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Report of the Directors and
Financial Statements
for the Year Ended 31 December 2008
for
CITI Limited

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CITI Limited

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for the Year Ended 31 December 2008

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CITI Limited

Company Information
for the Year Ended 31 December 2008

DIRECTORS:

Dr C J Worsley
Dr T W G Docker

SECRETARY:

D Burbage

REGISTERED OFFICE:

Lovat Bank
Silver Street
Newport Pagnell
Buckinghamshire
MK16 0EJ

REGISTERED NUMBER:

2775249 (England and Wales)

AUDITORS:

Michael J. Emery & Co Limited
Chartered Accountants & Registered
Auditors
22 St John Street
Newport Pagnell
Buckinghamshire
MK16 8HJ

CITI Limited

Report of the Directors
for the Year Ended 31 December 2008

The directors present their report with the financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of management and training consultants.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The directors are satisfied with the year's results given the adverse economic conditions in the second half of 2008.

DIVIDENDS

Interim dividends per share on the 'A' ordinary voting £1 shares were paid as follows:

£1,040	- 31 December 2008
<u>£1,040</u>	

The directors recommend that no final dividend be paid on these shares.

No interim dividend was paid on the Ordinary non-voting £1 shares. The directors recommend that no final dividend be paid on these shares.

The total distribution of dividends for the year ended 31 December 2008 will be £520,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2008 to the date of this report.

Dr C J Worsley
Dr T W G Docker

The interests of the directors in the shares of CITI Holdings Limited, the company's parent company, are disclosed in the accounts of that company.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made charitable donations in the year of £152 (In 2007, total charitable donations were £708, of which £330 was paid to a Canadian charity for the homeless).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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). The financial statements are required by law to 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 judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 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.

CITI Limited

Report of the Directors
for the Year Ended 31 December 2008

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director 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 auditors are aware of that information.

AUDITORS

The auditors, Michael J. Emery & Co Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



D Burbage - Secretary

11 September 2009

Report of the Independent Auditors to the Shareholders of
CITI Limited

We have audited the financial statements of CITI Limited for the year ended 31 December 2008 on pages six to sixteen. 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 a Report of the Auditors 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

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. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we 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 Report of the Directors 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.

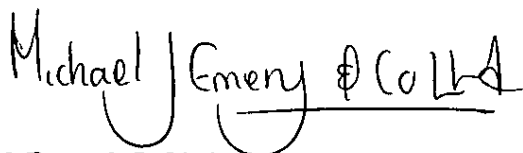
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Report of the Independent Auditors to the Shareholders of
CITI Limited

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 December 2008 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 Report of the Directors is consistent with the financial statements.

A handwritten signature in black ink that reads "Michael J. Emery & Co Ltd". The signature is written in a cursive, flowing style with a horizontal line underneath the text.

Michael J. Emery & Co Limited
Chartered Accountants & Registered
Auditors
22 St John Street
Newport Pagnell
Buckinghamshire
MK16 8HJ

11 September 2009

CITI Limited

Profit and Loss Account
for the Year Ended 31 December 2008

	Notes	31.12.08 £	31.12.07 £
TURNOVER	2	7,063,867	6,161,524
Cost of sales		2,058,717	1,707,073
GROSS PROFIT		5,005,150	4,454,451
Administrative expenses		4,293,846	4,109,431
OPERATING PROFIT	4	711,304	345,020
Interest receivable and similar income		24,655	31,126
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		735,959	376,146
Tax on profit on ordinary activities	5	210,386	112,555
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		525,573	263,591

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.

CITI Limited

Balance Sheet
31 December 2008

	Notes	31.12.08 £	£	31.12.07 £	£
FIXED ASSETS					
Intangible assets	7		-		-
Tangible assets	8		253,579		129,063
			<u>253,579</u>		<u>129,063</u>
CURRENT ASSETS					
Stocks	9	28,745		20,581	
Debtors	10	2,197,502		2,142,491	
Cash at bank and in hand		500,100		244,413	
		<u>2,726,347</u>		<u>2,407,485</u>	
CREDITORS					
Amounts falling due within one year	11	2,572,506		2,144,755	
NET CURRENT ASSETS			<u>153,841</u>		<u>262,730</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>407,420</u>		<u>391,793</u>
PROVISIONS FOR LIABILITIES	13		<u>16,121</u>		<u>6,067</u>
NET ASSETS			<u><u>391,299</u></u>		<u><u>385,726</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		9,500		9,500
Profit and loss account	15		381,799		376,226
SHAREHOLDERS' FUNDS	19		<u><u>391,299</u></u>		<u><u>385,726</u></u>

The financial statements were approved by the Board of Directors on 11 September 2009 and were signed on its behalf by:


