

Registered number
08711361

C.G.I.S. Group (Holdings) Limited
Annual Report and Consolidated Financial Statements
30 June 2017

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C.G.I.S. Group (Holdings) Limited
Annual 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 2017.

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 number of its properties. The remaining assets are commercial properties located across the UK.

Investment Properties

The Group's property portfolio has been valued at 30 June 2017 by the directors, taking advice from their in-house Chartered Surveyors and where available with reference to open market offers received or valuations provided by an independent external valuer. The total value of the property holding at the year end was £70m (2016: £134m). The significant fall in the asset holding value was the result of property sales during the year.

After the year end, the Group sold one property held in Lotra Limited.

The reduced rent receivable in 2017 was considered satisfactory and resulted from the disposals in the current and prior periods.

Financial Position

In the opinion of the directors the year end cash holding of £4.2m (2016: £1.2m) shows the Group continues to be in a strong position to meet its operational costs and on-going loan interest obligations.

Principal risks facing the business

The principal risks facing the Group are seen as:

(i) A rise in vacancy levels in the investment properties: Management 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 vacancies to a minimum.

(ii) A rise in interest rates: The Group has significant protection in place against interest rate increases. At 30 June 2017 100% of the Group's loans were at a fixed rate.

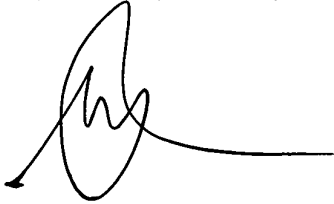
(iii) A fall in commercial property values: Falling property values could affect the Group's ability to meet the loan covenants. The Group was in full compliance with these covenants at 30 June 2017 and at the date of signing these financial statements. As a property investment group, management constantly 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 assess future working capital and longer term financing needs. These are reviewed regularly by management when making strategic decisions both in the short and longer term. During the year, the net sale proceeds from property disposals have been used to part repay external debt as set out in note 13 to the financial statements.

Key performance indicators

One of the Group measures of performance is the loan to value ratio. The current loans include a loan to value ratio covenant which compares the value of the portfolio with the value of the loans. As previously noted, the Group remains in full compliance with these covenants.

This report was approved by the board on 27 September 2017 and signed on its behalf.

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a horizontal line extending to the right.

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 7.

No interim dividend was paid during the year (2016: 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 year end one property within Lotra Limited was sold and the proceeds used to repay outstanding financing secured against the property. The property was sold for a net consideration of £10.2m.

Strategic report

The Group's business review, review of principal risks, future developments and key performance indicators are included in the Group Strategic Report.

Disclosure of information to auditors

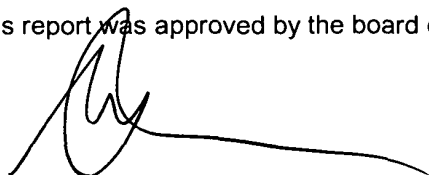
Each person who was a director at the time this report was approved confirms that:

- 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 27 September 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 auditor's report to the members of CGIS Group (Holdings) Limited

Opinion

We have audited the financial statements of CGIS Group (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 which comprise the consolidated statement of comprehensive income, the consolidated and parent company balance sheets, the consolidated and parent company statements of changes in equity, the consolidated and parent company cash flow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements 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 Auditor's 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.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 group's or the parent 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 auditor's report thereon. Our opinion on the group and parent company financial statements does not cover the other 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 group and parent company 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.

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

Independent auditor's report to the members of CGIS Group (Holdings) Limited

Opinions 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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. This description forms part of our auditor's report.



