

Chelsea Harbour Limited

**Directors' report and financial
statements**

Registered number 00489113

31 March 2009

TUESDAY



LNH92KO8

LD4

08/06/2010

68

COMPANIES HOUSE

Contents

Directors' report	1
Report of the independent auditors to the members of Chelsea Harbour Limited	3
Profit and loss account	4
Balance sheet	5
Statement of total recognised gains and losses	6
Reconciliation of movements in equity shareholders' funds	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2009

Principal activities

The company's principal activities are property investment and development

The company owns Chelsea Harbour a mixed development of commercial and residential units from which the company enjoys rental income

Results for year

The profit for the period after taxation was £1,214,000 (2008 £502,000) The directors consider the results for the year to be satisfactory

Proposed dividend

The directors do not recommend the payment of a dividend (2008 £nil)

Directors

The directors who held office during the year were as follows

T Cole
S Collins
M Steinberg

Business Review

Investment properties

The level of net rental income of £9.7 million (2008 £9.3 million) reflected the steady increase in lettings in 2008/9

Additions to investment portfolio

During the year Chelsea Harbour continued to modernise its buildings

Principal risks facing the business

The principal risks facing the business are seen as a rise in vacancy levels in the investment property, a rise in interest rates and a fall in commercial property values. During the year vacancy levels at Chelsea Harbour showed a significant reduction. The parent company and principal lender, Chelsea Harbour Estates Limited, has taken a significant level of protection against interest rate increases.

Directors' report (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting policies or practice.

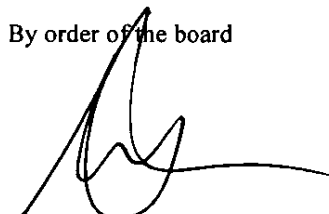
So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and,
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The auditors, Haysmacintyre, will be proposed for re-appointment in accordance with s485 of the Companies Act 2006.

By order of the board



Mark Steinberg
Director

C2-C3 The Chambers
Chelsea Harbour
London
SW10 0XF

2 June 2010

Independent Auditors' report to the Members of Chelsea Harbour Limited

We have audited the financial statements of Chelsea Harbour Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

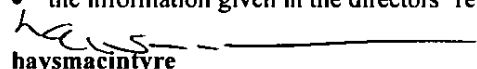
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.


haysmacintyre
Chartered Accountants
Registered Auditors

2 June 2010

Fairfax House
15 Fulwood Place
London
WC1V 6AY

Profit and loss account
for the year ended 31 March 2009

	<i>Note</i>	2009 £000	2008 £000
Turnover	1	9,675	9,357
Operating costs		(3,439)	(3,633)
Operating income		465	346
Operating profit	2	6,701	6,070
Interest receivable and similar income	4	164	275
Interest payable and similar charges	5	(5,091)	(5,076)
Profit on ordinary activities before taxation		1,774	1,269
Tax charge on profit on ordinary activities	6	(560)	(767)
Profit for the year	14	1,214	502

The notes on pages 7 to 13 form part of these financial statements

There is no difference between the results as stated in either year and the results on a historic cost basis

All items in the profit and loss account relate to continuing operations

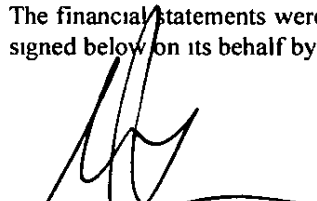
COMPANY NO. 00489113

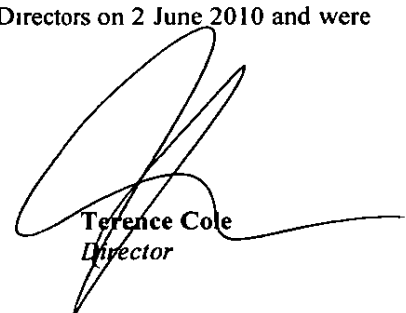
Balance sheet
At 31 March 2009

	<i>Note</i>	2009		2008	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		119,835		149,987
Investments	8		-		-
Current assets					
Debtors	9	23,173		16,737	
Cash at bank		4,380		4,989	
		<u>27,553</u>		<u>21,726</u>	
Creditors: amounts falling due within one year	10	<u>(10,731)</u>		<u>(9,188)</u>	
Net current assets			<u>16,822</u>		<u>12,538</u>
Total assets less current liabilities			<u>136,657</u>		<u>162,525</u>
Creditors, amounts falling due after more than one year	11		<u>(96,324)</u>		<u>(91,548)</u>
Provisions for liabilities and charges	12		<u>(3,134)</u>		<u>(2,782)</u>
Net assets			<u>37,199</u>		<u>68,195</u>
Capital and reserves					
Called up share capital	13		1		1
Revaluation reserve	14		36,294		68,504
Profit and loss account	14		904		(310)
Equity shareholders' funds			<u>37,199</u>		<u>68,195</u>