Dr C J Worsley - Director


Dr T W G Docker - Director

The notes form part of these financial statements

CITI Limited

Cash Flow Statement
for the Year Ended 31 December 2008

	Notes	31.12.08 £	31.12.07 £
Net cash inflow/(outflow) from operating activities	1	527,742	(336,480)
Returns on investments and servicing of finance	2	24,655	31,126
Taxation		(106,488)	(125,273)
Capital expenditure	2	(190,222)	(83,792)
Increase/(Decrease) in cash in the period		<u>255,687</u>	<u>(514,419)</u>

**Reconciliation of net cash flow
to movement in net funds**

	3		
Increase/(Decrease) in cash in the period		<u>255,687</u>	<u>(514,419)</u>
Change in net funds resulting from cash flows		<u>255,687</u>	<u>(514,419)</u>
Movement in net funds in the period		<u>255,687</u>	<u>(514,419)</u>
Net funds at 1 January		<u>244,413</u>	<u>758,832</u>
Net funds at 31 December		<u>500,100</u>	<u>244,413</u>

The notes form part of these financial statements

CITI Limited

Notes to the Cash Flow Statement
for the Year Ended 31 December 2008

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	31.12.08	31.12.07
	£	£
Operating profit	711,304	345,020
Depreciation charges	65,819	34,573
Profit on disposal of fixed assets	(112)	-
(Increase)/Decrease in stocks	(8,164)	949
Increase in debtors	(575,012)	(182,938)
Increase/(Decrease) in creditors	333,907	(534,084)
Net cash inflow/(outflow) from operating activities	<u><u>527,742</u></u>	<u><u>(336,480)</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.08	31.12.07
	£	£
Returns on investments and servicing of finance		
Interest received	24,655	31,126
Net cash inflow for returns on investments and servicing of finance	<u><u>24,655</u></u>	<u><u>31,126</u></u>
 Capital expenditure		
Purchase of tangible fixed assets	(192,396)	(83,792)
Sale of tangible fixed assets	2,174	-
Net cash outflow for capital expenditure	<u><u>(190,222)</u></u>	<u><u>(83,792)</u></u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.08	Cash flow	At
	£	£	31.12.08
			£
Net cash:			
Cash at bank and in hand	244,413	255,687	500,100
	<u>244,413</u>	<u>255,687</u>	<u>500,100</u>
 Total	<u><u>244,413</u></u>	<u><u>255,687</u></u>	<u><u>500,100</u></u>

The notes form part of these financial statements

CITI Limited

Notes to the Financial Statements
for the Year Ended 31 December 2008

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax, adjusted for work in progress partially completed at selling price.

Patents and licences

The company practice is to write off patent and licences over their expected estimated useful lives of 3 years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment & furniture	- 25% on cost
Computer equipment	- 25% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Related party transactions

The company has taken advantage of exemptions within Financial Reporting Standard 8 in respect of disclosure of transactions with group undertakings.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.12.08	31.12.07
	£	£
United Kingdom	6,948,141	5,960,584
Rest of The World	115,726	200,940
	<u>7,063,867</u>	<u>6,161,524</u>

CITI Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2008

3. STAFF COSTS

	31.12.08	31.12.07
	£	£
Wages and salaries	2,288,289	2,184,151
Social security costs	267,213	254,928
	<u>2,555,502</u>	<u>2,439,079</u>

The average monthly number of employees during the year was as follows:

	31.12.08	31.12.07
Directors	2	2
All other staff	37	35
	<u>39</u>	<u>37</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.08	31.12.07
	£	£
Depreciation - owned assets	65,819	34,573
Profit on disposal of fixed assets	(112)	-
Rent of office equipment	47,842	37,932
	<u>-</u>	<u>-</u>
Directors' emoluments	-	-

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.08	31.12.07
	£	£
Current tax:		
UK corporation tax	200,333	106,488
Over provision prior year	(1)	-
Total current tax	200,332	106,488
Deferred tax	10,054	6,067
Tax on profit on ordinary activities	<u>210,386</u>	<u>112,555</u>

CITI Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2008

5. **TAXATION - continued**

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.08	31.12.07
	£	£
Profit on ordinary activities before tax	735,959	376,146
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.497% (2007 - 30%)	209,726	112,844
Effects of:		
Non deductible expenses	19,008	12,979
Capital allowances	(28,401)	(15,912)
Marginal relief	-	(3,423)
Overprovision prior year	(1)	-
Current tax charge	200,332	106,488