David Riley
(Senior Statutory Auditor)
for and on behalf of
haysmacintyre
Statutory Auditor
27 September 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 2017

	Notes	2017 £ '000	2016 £ '000
Revenue	3	4,746	12,220
Cost of sales	4	(2,078)	(1,779)
Gross profit		<u>2,668</u>	<u>10,441</u>
Administrative expenses		(1,015)	(4,301)
Bad debts		(740)	(2,783)
Other operating income	6	5,119	474
(Loss) / gain on investment property disposals		(4,040)	21,094
Loss arising on investment property valuation		(3,669)	(6,273)
(Loss) / Profit from operations		<u>(1,677)</u>	<u>18,652</u>
Bank interest receivable and similar income		271	235
Finance costs	7	(19,968)	(71,195)
Loss on ordinary activities before taxation	8	<u>(21,374)</u>	<u>(52,308)</u>
Tax on loss on ordinary activities	9	183	26,538
Loss for the financial year		<u>(21,191)</u>	<u>(25,770)</u>
Total comprehensive expense		<u>(21,191)</u>	<u>(25,770)</u>

All the above results relate to continuing activities

The notes on pages 11 - 21 form part of these financial statements

C.G.I.S. Group (Holdings) Limited
Consolidated Statement of Financial Position
as at 30 June 2017

Registered No: 08711361

	Notes	2017 £ '000	2016 £ '000
Non-current assets			
Investment property	10	70,499	133,928
Current assets			
Trade and other receivables	11	15,470	28,564
Cash and cash equivalents		4,151	1,187
		<u>19,621</u>	<u>29,751</u>
Total assets		<u>90,120</u>	<u>163,679</u>
Current liabilities			
Trade and other payables	12	(7,323)	(47,680)
Accruals		(570)	(3,687)
Deferred income		(3,077)	(2,900)
		<u>(10,970)</u>	<u>(54,267)</u>
Net current assets/(liabilities)		8,651	(24,516)
Total assets less current liabilities		<u>79,150</u>	<u>109,412</u>
Non-current liabilities			
Financial liabilities	13	(42,148)	(51,036)
Deferred taxation	15	(694)	(877)
		<u>(42,842)</u>	<u>(51,913)</u>
Total liabilities		<u>(53,812)</u>	<u>(106,180)</u>
Net assets		<u>36,308</u>	<u>57,499</u>
Capital and reserves			
Called up share capital	16	3,325	3,325
Share premium		8,032	8,032
Profit and loss account		24,951	46,142
Total equity		<u>36,308</u>	<u>57,499</u>

T S Cole
Director

Approved by the board on 27 September 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 2017

	Share capital £ '000	Share premium £ '000	Retained earnings £ '000	Total £ '000
At 1 July 2016	3,325	8,032	46,142	57,499
Total comprehensive expense for the year	-	-	(21,191)	(21,191)
At 30 June 2017	3,325	8,032	24,951	36,308

For the year ended 30 June 2016

At 1 July 2015	3,325	8,032	71,912	83,269
Total comprehensive income for the year	-	-	(25,770)	(25,770)
At 30 June 2016	3,325	8,032	46,142	57,499

C.G.I.S. Group (Holdings) Limited
Consolidated Cash Flow Statement
For the year ended 30 June 2017

	2017 £ '000	2016 £ '000
Operating activities		
Loss on ordinary activities before taxation	(21,374)	(52,308)
Adjustments for:		
Loss / (gain) on investment property disposals	4,040	(21,094)
Bank interest receivable and similar income	(271)	(235)
Finance costs	19,968	71,195
Gain / (loss) on foreign exchange	51	2,259
Loss arising on investment property valuation	3,669	6,273
Decrease/(increase) in debtors	13,043	(12,762)
Decrease in creditors	(4,297)	(15,201)
Cash generated from operations	<u>14,829</u>	<u>(21,873)</u>
Refinancing costs	(15,645)	(55,807)
Interest paid	(4,323)	(15,388)
Corporation tax paid	-	-
Net cash outflow from operating activities	<u>(5,139)</u>	<u>(93,068)</u>
Cash flows from Investing activities		
Capital payments in relation to properties	(6,432)	(2,454)
Proceeds from sale of investment properties	62,151	268,574
Interest received	271	235
Net cash inflow from investing activities	<u>55,990</u>	<u>266,355</u>
Cash flow from financing activities		
Proceeds from new loans	104,000	30,000
Repayment of loans	(151,887)	(204,342)
Net cash outflow from financing activities	<u>(47,887)</u>	<u>(174,342)</u>
Net cash generated/(used)		
Cash used in operating activities	(5,139)	(93,068)
Cash generated by investing activities	55,990	266,355
Cash used in financing activities	(47,887)	(174,342)
Net cash generated/(used)	<u>2,964</u>	<u>(1,055)</u>
Cash and cash equivalents at 1 July	<u>1,187</u>	<u>2,242</u>
Cash and cash equivalents at 30 June	<u>4,151</u>	<u>1,187</u>
Cash and cash equivalents comprise:		
Cash at bank	<u>4,151</u>	<u>1,187</u>