The notes on page 7 to 13 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 2 June 2010 and were signed below on its behalf by


Mark Steenberg
Director


Terence Cole
Director

Statement of total recognised gains and losses
for the year ended 31 March 2009

	2009	2008
	£000	£000
Profit for the financial year	1,214	502
Unrealised loss on revaluation of properties	(32,210)	(149)
Total recognised losses and gains	(30,996)	353

Reconciliation of movements in equity shareholders' funds
for the year ended 31 March 2009

	2009	2008
	£000	£000
Profit for the financial year	1,214	502
Unrealised loss on revaluation of properties	(32,210)	(149)
Net (decrease)/addition to shareholders' funds	(30,996)	353
Opening shareholders' funds	68,195	67,842
Closing shareholders' funds	37,199	68,195

Notes

(forming part of the financial statements)

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 financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of land and buildings

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking City & General Securities Limited includes the company in its own published consolidated financial statements

Investment properties

Investment properties are included in fixed assets at valuation. Surpluses and deficits arising on valuation are taken directly to the revaluation reserve except for deficits which are expected to be permanent which are taken to the profit and loss account

Depreciation or amortisation is not provided in respect of freehold or long leasehold investment properties. This treatment may be a departure from the Companies Act 1985 concerning the depreciation of fixed assets in respect of these properties. However such properties are not held for consumption but for investment and the directors consider systematic annual depreciation would be inappropriate and that this policy is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

Depreciation of other tangible fixed assets

Depreciation is provided to write off the cost less the estimated residual value of other tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Computer and IT equipment	-	33% per annum
Other fixtures and fittings	-	20% per annum
Marina assets	-	4% per annum
Motor vehicles	-	25% per annum

Fixed asset Investments

Investments are included at purchase cost less provisions where necessary for any permanent diminution in value

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

Turnover

Turnover represents the rental and associated income, net of property related charges, excluding value added tax, derived from tenants and residents. All turnover arises in the United Kingdom

Interest charges

Interest is charged to the profit and loss account as incurred

Related Party Transactions

Advantage has been taken of exemptions under FRS 8 not to disclose balances with or transactions between related parties eliminated on consolidation

Notes (continued)

2 Operating profit

	2009 £000	2008 £000
<i>Operating profit is stated after charging</i>		
Auditors' remuneration		
Audit	27	26
Depreciation	381	383
	<hr/>	<hr/>

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
Employees contracted by company	31	31
Less paid for by service charge funds	(28)	(28)
	<hr/>	<hr/>
Full time equivalent employees	3	3
	<hr/>	<hr/>
Management and administration	1	1
Maintenance and support services	2	2
	<hr/>	<hr/>
	3	3
	<hr/>	<hr/>

The aggregate payroll costs were as follows

Paid by company and agent		
Wages and salaries	1,480	1,054
Social security costs	152	108
Other pension costs	18	20
Less recovered from service charges		
Wages and salaries	(1,219)	(910)
Social security costs	(123)	(93)
Other pension costs	(12)	(18)
	<hr/>	<hr/>
Wages and salaries	261	144
Social security costs	29	15
Other pension costs	6	2
	<hr/>	<hr/>
	296	161
	<hr/>	<hr/>

Notes (continued)

3 Staff numbers and costs (continued)

The company also received a management fee of £394,000 (2008 £ 313,000) as a contribution towards the operating costs of the investment properties

The directors received no emoluments or company pension contributions during either year

4 Interest receivable and similar income

	2009 £000	2008 £000
Bank interest	119	232
Interest receivable from related parties	43	43
	<u>164</u>	<u>275</u>

5 Interest payable and similar charges

On loans from fellow subsidiary undertakings	4,847	4,861
Amortisation of deferred finance costs	206	146
Other interest and charges	38	69
	<u>5,091</u>	<u>5,076</u>

6 Tax on profit on ordinary activities

(i) Analysis of charge for the year

Current tax		
UK corporation tax charge on profit for the period at 28%	208	-
	<u>208</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences		
- Accelerated capital allowances	241	878
- Excess management expenses utilised/(carried forward)	111	(111)
	<u>352</u>	<u>767</u>
Tax on profit on ordinary activities	<u>560</u>	<u>(767)</u>

Notes (continued)

6 Tax on profit on ordinary activities (continued)

(i) Factors affecting the tax charge for the year

	2009 £000	2008 £000
Profit on ordinary activities before taxation	1,774	1,269
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 28% (2008 30%)	497	381
Effects of		
Expenses disallowed for tax	1	8
Capital allowances in excess of depreciation	(163)	(321)
Tax losses	(127)	-
Excess management expenses	-	(68)
Current year tax	208	-

(ii) Factors that may affect future tax charges.

