Chelsea Harbour Limited

Directors' report and financial statements

Registered number 00489113

31 March 2010

Contents

Directors' report

The dırectors present theır annual report and the audıted financıal statements for the year ended 31 March 2010

Principal activıties

The company's prıncıpal actıvıtıes are property ınvestment and development

The company owns Chelsea Harbour a mıxed development of commercıal and resıdentıal unıts from whıch the company enjoys rental ıncome

Results for year

The loss for the perıod after taxatıon was £384,000 (2009 profit £1,214,000)

Proposed dividend

The dırectors do not recommend the payment of a dıvıdend (2009 £nıl)

Dırectors

The dırectors who held office durıng the year were as follows

T Cole
S Collıns
M Steınberg

Busıness Review

Investment propertıes

The level of net rental ıncome of £9 4 mıllıon (2009 £9 7 mıllıon) reflected the stabılıty ın lettıngs ın 2009/10

Future developments

The company ıntends to contınue theır prıncıpal actıvıtıes as set out above

Company posıtıon

The company as at the year-end has net assets of £46,254,000 (2009 £37,199,000) and cash at bank of £3,907,000 (2009 £4,380,000)

Addıtıons to ınvestment portfolıo

Durıng the year Chelsea Harbour contınued to modernıse ıts buıldıngs

Prıncıpal rısks facıng the busıness

The prıncıpal rısks facıng the busıness are seen as a rıse ın vacancy levels ın the ınvestment property, a rıse ın ınterest rates and a fall ın commercıal property values Durıng the year vacancy levels at Chelsea Harbour showed a sıgnıficant reductıon The parent company and principal lender, Chelsea Harbour Estates Lımıted, has taken a sıgnıficant level of protectıon agaınst ınterest rate ıncreases

Directors' report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

29 July 2010

C2-C3 The Chambers
Chelsea Harbour
London
SW10 0XF

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 2010 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 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 explained more fully in the Directors' Responsibilities Statement on page 2, 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
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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 Cox (Senior statutory auditor)
for and behalf of haysmacintyre, Statutory Auditor
29 July 2010

Fairfax House
15 Fulwood Place
London
WC1V 6AY

Profit and loss account
for the year ended 31 March 2010

	Note	**2010 £000**	2009 £000
Turnover	1	**9,432**	9,675
Operating costs		**(5,145)**	(3,439)
Operating income		**539**	465
Operating profit	*2*	**4,826**	6,701
Interest receivable and similar income	*4*	**49**	164
Interest payable and similar charges	*5*	**(5,090)**	(5,091)
Loss/profit on ordinary activities before taxation		**(215)**	1,774
Tax credit/(charge) on profit on ordinary activities	*6*	**2,410**	(560)
Profit for the year	*14*	**2,195**	1,214

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

Balance sheet

Company number: 00489113

At 31 March 2010

	Note	2010 £000	2010 £000	2009 £000	2009 £000
Fixed assets					
Tangible assets	7		**126,830**		119,835
Investments	8		**-**		-
Current assets					
Debtors	9	**24,350**		23,173	
Cash at bank		**3,907**		4,380	
		28,257		27,553	
Creditors: amounts falling due within one year	10	**(9,261)**		(10,731)	
Net current assets			**18,996**		16,822
Total assets less current liabilities			**145,826**		136,657
Creditors: amounts falling due after more than one year	11		**(98,848)**		(96,324)
Provisions for liabilities and charges	12		**(724)**		(3,134)
Net assets			**46,254**		37,199
Capital and reserves					
Called up share capital	13		**1**		1
Revaluation reserve	14		**43,154**		36,294
Profit and loss account	14		**3,099**		904
Equity shareholders' funds			**46,254**		37,199

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 29 July 2010 and were signed below on its behalf by

Mark Steinberg
Director

Terence Cole
Director

Statement of total recognised gains and losses
for the year ended 31 March 2010

	2010 £000	2009 £000
Profit for the financial year	**2,195**	1,214
Unrealised gain/(loss) on revaluation of properties	**6,860**	(32,210)
Total recognised gains and losses	**9,055**	(30,996)

Reconciliation of movements in equity shareholders' funds
for the year ended 31 March 2010

	2010 £000	2009 £000
Profit for the financial year	**2,195**	1,214
Unrealised gain/(loss) on revaluation of properties	**6,860**	(32,210)
Net addition/(decrease) to shareholders' funds	**9,055**	(30,996)
Opening shareholders' funds	**37,199**	68,195
Closing shareholders' funds	**46,254**	37,199

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 2006 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

Notes (continued)

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

2 Operating profit

	2010	2009
	£000	£000
Operating profit is stated after charging		
Auditors' remuneration		
Audit	**34**	27
Depreciation	**132**	381