C.G.I.S. Group (Holdings) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

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 22 to 26 present information about the company as a separate entity and not about its Group.

The Group financial statements have been prepared 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 (Holdings) 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 2019 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 2017).

Properties

Investment properties 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, where available, to open market offers received or valuations provided by an independent external valuer. 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 2017

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;
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 their in-house Chartered Surveyors and, where available, reference to open market offers received or valuations provided by an independent external valuer.

- 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

	2017	2016
	£ '000	£ '000
Rental Income	<u>4,746</u>	<u>12,220</u>

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 2017

4 Cost of Sales	2017	2016
	£ '000	£ '000
Direct property costs	<u>2,078</u>	<u>1,779</u>

5 Directors' emoluments

The Group does not employ staff. The directors' paid employment ceased on 31 July 2016.

	2017	2016
	£ '000	£ '000
Directors remuneration	30	360
Social security costs	4	46
Consultancy fees	17	28
	<u>51</u>	<u>434</u>

The directors do not receive pension benefits from the Group.

6 Other operating income	2017	2016
	£ '000	£ '000
Other operating income	<u>5,119</u>	<u>474</u>

Other operating income represents insurance proceeds received.

7 Finance costs	2017	2016
	£ '000	£ '000
Other loans	4,568	17,703
Foreign exchange and swap (income) / costs	(246)	(2,399)
Bank charges and finance fees	1	84
Refinancing costs	<u>15,645</u>	<u>55,807</u>
	<u>19,968</u>	<u>71,195</u>

The refinancing costs relate to the early repayment charge and other associated fees on the two refinancing undertakings during the period. The 2016 comparative figure, included substantial costs relating to the early redemption of the debenture.

8 Loss on ordinary activities before taxation	2017	2016
	£ '000	£ '000
This is stated after charging:		
Auditors' remuneration for audit services	46	83
Auditors' remuneration for other services including tax compliance	61	114
Operating lease rentals - land and buildings	<u>200</u>	<u>352</u>

C.G.I.S. Group (Holdings) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

9 Taxation

	2017	2016
	£ '000	£ '000
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	-	-
Adjustments in respect of previous periods	-	-
	<u>-</u>	<u>-</u>
Deferred tax:		
Current year	(183)	(26,538)
Prior years	-	-
	<u>(183)</u>	<u>(26,538)</u>
	<u>-</u>	<u>-</u>
Total corporation tax and similar charges	<u>(183)</u>	<u>(26,538)</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:

	2017	2016
	£ '000	£ '000
Loss on ordinary activities before tax	<u>(21,374)</u>	<u>(52,308)</u>
Standard rate of corporation tax in the UK	19.75%	20.00%
	£ '000	£ '000
Profit on ordinary activities multiplied by the standard rate of corporation tax	(4,221)	(10,462)
Effects of:		
Non taxable income	-	(89)
Expenses not deductible for tax purposes	1,933	1,620
Capital (losses) / gains	(4,083)	(14,346)
Adjust closing deferred tax to average rate	(57)	-
Adjust opening deferred tax to average rate	346	-
Tax overprovided in previous periods	-	(98)
Deferred tax not recognised	5,899	(3,163)
	<u>(183)</u>	<u>(26,538)</u>
Current tax charge for period	<u>(183)</u>	<u>(26,538)</u>