No provision has been made for taxation which might become payable if the company's investment properties were sold at the net amount at which they are stated in the financial statements, the tax liability would amount to approximately £4,878,000 (2008 £14,640,000)

7 Tangible fixed assets

	Freehold Investment Properties £000	Fixtures, fitting and equipment £000	Marina assets £000	Total £000
Cost or valuation				
At beginning of year	149,356	1,578	156	151,090
Additions	2,411	14	14	2,439
Revaluation in year	(32,210)	-	-	(32,210)
At end of year	119,557	1,592	170	121,319
Depreciation				
At beginning of year	-	1,074	29	1,103
Charge for year	-	374	7	381
At end of year	-	1,448	36	1,484
Net book value				
At 31 March 2009	119,557	144	134	119,835
At 31 March 2008	149,356	504	127	149,987

Notes (continued)

7 Tangible fixed assets (continued)

The company's freehold investment properties are stated at their open market value. They were revalued as at 31 March 2009 by the Directors, taking into account recent desktop valuation advice received from their professional advisers.

The net book value of investment properties totalling £119,557,000 (2008 £149,356,000) is stated after reclassifying £443,000 (2008 £631,000) of lease incentive costs under debtors in accordance with UITF 28. The historic cost of the revalued properties is £83,263,000 (2008 £80,852,000).

The Anglo Irish Bank term loan facility in the name of Chelsea Harbour Estates Limited amounting to £122,500,000 is secured on the company's investment property and attracts interest at LIBOR plus 1.35%. The loans are repayable in full on 31 October 2010.

8 Investments

The company holds all of the Ordinary £1 share capital in Creative Hat Limited, a company incorporated in England and Wales, whose principal activity is the organisation of events.

9 Debtors

	2009 £000	2008 £000
Trade debtors	2,716	1,920
Loan to related parties	654	222
Loans to group undertakings	17,251	11,196
Amounts owed by group undertakings	1,548	1,756
Prepayments and accrued income	1,004	819
Other debtors	-	824
	<u>23,173</u>	<u>16,737</u>

The loans to group undertakings and related parties are interest free and repayable on demand.

10 Creditors: amounts falling due within one year

Trade creditors	3,022	2,660
Amounts due to ultimate parent undertaking	643	353
Tenant and other deposits	2,840	3,208
Amounts due to related parties	9	6
Other taxes and social security	506	289
Other creditors	503	-
Accruals and deferred income	3,208	2,672
	<u>10,731</u>	<u>9,188</u>

Notes (continued)

11 Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Loan from parent undertaking	2,497	2,497
Loan from fellow subsidiary undertaking	94,140	89,293
Less unamortised issue costs	(313)	(242)
	<u>96,324</u>	<u>91,548</u>

The loan from fellow subsidiary undertaking bears interest at 6.2%. The loan from the parent undertaking is interest free.

12 Provisions for liabilities and charges

	2009 £000	2008 £000
Deferred tax		
At beginning of year	2,782	2,015
Accelerated capital allowances	241	878
Losses utilised in the year	-	-
Excess management charges utilised/(carried forward)	111	(111)
	<u>3,134</u>	<u>2,782</u>
At end of year		
	<u>3,134</u>	<u>2,782</u>
Representing		
Accelerated capital allowances	3,134	2,893
Excess management charges carried forward	-	(111)
	<u>3,134</u>	<u>2,782</u>

Deferred tax relating to timing differences expected to reverse after 1 April 2008 have been measured at 28% as this is the rate expected to apply on reversal.

13 Called up share capital

	£	£
Authorised		
Equity 20,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid		
Equity 200 ordinary shares of £1 each	<u>200</u>	<u>200</u>

Notes (continued)

14 Reserves

	Profit and loss Account £000	Revaluation reserve £000
At beginning of year	(310)	68,504
Profit for the year	1,214	-
Revaluation in the year	-	(32,210)
	<hr/>	<hr/>
At end of year	904	36,294
	<hr/>	<hr/>

15 Commitments

The company has no annual commitments under non-cancellable operating leases

The company had no contracted capital works at 31 March 2009

16 Pension scheme

The company operates a defined contribution pension scheme. The pension cost for the year represents contributions payable by the company to the fund and amounted to £6,000 (2008 £2,000)

17 Contingent liabilities

The financing arrangements adopted by the company have been the subject of enquiries by HM Revenue & Customs. These enquiries have now been completed and the level of taxable profits of the company for the years ended 31 March 2004 to 2006 is disputed. The amount of corporation tax and interest on overdue tax payable should HM Revenue & Customs be successful in their contentions is £493,000 at 31 March 2009. The directors have taken advice on this matter and consider that no liability should arise.

18 Ultimate controlling party

The largest and smallest group into which the company is consolidated is City & General Securities Limited which is registered in England and Wales. Group financial statements for City & General Securities Limited are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Cardiff, CF14 3UZ. The company is ultimately controlled by the directors of City and General Securities Limited.