

CC PROJECTS

Company Registration No: 1765782

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005



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DIRECTORS' REPORT

The Directors present their Report and the Financial Statements of the Company, together with the Auditors' Report, for the year ended 31 December 2005.

Principal activity and business review

The Company's principal activity continues to be property development. The Directors expect the general level of activity to continue. The Company is also engaged in the trade of dealing in the underwriting of issues of securities.

Results and dividends

The Company's results are set out in the Profit and Loss Account on page 4 including charitable donations of £1,451,831 (2004: £1,353,058). The charitable donations were made to the ultimate holding body, the Church Commissioners for England, to support the Church of England's ministry, particularly in areas of need and opportunity.

The Directors do not recommend the payment of a dividend for the year (2004: £nil). The loss of £122,758 (2004: profit of £169,110) has been transferred from reserves.

Directors

The Directors of the Company, who held office during the year, were:

R L Carroll (appointed 1 January 2005)
Miss R B K Carty
P R Clark
C W Daws

No Directors held any beneficial interests in the share capital of the Company, nor of any other companies for which the Church Commissioners are the ultimate holding body, at 31 December 2005 or at any time during the year.

Statement of Directors' responsibilities

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

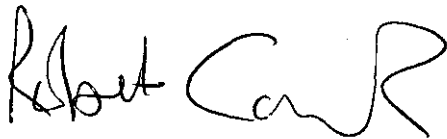
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DIRECTORS' REPORT (continued)

Statement of Directors' responsibilities (continued)

The Directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for the system of internal control, 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 of Directors

A handwritten signature in black ink, appearing to read 'Robert Carroll', written in a cursive style.

ROBERT CARROLL
Director

Registered Office

29 Great Smith Street
London SW1P 3NZ

3 March 2006

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CC PROJECTS

We have audited the financial statements of CC Projects for the year ended 31 December 2005 which comprise the profit and loss account, balance sheet and the related notes numbered 1 to 13. 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 those matters we are required to state to the Company's members in an auditors' 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 United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions with the Company 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 circumstances of the Company, 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 affairs of the company at 31 December 2005 and of the Company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
London
3 March 2006

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005	2004
		£	£
TURNOVER			
Proceeds from sale of trading property		-	-
Rental and service charge income		2,257,546	1,216,578
Income from sub underwriting		4,422	13,407
Total turnover		<u>2,261,968</u>	<u>1,229,985</u>
COST OF SALES			
Cost of property sales		(48,038)	(251,694)
Adjustment to provision in respect of cost of property sales		-	125,688
Movement in provision in respect of trading properties		481,628	1,844,893
Operating charges		<u>(1,252,439)</u>	<u>(1,350,842)</u>
Total cost of sales		<u>(818,849)</u>	<u>368,045</u>
GROSS PROFIT		1,443,119	1,598,030
Share of partnership profit	5	290,270	184,104
Movement in provision for impairment of investment in partnership	5	(401,779)	(254,750)
Administration expenses		(9,224)	(11,390)
Charitable donations		<u>(1,451,831)</u>	<u>(1,353,058)</u>
OPERATING (LOSS)/PROFIT		(129,445)	162,936
Interest receivable		<u>6,687</u>	<u>6,174</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	4	<u>(122,758)</u>	<u>169,110</u>
RETAINED(LOSS)/PROFIT TRANSFERRED (FROM)/TO RESERVES	9	<u>(122,758)</u>	<u>169,110</u>

The turnover and expenses all relate to continuing operations, none of which were acquired in the year.

There is no difference between the profit or loss on ordinary activities before and after taxation for the years stated above and their historical cost equivalents.

There are no recognised gains or losses in either year other than the profit or loss for each year. Accordingly a statement of total recognised gains and losses is not presented.