C.G.I.S. Group (Holdings) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

10 Non-current assets

Year ended 30 June 2016	Investment Property		Total £ '000
	Freehold £ '000	Long Leasehold £ '000	
Valuation			
At 1 July 2016	43,211	90,717	133,928
Adjustment*	(2,385)	2,385	-
At 1 July 2016	40,826	93,102	133,928
Additions - Capital expenditure	5,665	767	6,432
Revaluation	(1,943)	(1,727)	(3,670)
Disposals	(33,797)	(33,000)	(66,797)
Present value of minimum ground rent adjustment	-	606	606
At 30 June 2017	10,751	59,748	70,499
Net book value			
At 30 June 2017	10,751	59,748	70,499

*Upon preparation of the consolidated financial statements a property previously incorrectly classified as freehold was identified and reclassified as long leasehold.

Year ended 30 June 2016

Valuation			
At 1 July 2015	287,720	97,501	385,221
Additions - Purchase of properties	-	-	-
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	43,211	90,717	133,928
Net book value			
	43,211	90,717	133,928

The Group's properties have been valued as at their fair value at 30 June 2017 by the directors, taking advice from their in-house Chartered Surveyors, and where available, by reference to open market offers received or valuations provided by an independent external valuer.

Reconciliation to portfolio valuations

	£ '000
Net book value at 30 June 2017	67,851
IFRS adjustments:	
Present Value of minimum ground rent payments	2,648
Total valuation of portfolio at 30 June 2017	70,499

11 Trade and other receivables

	2017 £ '000	2016 £ '000
Trade receivables	-	227
Related party receivables	13,480	19,128
Other receivables	1,137	7,614
Prepayments and accrued income	853	1,595
	15,470	28,564

12 Trade and other payables

	2017 £ '000	2016 £ '000
Trade payables	490	2,142
Other payables	1,104	809
Shareholder loans	5,729	44,729
	7,323	47,680

C.G.I.S. Group (Holdings) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

13 Loans: due more than one year

	2017	2016
	£ '000	£ '000
Other loans	42,148	51,036
	<u>42,148</u>	<u>51,036</u>
	2017	2016
	£ '000	£ '000
Analysis of maturity of debt:		
Within one year or on demand	5,729	44,729
Between one and two years	42,148	-
Between two and five years	-	51,036
	<u>47,877</u>	<u>95,765</u>

Borrowings

Shareholder loans

At the year end, the balance of £5,729,000 (2016: £44,729,000) was due to the shareholders. The balance provided is interest free and repayable on demand.

Other loans

On 16th August 2016, the Group refinanced and all existing loans with Pramerica were repaid. This was funded by new loans with Barclays and Pramerica amounting to £45,000,000 and £36,000,000 respectively.

The property disposals during the year allowed the Group to part repay the loans and on the 2nd March 2017, the Group was refinanced, repaying the remaining Barclays loan capital. This was achieved through an amendment to the loan with Pramerica.

At the time of signing the financial statements, the outstanding loan capital with Pramerica was £42,148,000 incurring interest rates of between 5 and 12%.

Post year end, the proceeds from the sale of the Bracknell property were used to repay £8,045,000 of the loan from Pramerica.

C.G.I.S. Group (Holdings) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

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 2017.

