financial Liabilities					
Trade payables	2,142	-	-	-	2,142
Other payables	7,394	-	-	-	7,394
Loans	44,729	-	51,036	-	95,765
	54,265	-	51,036	-	105,301
<b>2015</b>					
Financial Liabilities					
Trade payables	3,547	-	-	-	3,547
Other payables	21,190	-	-	-	21,190
Loans	-	4,872	54,677	208,293	267,842
	24,737	4,872	54,677	208,293	292,579

**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

**Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales to customers and loan balances due from related parties.

It is Group policy, to assess the credit risk of new tenants before entering contracts. Each new tenant is analysed individually for creditworthiness before terms and conditions are offered. The Group's review includes the review of external ratings, when available. For balances due from group companies, management assess the recoverability of such balances by reviewing financial data and other information relating to the counterparty before calculating whether a provision is required.

Management determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing tenants and other counterparties and through review of the trade receivables' ageing analysis.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Management seek to reduce this risk by only placing deposits with reputable institutions with credit ratings of A and above.

Aged contractual maturity analysis for trade receivables:

	Up to 30 days old	30-60 days old	60-120 days old	Over 120 days old	Total
<b>2016</b>					
Trade receivables	158	-	11	58	227
	158	-	11	58	227
<b>2015</b>					
Trade receivables	6,173	-	-	759	6,932
	6,173	-	-	759	6,932

**Capital management**

The group's objectives when managing capital are:

- to comply with the loan covenants,
- to safeguard the group's ability to continue as a going concern
- to maximise returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk
- to provide finance when required in order to facilitate the acquisition of new properties.

Group management consider cash balances, loan finance, share capital, retained earnings and other reserves to be its capital.

The group sets the amount of capital in proportion to risk. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

**15 Deferred taxation provision**

	2016 £ '000	2015 £ '000
At 1 July	27,415	8,279
(Credited)/charged to the profit and loss account	(2,741)	191
(Credited)/charged to other comprehensive income	(23,797)	18,945
At 30 June	877	27,415

**Factors that may affect future tax charges**

Based on current investment plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in future years.

Deferred tax liabilities are calculated at 18% being the tax rate effective in future periods.

**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

<b>16 Share capital</b>	<b>Nominal value</b>	<b>2016 Number</b>	<b>2016 £ '000</b>	<b>2015 £ '000</b>
Allotted, called up and fully paid:				
Ordinary shares	25p each	13,300,000	<u>3,325</u>	<u>3,325</u>

**17 Reserves**

	<b>Share premium account £ '000</b>	<b>Retained earnings £ '000</b>
At 1 July 2015	8,032	71,912
Profit for the year	-	(25,770)
At 30 June 2016	<u>8,032</u>	<u>46,142</u>

Share premium represents the premium received on share issues above the normal value of the shares less issue costs.

Retained earnings represents the accumulated retained profits of the group.

**18 Operating leases**

**Leases as lessee**

The Group leases a number of its properties on which ground rents are payable. The future present value of minimum lease payments payable under non-cancellable leases are as follows:

	<b>2016 £ '000</b>	<b>2015 £ '000</b>
Less than one year	5,146	15,359
Between on and five years	10,959	20,598
More than five years	<u>3,294</u>	<u>8,816</u>
	<u>19,399</u>	<u>44,773</u>

**Leases as lessor**

The Group leases out its investment property under operating leases. The future present value of minimum lease payments receivable under non-cancellable operating leases are as follows:

	<b>2016 £ '000</b>	<b>2015 £ '000</b>
Less than one year	197	6,238
Between on and five years	615	13,944
More than five years	<u>1,224</u>	<u>6,888</u>
	<u>2,036</u>	<u>27,070</u>

**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

**19 Related party transactions**

The following were related party transactions entered into by the Group.

1. Management fees of £2,779,000 (2015: £1,329,000) were paid to Marcol International Asset Management Limited, a company whose directors were also directors of the group, for the provision of administration services. No amounts remained outstanding at the year end.

2. Management fees of £279,869 (2015: £77,776) were paid to Marcol Industrial Management LLP, a partnership with members common to the directors of the group. the fees were for the provision of administration services. No amounts remained outstanding at the year end.

3. City & General (Holdings) Limited at the 30 June 2016 year end HELD 26.55% Ordinary A shares.

At 30 June 2016 the balance owed from City and General (Holdings) Limited was £277,000 (2015: £5,280,000 owing to).

In addition, the separate shareholders contributed loans to the parent company. At 30 June 2016 total loans of £3,076,000 (2015: £5,291,000) was due to the individual shareholders.

4. Included in other receivables is a balance of £4,515,000 (2015: £4,515,000) due from Euro Real Estate Investments LLP a limited liability partnership under common control. Interest is charged at a rate of euribor +2% and interest of £63,000 (2015: £366,000) was received in the year under review. The companies are related by common control and the balance is considered recoverable at 30 June 2016.

A balance of £2,155,000 (2015: £1,824,000) due from Euro Real Estate Funding Limited, also under common control was due at 30 June 2016.