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)
Full time equivalent employees	**3**	3
Management and administration	**1**	1
Maintenance and support services	**2**	2
	3	3

The aggregate payroll costs were as follows

Paid by company and agent		
Wages and salaries	**659**	678
Social security costs	**70**	75
Other pension costs	**18**	18
Less recovered from service charges		
Wages and salaries	**(417)**	(417)
Social security costs	**(43)**	(46)
Other pension costs	**(12)**	(11)
Wages and salaries	**242**	261
Social security costs	**27**	29
Other pension costs	**6**	6
	275	296

Notes (continued)

3 Staff numbers and costs (continued)

The company also received a management fee of £432,000 (2009 £ 394,000) 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

	2010 £000	2009 £000
Bank interest	**6**	121
Interest receivable from related parties	**43**	43
	49	164

5 Interest payable and similar charges

On loans from fellow subsidiary undertakings	**4,847**	4,847
Amortisation of deferred finance costs	**173**	206
Other interest and charges	**70**	38
	5,090	5,091

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
	-	208
Deferred tax		
Origination and reversal of timing differences		
- Accelerated capital allowances	**(2,174)**	241
- Excess management expenses utilised/(carried forward)	**-**	111
- Losses carried forward	**(236)**	-
	(2,410)	352
Tax (credit)/charge on profit on ordinary activities	**(2,410)**	560

Notes (continued)

6 Tax on profit on ordinary activities (continued)

(ii) Factors affecting the tax charge for the year

	2010 £000	2009 £000
Loss/profit on ordinary activities before taxation	**(215)**	1,774
Loss/profit on ordinary activities multiplied by standard rate of corporation tax in UK of 28% (2009 28%)	**(60)**	497
Effects of		
Expenses disallowed for tax	**-**	1
Capital allowances in excess of depreciation	**(176)**	(163)
Tax losses	**236**	(127)
Current year tax	**-**	208

(iii) 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 £5,335,000 (2009 £4,878,000)

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	119,557	1,592	170	121,319
Additions	222	45	-	267
Revaluation in year	6,860	-	-	6,860
At end of year	126,639	1,637	170	128,446
Depreciation				
At beginning of year	-	1,448	36	1,484
Charge for year	-	125	7	132
At end of year	-	1,573	43	1,616
Net book value				
At 31 March 2010	**126,639**	**64**	**127**	**126,830**
At 31 March 2009	119,557	144	134	119,835

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 2010 by the Directors, taking into account recent desktop valuation advice received from their professional advisers

The net book value of investment properties totalling £126,639,000 (2009 £119,557,000) is stated after reclassifying £361,000 (2009 £443,000) of lease incentive costs under debtors in accordance with UITF 28 The historic cost of the revalued properties is £83,485,000 (2009 £83,262,000)

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 2 00% The loans are repayable in full on 31 October 2011

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

	2010	2009
	£000	£000
Trade debtors	**1,933**	2,716
Loans to group undertakings	**21,532**	17,905
Amounts owed by group undertakings	**-**	1,548
Prepayments and accrued income	**800**	1,004
Other debtors	**85**	-
	24,350	23,173

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	**1,425**	3,022
Amounts due to ultimate parent undertaking	**933**	643
Tenant and other deposits	**2,246**	2,840
Amounts due to related parties	**89**	9
Other taxes and social security	**648**	506
Other creditors	**1,210**	503
Accruals and deferred income	**2,710**	3,208
	9,261	10,731

Notes (continued)

11 Creditors: amounts falling due after more than one year

	2010 £000	2009 £000
Loan from parent undertaking	-	2,497
Loan from fellow subsidiary undertaking	**98,988**	94,140
Less unamortised issue costs	**(140)**	(313)
	98,848	96,324

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

	2010 £000	2009 £000
Deferred tax		
At beginning of year	**3,134**	2,782
Accelerated capital allowances	**(2,174)**	241
Excess management charges utilised/(carried forward)	-	111
Losses carried forward	**(236)**	-
At end of year	**724**	3,134

	2010 £000	2009 £000
Representing		
Accelerated capital allowances	**960**	3,134
Losses carried forward	**(236)**	-
	724	3,134

Deferred tax relating to timing differences expected to reverse after 1 April 2010 have been measured at 28% as this is the rate expected to apply on reversal

13 Called up share capital

	£	£
Allotted, called up and fully paid		
Equity 200 ordinary shares of £1 each	**200**	200

Notes (continued)

14 Reserves

	Profit and loss Account £000	Revaluation reserve £000
At beginning of year	904	36,294
Profit for the year	2,195	-
Revaluation in the year	-	6,860
At end of year	**3,099**	**43,154**

15 Commitments

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

The company had no contracted capital works at 31 March 2010

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 (2009 £6,000)

17 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