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 2017 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	5,729	0.000%
Other loans	Fixed	42,148	5 to 12%
Weighted average rate		47,877	7.173%

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 £ '000	Due between 3 months to 1 year £ '000	Due after 1 year less than 5yrs £ '000	Due after 5 years £ '000	Total £ '000
2017					
Financial Liabilities					
Trade payables	490	-	-	-	490
Other payables	4,751	-	-	-	4,751
Loans	5,729	-	42,148	-	47,877
	10,970	-	42,148	-	53,118
2016					
Financial Liabilities					
Trade payables	2,142	-	-	-	2,142
Other payables	7,396	-	-	-	7,396
Loans	44,729	-	51,036	-	95,765
	54,267	-	51,036	-	105,303

C.G.I.S. Group (Holdings) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

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 £ ' 000	30-60 days old £ ' 000	60-120 days old £ ' 000	Over 120 days old £ ' 000	Total £ ' 000
2017					
Trade receivables	-	-	-	-	-
	-	-	-	-	-
2016					
Trade receivables	158	-	11	58	227
	158	-	11	58	227

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

	2017 £ '000	2016 £ '000
At 1 July	877	27,415
Credited to the profit and loss account	(183)	(2,741)
Credited to other comprehensive income	-	(23,797)
At 30 June	694	877

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 17% 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 2017

16 Share capital	Nominal value	2017 Number	2017 £ '000	2016 £ '000
Allotted, called up and fully paid:				
Ordinary shares	25p each	13,300,000	<u>3,325</u>	<u>3,325</u>

17 Reserves

	Share premium account £ '000	Retained earnings £ '000
At 1 July 2016	8,032	46,142
Loss for the year	-	(21,191)
At 30 June 2017	<u>8,032</u>	<u>24,951</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:

	2017 £ '000	2016 £ '000
Less than one year	2,053	5,146
Between on and five years	5,068	10,959
More than five years	<u>3,383</u>	<u>3,294</u>
	<u>10,504</u>	<u>19,399</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:

	2017 £ '000	2016 £ '000
Less than one year	187	197
Between on and five years	625	615
More than five years	<u>1,828</u>	<u>1,224</u>
	<u>2,640</u>	<u>2,036</u>

C.G.I.S. Group (Holdings) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

19 Related party transactions

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

1. Management fees of £1,011,000 (2016: £2,779,000) were paid to 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 £67,000 (2016: £280,000) were paid to 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.

At 30 June 2017 the balance owed from a corporate shareholder of the company was £164,000 (2016: £277,000).

3. Included in receivables is a balance of £3,981,000 (2016: £4,515,000) due from a limited liability partnership under common control. Interest is charged at a rate of euribor +2% and interest of £231,000 (2016: £263,000) was received in the year under review. Within this total is a balance of £2,155,000 (2016: £2,155,000) due from a limited company, also under common control.

Balances due from other companies under common control at the year end was £245,000 (2016: £nil).

4. At 30 June 2017, the balance of loans provided in the year to the companies with common directorships was £9,090,000.

These three loans are interest free and are repayable on demand.

20 Ultimate controlling parties

The Group is ultimately controlled by the directors.

21 Post Balance Sheet Events

On the 7th July 2017, one property held in Lotra Limited was sold for net proceeds of £10.2m. These funds were used to partly repay the loan from Pramerica.

C.G.I.S. Group (Holdings) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

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

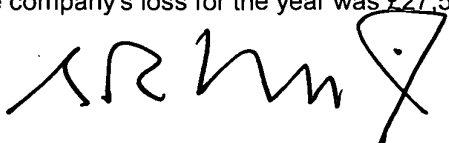
IFRS 16 introduces a new approach to leases, which eliminates the distinction of leases in the accounts of the lessee as either operating leases or finance leases, as required by IAS 17, and instead introduces a single accounting model. The new model requires the lessee to recognize assets and liabilities 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 2017

Registered No: 08711361

	Notes	2017 £ '000	2016 £ '000
Fixed assets			
Investments	2	<u>3,325</u>	<u>3,325</u>
		3,325	3,325
Current assets			
Cash and cash equivalents		1,236	-
Debtors: amounts falling due within one year	3	<u>42,783</u>	<u>30,401</u>
		44,019	30,401
Creditors: amounts falling due within one year	4	(58,392)	-
Net current (liabilities)/assets		<u>(14,373)</u>	<u>30,401</u>
Total assets less current liabilities		<u>(11,048)</u>	<u>33,726</u>
Creditors: amounts falling due after more than one year	5	(33,779)	(51,036)
Net liabilities		<u>(44,827)</u>	<u>(17,310)</u>
Capital and reserves			
Called up share capital	6	3,325	3,325
Profit and loss account		(48,152)	(20,635)
Equity shareholder funds		<u>(44,827)</u>	<u>(17,310)</u>

The company's loss for the year was £27,517,000.