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BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Investment in partnership	5	-	-
		-	-
CURRENT ASSETS			
Trading properties	6	19,421,156	18,953,389
Debtors	7	486,924	167,427
Cash at bank		541,519	516,287
		20,449,599	19,637,103
CREDITORS: Amounts falling due within one year	8	(5,490,473)	(4,555,219)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,959,126</u>	<u>15,081,884</u>
CAPITAL AND RESERVES			
Called up share capital	9	489,298	489,298
Profit and loss account	10	<u>14,469,828</u>	<u>14,592,586</u>
EQUITY SHAREHOLDERS' FUNDS	11	<u>14,959,126</u>	<u>15,081,884</u>

The financial statements were approved by the Board of Directors on 3 March 2006 and signed on its behalf by



C W Daws
Director

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. Accounting policies

Accounting conventions

The financial statements have been prepared on the historical cost basis of accounting and in accordance with applicable United Kingdom law and accounting standards which have been consistently applied throughout the year and preceding year.

Turnover

Turnover comprises rental, service charge and other related income and sale proceeds from trading properties stated net of value added tax. Turnover also comprises subunderwriting commission and proceeds from the sale of underwritten shares taken up and proceeds from the sale of trading properties and the Company's share of profit arising from its investment in partnership. Commission is recognised as income in the year in which the outcome of the transaction is known. All turnover relates solely to the United Kingdom.

Trading properties

Trading properties are purchased or developed for resale and are treated as current assets. They are included in the financial statements at the lower of cost and net realisable value. Cost includes third party interest capitalised whilst the property was being developed. Costs of concessions given to tenants as an incentive to sign a lease are spread on a straight line basis over the shorter of the period of the lease and the period to the first rent review.

Investment in partnership

The investment in the Ashford Great Park Partnership is such that the Company enjoys joint ownership of the partnership's assets and has joint and several liability in respect of all liabilities incurred by the partnership. The partners have agreed to share the profits and losses of the partnership in accordance with the terms of the partnership agreement. The investment in the partnership is accounted for using the equity method. The profit and loss includes the Company's share of the partnership profits while the Company's share of the net assets of the partnership is shown in the balance sheet.

Borrowing from the Company's ultimate holding body made by way of capital advances was used to finance the acquisition and development of the Company's interest in the partnership's property. Third party interest on this borrowing was capitalised in the Company's financial statements.

The Company recognises its share of the partnership's profits or losses on the basis of the profit sharing and distribution arrangements agreed between the partners.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

1. Accounting policies (continued)

Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Cash flow statement

The Company's ultimate holding body is the Church Commissioners for England who publish consolidated financial statements that include a consolidated cash flow statement. The cash flows of the Company are included in the consolidated group cash flow statement. Consequently the Company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing a cash flow statement.

Non-consolidation

The financial statements contain information about CC Projects as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare and deliver consolidated financial statements as it and its partnership interest are included by full consolidation in the consolidated financial statements of the Church Commissioners for England, a statutory body established by the Church Commissioners Measure 1947 (as amended).

2. Employees

The average monthly number of employees during the year was nil (2004: nil).

3. Loss/Profit on ordinary activities before taxation

Loss/Profit on ordinary activities before taxation is stated after charging:

	2005 £	2004 £
Directors' emoluments	-	-
Movement in provision for impairment of investment in partnership	401,779	254,750
Auditors' remuneration in respect of:		
Audit	8,150	6,500

The remuneration of the Directors for their services to the Company is borne by the ultimate holding body.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

4. Taxation

Current year tax charge

There is no tax charge as the Company has tax losses brought forward to offset against future tax liabilities.

Factors affecting tax charge for the current year

	2005 £	2004 £
(Loss)/profit on ordinary activities before taxation	(122,758)	169,110
Tax at 30% (2004: 30%)	(36,827)	50,733
Utilisation of brought forward losses	-	(97,350)
Expenses not deductible for tax purposes	271	(9,646)
Transfer pricing adjustment	-	31,971
Losses not used	36,561	24,292
Capital allowances claimed	(5)	-
Current tax charge/(credit) for the year	-	-

Factors that may affect the future tax charge

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses carried forward. The amount of the tax losses not recognised is £34.1 million (2004: £34.0 million). In 2005 the amount of tax losses not recognised includes partnership trading losses. Further tax losses may be utilised if sufficient taxable profits arise in future years following a disposal of property or a change in the value of the Company's investment in the partnership.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

5. Investment in partnership

The investment in partnership comprises an interest in the Ashford Great Park Partnership (of 1 Millbank, London SW1P 3JZ). Under the terms of the Partnership agreement, the Company provides 10% of the Partnership's funding and is entitled to 10% of the Partnership's profit. The Partnership's total turnover for the year ended 31 December 2005 was £141,041 (2004: £147,141).

