

Company number 00669923

Caledonian Property Investments Limited
Directors' report and financial statements
31 December 2010

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Directors

J D Burns
N Q George
S P Silver
D G Silverman
P M Williams
D M A Wisniewski

Secretary and registered office

T J Kite
25 Savile Row
London
W1S 2ER

Company number

669923

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Directors' report

Principal activities and future developments

The Company is a property investment company. The directors foresee no material change in the nature of the Company's activities.

Financial review and dividends

The results for the year are set out in the profit and loss account on page 4. The directors do not recommend payment of a dividend (2009: £nil).

Charitable and political contributions

There were no charitable donations or political contributions in the year (2009: £nil).

Directors

The directors who held office during the year were as follows:

J D Burns

N Q George

C J Odom (resigned 1 February 2010)

S P Silver

D G Silverman

P M Williams

D M A Wisniewski (appointed 1 February 2010)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information 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 to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Business review exemption

This report has been prepared in accordance with the special provisions for small companies under Part 15 and section 417(1) of the Companies Act 2006.

Auditors

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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 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.

By order of the board



T J Kite
Secretary
25 Savile Row
London
W1S 2ER

16 June 2011

Independent auditors' report to the members of Caledonian Property Investments Limited

We have audited the financial statements of Caledonian Property Investments Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. 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 statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 December 2010 and of its profit 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.

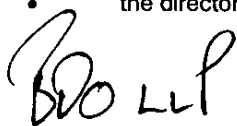
Opinion on other matters prescribed by the Companies Act 2006

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, or
- the directors were not entitled to prepare the directors' report in accordance with the small companies' regime.



Richard Kelly (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

16 June 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Caledonian Property Investments Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 £	2009 £
Net property income	3	4,406,525	4,095,387
Administrative expenses	4	(24,641)	(29,166)
		<hr/>	<hr/>
Operating profit		4,381,884	4,066,221
Interest receivable and similar income	6	574,628	794
Interest payable and similar charges	7	(1,395,766)	-
		<hr/>	<hr/>
Profit on ordinary activities		3,560,746	4,067,015
Tax on profit on ordinary activities	8	-	-
		<hr/>	<hr/>
Profit for the year after tax		3,560,746	4,067,015
		<hr/>	<hr/>
All amounts relate to continuing activities			

There are no differences between the results presented above and those on a historic cost basis

The notes on pages 7 to 11 form part of these financial statements

Caledonian Property Investments Limited

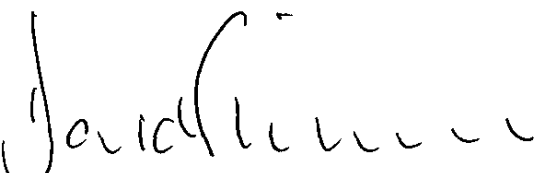
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Balance sheet

at 31 December 2010

	Note	2010 £	2009 £
Non-current assets			
Tangible assets	9	79,742,960	62,696,700
Debtors falling due after more than one year	10	1,715,163	536,878
Other assets		20	133
		81,458,143	63,233,711
Current assets			
Cash at bank and in hand		161,530	21,349
Debtors falling due within one year	10	14,776,829	10,196,637
		14,938,359	10,217,986
Current liabilities			
Creditors falling due within one year	11	(31,980,386)	(29,438,759)
		(17,042,027)	(19,220,773)
Net current liabilities			
		64,416,116	44,012,938
Net assets			
		64,416,116	44,012,938
Capital and reserves			
Called up share capital	12	50,000	50,000
Revaluation reserve	13	38,669,843	21,827,411
Profit and loss account	13	25,696,273	22,135,527
		64,416,116	44,012,938
Equity shareholders' funds			
		64,416,116	44,012,938

These financial statements were approved by the board of directors on 16 June 2011 and were signed on its behalf by


Director

D.G. SILVERMAN

The notes on pages 7 to 11 form part of these financial statements

Caledonian Property Investments Limited

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

	2010 £	2009 £
Profit for the financial year	3,560,746	4,067,015
Unrealised surplus/(deficit) on revaluation of properties	16,842,432	(2,400,136)
Total recognised gains and losses relating to the financial year	20,403,178	1,666,879

The notes on pages 7 to 11 form part of these financial statements

Approved on behalf of the Board

Caledonian Property Investments Limited

1 Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, as modified by the revaluation of certain properties and in accordance with the Companies Act 2006

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the Company in its own published consolidated financial statements

The company's ultimate parent company, Derwent London plc, has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will not seek repayment of the amounts currently owing

Based on this understanding, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis notwithstanding the net current liabilities on the company's balance sheet. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

2 Accounting policies

Net rental income

Rental income is recognised on an accruals basis. Rent increases arising from rent reviews are recognised as income when, either such reviews have been settled with tenants or, based on estimates, it is reasonable to assume they will be received

Operating lease incentives

Operating lease incentives include rent free periods and other incentives (such as contributions towards fitting out costs) given to lessees on entering into lease agreements

In accordance with UITF Abstract 28 'Operating Lease Incentives', rent receivable in the period from lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date, is spread evenly over that period. The cost of the other incentives is spread on a straight-line basis over a similar period

Investment properties

Tangible assets consist solely of investment properties and, as defined by SSAP 19, are revalued annually by independent valuers in accordance with the Valuation Standards published by The Royal Institution of Chartered Surveyors and are included in the balance sheet on the basis of market value less the UITF 28 lease incentive debtor. The aggregate surplus or deficit arising from such revaluation is transferred to the revaluation reserve. However, if on an individual property, a deficit arising from a valuation below cost is expected to be permanent, it is charged to the profit and loss account with any subsequent reversal being credited to the same