S R Collins
 Director

Approved by the board on 27 September 2017

C.G.I.S. Group (Holdings) Limited
Company Statement of Changes in Shareholders' Equity
For the year ended 30 June 2017

	Share capital	Share premium	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000
At 1 July 2016	3,325	-	(20,635)	(17,310)
Profit for the financial year	-	-	(27,517)	(27,517)
At 30 June 2017	<u>3,325</u>	<u>-</u>	<u>(48,152)</u>	<u>(44,827)</u>
 At 1 July 2015	 3,325	 -	 (10,274)	 (6,949)
Profit for the financial year	-	-	(10,361)	(10,361)
At 30 June 2016	<u>3,325</u>	<u>-</u>	<u>(20,635)</u>	<u>(17,310)</u>

C.G.I.S. Group (Holdings) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

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, 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.

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.

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 year after taxation was (£27,517,000).

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

2 Investments	2017
	£ '000
Company investments in subsidiary undertakings	
At 1 July 2016	3,325
At 30 June 2017	<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
CGIS Group (Holding 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.

The registered office of each subsidiary is 10 Upper Berkley Street, London W1H 7PE with the exception of RE Serviced Offices Limited which is registered at 3rd floor 107-109 Great Portland Street, London W1W 6QG.

C.G.I.S. Group (Holdings) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

3 Debtors: amounts falling due within one year	2017	2016
	£ '000	£ '000
Amounts owed by subsidiary undertakings	24,192	30,401
Other receivables	18,591	-
	<u>42,783</u>	<u>30,401</u>
4 Creditors: amounts falling due within one year	2017	2016
	£ '000	£ '000
Trade payables	2	-
Amounts owed to group undertakings	58,390	-
	<u>58,392</u>	<u>-</u>
5 Creditors: amounts falling due after one year	2017	2016
	£ '000	£ '000
Other loans	33,779	51,036
	<u>33,779</u>	<u>51,036</u>

Other loans

On 16th August 2016, the group refinanced all existing loans with Pramerica were repaid. New loans with Pramerica of £24,440,000 were obtained and secured against the London properties.

Disposal of a number of these London properties led to the part repayment of the loan.

On 2 March 2017, the Group was refinanced, obtaining a further loan from Pramerica of £23,000,000 to repay other loans in the Group and repaying the existing loan down to £11,000,000. These loans are repayable on 2 March 2019 with interest charged at 5% and 17th August 2019 with interest charged at 12% respectively.

6 Share capital	Nominal value	2017	2017	2016
		Number	£ '000	£ '000
Allotted, called up and fully paid:				
Ordinary shares	25p each	13,300,000	<u>3,325</u>	<u>3,325</u>
7 Capital and Reserves				
			Share capital	Profit and loss
			£ '000	account
				£ '000
At 1 July 2016			3,325	(20,635)
Loss for the year			-	(27,517)
At 30 June 2017			<u>3,325</u>	<u>(48,152)</u>

C.G.I.S. Group (Holdings) Limited
Notes to the Financial Statements
For the year ended 30 June 2017

8 Reconciliation of movement in shareholder funds

	2017	2016
	£ '000	£ '000
At 1 July	(17,310)	(6,949)
Loss for the year	(27,517)	(10,361)
At 30 June	<u>(44,827)</u>	<u>(17,310)</u>

9 Ultimate controlling party

The company is controlled by its directors.