	£
<u>Cost</u>	
At 1 January 2005	2,302,342
Share of retained profit	290,270
Cash introduced	111,509
At 31 December 2005	<u>2,704,121</u>
<u>Provision for impairment of investment</u>	
At 1 January 2005	(2,302,342)
Movement for the year	(401,779)
At 31 December 2005	<u>(2,704,121)</u>
<u>Net book value</u>	
At 31 December 2005	<u>-</u>
At 31 December 2004	<u>-</u>

Provision has been made for impairment of the carrying value of its share in the partnership.

The financial statements of the partnership are dealt with on a consolidated basis in the group accounts prepared by the Church Commissioners for England. Consequently, the Company has taken advantage of the exemption conferred by Regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993 from the requirements of those regulations.

6. Trading properties

	2005 £	2004 £
Properties at the lower of cost and valuation	19,864,635	18,974,288
Adjustment for UITF 28	<u>(443,479)</u>	<u>(20,899)</u>
	<u>19,421,156</u>	<u>18,953,389</u>

In accordance with UITF 28, the costs of concessions given to tenants as an incentive to sign a lease are spread on a straight line basis over the shorter of the period of the lease and the period to the first rent review. An adjustment is made to the carrying value of the property for the future cost of the concessions.

At 31 December 2005, trading properties were valued by DTZ Debenham Tie Leung on the basis of market value in accordance with the Appraisal & Valuation Manual published by the Royal Institution of Chartered Surveyors. If the valuation is less than cost, provision is made against the cost and the valuation is incorporated in the accounts as the net realisable value.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

7. Debtors

	2005 £	2004 £
Trade debtors	18,203	87,644
Other debtors	464,353	41,772
VAT recoverable	4,368	14,017
Prepayments and accrued income	-	23,994
	<u>486,924</u>	<u>167,427</u>

Included in other debtors is an amount of £443,479 relating to tenant concessions which are amortised over the period to the next rent review.

8. Creditors: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	31,544	89,430
Amounts owed to the ultimate holding body	4,986,187	4,128,467
Other creditors	44,532	26,799
Accruals and deferred income	428,210	310,523
	<u>5,490,473</u>	<u>4,555,219</u>

The amounts owed to the ultimate holding body are interest-free, have no fixed repayment date and are unsecured.

9. Called up equity share capital

	2005 £	2004 £
Authorised ordinary shares of £1 each	<u>8,489,298</u>	<u>8,489,298</u>
Issued, called up and fully paid:		
Ordinary shares of £1 each	<u>489,298</u>	<u>489,298</u>

10. Profit and loss account

	2005 £	2004 £
At 1 January	14,592,586	14,423,476
(Loss)/Profit for the year	<u>(122,758)</u>	<u>169,110</u>
At 31 December	<u>14,469,828</u>	<u>14,592,586</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

11. Reconciliation of movements in equity shareholders' funds

	2005 £	2004 £
(Loss)/Profit for the financial year	(122,758)	169,110
Opening equity shareholders' funds	<u>15,081,884</u>	<u>14,912,774</u>
Closing equity shareholders' funds	<u>14,959,126</u>	<u>15,081,884</u>

12. Related parties

The Company has taken advantage of the exemption granted in Financial Reporting Standard No 8 not to disclose transactions with fellow group undertakings.

13. Ultimate holding body

The Directors regard Sycamore Vale Limited as the immediate holding company. Sycamore Vale Limited is wholly owned by the ultimate holding and controlling body the Church Commissioners for England, a statutory body established by the Church Commissioners Measure 1947 (as amended). The smallest and largest group in which the results of CC Projects are consolidated is that headed by the Church Commissioners for England. Copies of the Church Commissioners' consolidated financial statements may be obtained from The Communications Department, Church Commissioners, 1 Millbank, London SW1P 3JZ.