5. At 30 June 2016, the balance of loans provided in the year to the following companies with common directorships were;

£2,850,000 was due from TNC Jersey Limited.

£2,850,000 was due from Wadham Jersey Limited.

£3,390,000 was due from Temple Guiting Limited.

Each of these loans are interest free.

**20 Ultimate controlling parties**

The group is ultimately controlled by the directors.

**21 Post Balance Sheet Events**

On the 17 August 2016 the group was restructured to obtain new finance secured against the properties. The group was split into London and Regional property sub groups.

Total loans of £69,990,000 were obtained and secured against the London properties which consisted of the investment properties held in CGIS Royal Exchange Limited, CGIS Thavies Inn Limited, CGIS Bastwick Street Limited and CGIS Gee Street Limited.

Total loans of £11,560,000 were obtained and secured against the Regional properties which consisted of the investment properties held in CGIS Capital House Limited, CGIS Westergate Limited and Lotra Limited.

On the 24th October 2016 the property held in CGIS Thavies Inn Limited was sold for a consideration of £33,000,000. On the 15th December 2016 the property held in CGIS Capital House Limited was sold for a consideration of £5,400,000. On the 31st January 2017 the property held in CGIS Bastwick Limited was sold for a consideration of £12,800,000. On the 5th April 2017 the property held in CGIS Gee Street Limited was sold for a consideration of £13,400,000. These disposal proceeds were used to part repay the outstanding loans on which the loans were secured.

On the 2nd March 2017, the London property portfolio was refinanced with total loans of £34,000,000 secured against the property held in CGIS Royal Exchange Limited.

**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

**22 Standards in issue but not yet in force**

Standards issued but not yet effective up to the date of issuance of the group's financial statements are listed below. This listing is of standards and interpretations issued, which the group reasonably expects to be applicable at a future date. The group will adopt those standards when they become effective. The group is currently reviewing the impact of these new standards.

**IFRS 9 Financial Instruments**

IFRS 9 introduces a new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements. The new Standard will come into effect on 1 January 2018 with early application permitted.

**IFRS 15 Revenue from Contracts with customers**

IFRS 15, which is converged with Accounting Standards Update 2014-09 Revenue from Contracts with Customers issued by the FASB, establishes a single, comprehensive framework for revenue recognition. The framework will be applied consistently across transactions, industries and capital markets, and will improve comparability in the 'top line' of the financial statements of companies globally. IFRS 15 replaces the previous revenue Standards, including IAS 18 Revenue which was used by the group. The new Standard will come into effect on 1 January 2018 with early application permitted.

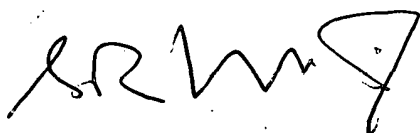
**IFRS 16 Leases**

IFRS 16 introduces a new approach to leases, which eliminates the distinction of leases in the accounts of the lessee as either operating leases or finance leases, as required by IAS 17, and instead introduces a single accounting model. The new model requires the lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value, and depreciation of lease assets separately from interest on lease liabilities in the income statement. The new Standard will come into effect on 1 January 2019 with early application permitted if IFRS 15 is also applied.

**C.G.I.S. Group (Holdings) Limited**  
**Company Balance Sheet**  
**as at 30 June 2016**

Registered No: 08711361

	Notes	2016 £ '000	2015 £ '000
<b>Fixed assets</b>			
Investments	2	<u>3,325</u>	<u>3,325</u>
		<u>3,325</u>	<u>3,325</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	3	<u>30,401</u>	<u>61,747</u>
		30,401	61,747
Creditors: amounts falling due within one year	4	-	(9,728)
<b>Net current assets</b>		<u>30,401</u>	<u>52,019</u>
<b>Total assets less current liabilities</b>		<u>33,726</u>	<u>55,344</u>
Creditors: amounts falling due after more than one year	5	(51,036)	(62,293)
<b>Net liabilities</b>		<u>(17,310)</u>	<u>(6,949)</u>
<b>Capital and reserves</b>			
Called up share capital	6	3,325	3,325
Profit and loss account		(20,635)	(10,274)
<b>Equity shareholder funds</b>		<u>(17,310)</u>	<u>(6,949)</u>



S R Collins  
Director

Approved by the board on 26 June 2017

**C.G.I.S. Group (Holdings) Limited**  
**Company Statement of Changes in Shareholders' Equity**  
**for the year ended 30 June 2016**

	Share capital	Share premium	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000
<b>At 1 July 2015</b>	3,325	-	(10,274)	(6,949)
Profit for the financial year	-	-	(10,361)	(10,361)
<b>At 30 June 2016</b>	<u>3,325</u>	<u>-</u>	<u>(20,635)</u>	<u>(17,310)</u>
 <b>At 1 July 2014</b>	 3,325	 -	 (4,078)	 (753)
Profit for the financial year	-	-	(6,196)	(6,196)
<b>At 30 June 2015</b>	<u>3,325</u>	<u>-</u>	<u>(10,274)</u>	<u>(6,949)</u>



**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

**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.

**Basis of preparation**

The separate financial statements of the company are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 30 June 2016 the company has decided to adopt FRS 101 and has undergone transition from reporting under United Kingdom Accounting Standards to FRS 101 as issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) Reduced Disclosure Framework as issued by the Financial Reporting Council.