6. **DIVIDENDS**

	31.12.08	31.12.07
	£	£
'A' ordinary voting shares of £1 each		
Interim	520,000	-

7. **INTANGIBLE FIXED ASSETS**

	Patents and licences £
COST	
At 1 January 2008 and 31 December 2008	12,500
AMORTISATION	
At 1 January 2008 and 31 December 2008	12,500
NET BOOK VALUE	
At 31 December 2008	-
At 31 December 2007	-

CITI Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2008

8. TANGIBLE FIXED ASSETS

	Office equipment & furniture £	Computer equipment £	Totals £
COST			
At 1 January 2008	66,588	377,401	443,989
Additions	13,471	178,925	192,396
Disposals	(324)	(2,135)	(2,459)
	<hr/>	<hr/>	<hr/>
At 31 December 2008	79,735	554,191	633,926
DEPRECIATION			
At 1 January 2008	59,887	255,038	314,925
Charge for year	5,575	60,244	65,819
Eliminated on disposal	(74)	(323)	(397)
	<hr/>	<hr/>	<hr/>
At 31 December 2008	65,388	314,959	380,347
NET BOOK VALUE			
At 31 December 2008	<hr/> <hr/> 14,347	<hr/> <hr/> 239,232	<hr/> <hr/> 253,579
At 31 December 2007	<hr/> <hr/> 6,701	<hr/> <hr/> 122,363	<hr/> <hr/> 129,064

9. STOCKS

	31.12.08 £	31.12.07 £
Stocks	<hr/> <hr/> 28,745	<hr/> <hr/> 20,581

10. DEBTORS

	31.12.08 £	31.12.07 £
Amounts falling due within one year:		
Trade debtors	1,228,627	1,572,575
Accrued income	30,688	12,977
Amounts owed by group undertakings	867,642	514,900
Other debtors	8,700	1,728
Staff loans	19,404	9,572
Prepayments	42,441	30,239
	<hr/> <hr/> 2,197,502	<hr/> <hr/> 2,141,991
Amounts falling due after more than one year:		
Staff loans	<hr/> <hr/> -	<hr/> <hr/> 500
Aggregate amounts	<hr/> <hr/> 2,197,502	<hr/> <hr/> 2,142,491

CITI Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2008

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.08	31.12.07
	£	£
Trade creditors	110,068	69,847
Amounts owed to group undertakings	1,805,167	1,656,369
Tax	200,333	106,489
Social security and other taxes	130,383	126,953
VAT	148,237	173,770
Other creditors	6,732	3,330
Accruals and deferred income	171,586	7,997
	<u>2,572,506</u>	<u>2,144,755</u>

12. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	31.12.08	31.12.07
	£	£
Expiring:		
Within one year	-	17,229
Between one and five years	42,751	42,292
	<u>42,751</u>	<u>59,521</u>

13. PROVISIONS FOR LIABILITIES

	31.12.08	31.12.07
	£	£
Deferred tax	<u>16,121</u>	<u>6,067</u>
		Deferred tax
		£
Balance at 1 January 2008		6,067
Provision for the year		<u>10,054</u>
Balance at 31 December 2008		<u>16,121</u>

CITI Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2008

14. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	31.12.08	31.12.07
Number:	Class:		£	£
500	'A' ordinary voting	£1	500	500
74,500	Ordinary non-voting	£1	74,500	74,500
			<u>75,000</u>	<u>75,000</u>

Allotted, issued and fully paid:		Nominal value:	31.12.08	31.12.07
Number:	Class:		£	£
500	'A' ordinary voting	£1	500	500
9,000	Ordinary non-voting	£1	9,000	9,000
			<u>9,500</u>	<u>9,500</u>

15. RESERVES

	Profit and loss account £
At 1 January 2008	376,226
Profit for the year	525,573
Dividends	<u>(520,000)</u>
At 31 December 2008	<u>381,799</u>

16. ULTIMATE PARENT COMPANY

Throughout the year the company was controlled by its parent company CITI Holdings Limited, a company which is controlled by its directors. Copies of group accounts can be obtained from Companies House.

17. CONTINGENT LIABILITIES

The company has given an unscheduled mortgage debenture, incorporating a fixed and floating charge in respect of banking facilities granted to the company. There are also cross guarantees between group company members. The borrowings at 31 December 2008, covered by these guarantees, amounted to £33,333 (2007 £58,333).

18. RELATED PARTY DISCLOSURES

Transactions with group companies are not disclosed in the Financial Statements in accordance with FRS8 as group financial statements are publicly available. Copies are available from the registered office of CITI Holdings Limited.

CITI Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2008

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.08	31.12.07
	£	£
Profit for the financial year	525,573	263,591
Dividends	(520,000)	-
Net addition to shareholders' funds	5,573	263,591
Opening shareholders' funds	385,726	122,135
Closing shareholders' funds	391,299	385,726