A property in the course of development is stated at its value at the time it was so designated, plus subsequent development costs less any impairment. All outgoings, excluding interest, which can be fairly attributed to a development, are considered development costs. The property is revalued once the certificate of practical completion has been issued

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 FRS 19

Interest and other outgoings on property developments

Interest and other outgoings on vacant properties prior to redevelopment are treated as revenue expenditure and written off as incurred. Interest costs on properties in development are written off as incurred

3 Net property income

	2010 £	2009 £
Gross rental income	4,576,052	4,433,296
Property outgoings less amounts recovered from tenants	(169,527)	(337,909)
	<u>4,406,525</u>	<u>4,095,387</u>

4 Administrative expenses

	2010 £	2009 £
Administrative expenses include		
Depreciation	106	294
	<u>106</u>	<u>294</u>

5 Operating profit

Audit fees are paid by Derwent London plc

The Company does not have any employees (2009 nil) and there were no directors' emoluments (2009 £nil)

6 Interest receivable and similar income

	2010 £	2009 £
Intercompany interest	574,440	-
Short term deposits	188	794
	<u>574,628</u>	<u>794</u>

7 Interest payable and similar charges

	2010 £	2009 £
Intercompany interest payable	1,395,766	-
	<u>1,395,766</u>	<u>-</u>

8 Tax on profit on ordinary activities

There is no tax charge for the year (2009 nil)

Factors affecting the tax for the year

The current tax charge for the period is lower (2009 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2010 £	2009 £
Current tax reconciliation		
Profit on ordinary activities before taxation	3,560,746	4,067,015
Current tax at 28% (2009 28%)	997,009	1,138,764
Effects of		
Differences between expenses and deductions for tax purposes	(57,348)	(35,820)
REIT exempt income	(629,216)	(752,219)
Group relief claimed not paid	(160,896)	(60,162)
Transfer pricing adjustment	(149,549)	(290,563)
Current tax charge for the year	-	-

9 Tangible Assets

Investment Properties

	Freehold £
Valuation	
Market value at 1 January 2010	63,425,000
Acquisitions	203,829
Revaluation	18,370,171
Market value at 31 December 2010	81,999,000
Amount included in prepayments under UITF 28	(2,256,040)
At 31 December 2010	79,742,960
Valuation	
Market value at 1 January 2009	66,022,000
Capital expenditure	158,557
Revaluation	(2,755,557)
Market value at 31 December 2009	63,425,000
Amount included in prepayments under UITF 28	(728,300)
At 31 December 2009	62,696,700

Historical cost of revalued assets**£****At 31 December 2010****41,073,118****At 31 December 2009****40,869,289**

The investment properties were revalued at 31 December 2010 by external valuers, CB Richard Ellis Limited, on the basis of market value as defined by the Valuation Standards published by The Royal Institution of Chartered Surveyors

Properties with a value of £80,000,000 (2009 £61,500,000) are secured against borrowings of fellow group undertakings

10 Debtors

	2010 £	2009 £
Falling due within one year		
Amounts due from group undertakings	12,754,771	9,952,985
Trade debtors	1,478,287	12,838
Other debtors	-	3,397
Prepayments and accrued income	543,771	227,417
	14,776,829	10,196,637
	2010 £	2009 £
Falling due after more than one year		
Prepayments and accrued income	1,715,163	536,878

11 Creditors

	2010 £	2009 £
Falling due within one year		
Amounts owed to group undertakings	29,750,080	28,355,013
Taxation and social security	422,863	140,720
Trade creditors	20,714	34,548
Other creditors	4,164	-
Accruals and deferred income	1,782,565	908,478
	31,980,386	29,438,759

12 Called up share capital

	2010 £	2009 £
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	50,000	50,000

13 Reserves

	Profit and loss account £	Revaluation reserve £
At 1 January 2010	22,135,527	21,827,411
Profit for the financial year	3,560,746	-
Surplus on revaluation of investment properties	-	18,370,172
UITF 28 Adjustment	-	(1,527,740)
	<hr/>	<hr/>
At 31 December 2010	25,696,273	38,669,843
	<hr/>	<hr/>

14. Reconciliation of movements in equity shareholders' funds

	2010 £	2009 £
Profit for the financial year	3,560,746	4,067,015
Other recognised gains and losses relating to the year	16,842,432	(2,400,136)
	<hr/>	<hr/>
Net movement in shareholders' funds	20,403,178	1,666,879
Opening shareholders' funds	44,012,938	42,346,059
	<hr/>	<hr/>
Closing shareholders' funds	64,416,116	44,012,938
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15 Related party transactions

As a wholly owned subsidiary of Derwent London plc the Company has taken advantage of the exemption contained in FRS 8 "Related party disclosures" and has therefore not disclosed transactions or balances with entities which form part of the group

16 Contingent liabilities

The company is party to cross guarantees securing the bank loans of certain other group companies. At 31 December 2010, the maximum liability that could arise from the guarantees amounted to £314,000,000 (2009 £215,000,000)

17 Parent company

The Company's immediate parent undertaking is Derwent Valley Limited, a company incorporated in England and Wales

The Company's ultimate parent company is Derwent London plc, a company incorporated in England and Wales, whose registered office is at 25 Savile Row, London, W1S 2ER. Copies of the consolidated group accounts can be obtained from this address