This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation financial instruments, capital management, presentation of a cash-flow statement and certain related party transactions. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The company included is included in the consolidated financial statements of C.G.I.S. Group (Holdings) Limited.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the company has not been included as part of these financial statements. The company's loss for the period after taxation was (£10,360,000).

The principal accounting policies adopted are the same as those set out in Note 1 of the consolidated financial statements except as noted below:

**Investments**

Investments in subsidiaries are stated at cost less provision for impairment

<b>2 Investments</b>	<b>2016</b>
	<b>£ '000</b>
Company investments in subsidiary undertakings	
At 1 July 2015	3,325
At 30 June 2016	<u>3,325</u>

**Subsidiary Companies**

Company	Shares held	%
	Class	
C.G.I.S Group Limited	Ordinary	100
C.G.I.S City Plaza Shares Limited	Ordinary	100
C.G.I.S Royal Exchange Limited	Ordinary	100
C.G.I.S Bayham Street Limited	Ordinary	100
C.G.I.S Bridgehouse Limited	Ordinary	100
C.G.I.S Savoy Court Limited	Ordinary	100
C.G.I.S Holborn Hall Limited	Ordinary	100
C.G.I.S Thavies Inn Limited	Ordinary	100
C.G.I.S Westergate Limited	Ordinary	100
C.G.I.S Capital House Limited	Ordinary	100
C.G.I.S Tudor Street Limited	Ordinary	100
C.G.I.S Herbal Hill Limited	Ordinary	100
C.G.I.S Britton Street Limited	Ordinary	100
C.G.I.S Priory House Limited	Ordinary	100
C.G.I.S 85 Gracechurch Street Limited	Ordinary	100
RE Serviced Offices Limited	Ordinary	100
Elentee Limited	Ordinary	100
Lotra Limited	Ordinary	100
C.G.I.S Bastwick Street Limited	Ordinary	100
C.G.I.S Goswell Road Limited	Ordinary	100
C.G.I.S Gee Street Limited	Ordinary	100
C.G.I.S Long Lane Limited	Ordinary	100
C.G.I.S Bayham Street (No. 1) Limited	Ordinary	100
C.G.I.S Bayham Street (No. 2) Limited	Ordinary	100

\* held indirectly

All subsidiary companies are registered in England and Wales and are included in the consolidated financial statements. All the companies are involved in property investment.

**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

<b>3 Debtors: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Amounts owed by subsidiary undertakings	30,401	61,747
	<u>30,401</u>	<u>61,747</u>
<b>4 Creditors: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Accruals & deferred income	-	9,728
	<u>-</u>	<u>9,728</u>
<b>5 Creditors: amounts falling due after one year</b>	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Other loans	51,036	62,293
	<u>51,036</u>	<u>62,293</u>

**Other loans**

On the 7th October 2013 the group refinanced its bank loans with Pramerica Real Estate Capital IV S.a.r.l. amount to £54,562,500. On the 16th February 2016 the group repaid the debenture loan using property sale proceeds and further funding from Pramerica. Additional property disposals after this date, led to a reduction in the loan balances.

As at 30 June 2016, tranche A had been repaid, tranche B had an outstanding balance of £36,853,000 incurring interest at 14.73%. Tranche C had an outstanding balance of £9,183,000 incurring interest at 13%. The second loan facility received in the prior year for £5,000,000 interest free, remained outstanding at the year end.

After the year end, on 16th August 2016, the group refinanced all existing loans with Pramerica were repaid. New loans with Pramerica of £11,560,000 were obtained, secured against the non-London properties.

<b>6 Share capital</b>	<b>Nominal value</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
		<b>Number</b>	<b>£ '000</b>	<b>£ '000</b>
Allotted, called up and fully paid:				
Ordinary shares	25p each	13,300,000	<u>3,325</u>	<u>3,325</u>
<b>7 Capital and Reserves</b>				
			<b>Share capital</b>	<b>Profit and loss</b>
			<b>£ '000</b>	<b>account</b>
				<b>£ '000</b>
At 1 July 2015			3,325	(10,274)
Loss for the year			-	(10,361)
At 30 June 2016			<u>3,325</u>	<u>(20,635)</u>

**C.G.I.S. Group (Holdings) Limited**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2016**

**8 Reconciliation of movement in shareholder funds**

	2016 £ '000	2015 £ '000
At 1 July	(6,949)	(753)
Loss for the year	(10,361)	(6,196)
At 30 June	<u>(17,310)</u>	<u>(6,949)</u>

**9 Ultimate controlling party**

The company is controlled by its directors

**10 Transition to FRS101**

The separate parent company financial statements for the year ended 30 June 2016 have been prepared under FRS101 for the first time. The date of transition is 1 July 2014. There are no differences between previously reported results and balance sheet position at 1 July 2014 and 30 June 2015.