CC PROJECTS

Company Registration No: 1765782

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Principal activity and business review

The company is a wholly owned subsidiary of the Church Commissioners, its ultimate parent undertaking It owns a small number of properties in the UK both directly and through its share of The Ashford Great Park Partnership, a property trading and development partnership, which together form an integral part of the property holdings of the Church Commissioners The properties, ten in number as at the date of this report, are properties which either have been or are expected to be developed or materially improved while in the ownership of the company The company is also engaged in the trade of dealing in the underwriting of issues of securities on a very small scale The directors are not aware, at the date of this report, of any likely changes in the company's activities in the next year

A full description of the results of the property investment activities of the Church Commissioners and their subsidiaries is contained in the annual report of the Church Commissioners This includes measurement of the total return (capital and income combined) of the property investments and comparison with external and independent benchmarks which reflect the activities of many property owners

The company seeks to help the Church Commissioners achieve its long term objective of an above average annual return of at least 5% per annum above inflation by exceeding the total return as measured against the IPD benchmark The total return for the company's property was -9 6% (2010 -2 0%), including -11 0% (2010 3 2%) capital growth The UK property market was again characterised by a lack of stock in all sectors and continued investor demand for prime assets and particularly Central London Investor demand came from a broader mix of investors including overseas investors from all across the globe and institutional investors Tenants are cautious in all the commercial sectors but demand has held up relatively well and for prime is ahead of supply in some cases and as a result rents and/or incentives are coming under pressure in those areas The market for rural assets has held up well underpinned by demand from farmers, investors, institutions and life style purchasers with the ability to raise finance being the biggest challenge for purchasers

During 2011 the company acquired six new properties for their strategic development potential Five were acquired from Harworth Estates (part of UK Coal plc) and the other from Taylor Wimpey These are all located in the midlands and north of England Much of the company's return was accounted for by the change in value in some of these properties

The company's results and financial position are described in the attached financial statements The amount due from the Church Commissioners is shown in note 7 The company considers that it would be fully supported by the Church Commissioners if it had any difficulty in meeting its liabilities to creditors Based on the figures in the attached financial statements, the company considers that such a possibility is extremely remote

The principal risk affecting the company relates to the market values of its properties Such properties are valued at the lower of cost and net realisable value At 31 December 2011 six of the ten properties had a net realisable value below cost In the event of adverse market conditions which affect 1) their geographical locations, 2) their specific property type, or 3) the sector of the property market in which they operate, the properties might not be realisable at the figures at which they are currently stated

DIRECTORS' REPORT

Results and dividends

The Company's results are set out in the Profit and Loss Account on page 6

The Directors do not recommend the payment of a dividend for the year (2010 £nil) The loss of £4,184,386 (2010 profit of £548,369) has been transferred from reserves

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the directors consider that there are sufficient procedures in place to mitigate these risks

Going concern

The directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future by calling upon the rolling loan facility with its ultimate parent undertaking, the Church Commissioners for England Thus they continue to adopt the going concern basis in preparing the annual financial statements

Directors

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

R L Carroll
Mrs R B K Jones
J W Cannon

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual 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 judgements and 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

DIRECTORS' REPORT

The directors are responsible for keeping proper 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

Auditors

Deloitte LLP were, by a resolution of the directors, re-appointed on 4 February 2011 for a five year period with effect from the year ended 31 December 2010

Information to auditors

Each director at the date of approval of this report confirms that

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

By Order of the Board of Directors

ROBERT CARROLL
Secretary

Registered Office

29 Great Smith Street
London SW1P 3PS

15 March 2012

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CC PROJECTS

We have audited the financial statements of CC Projects for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 14 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' Responsibility Statement, the directors are responsible for preparing 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 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

In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2011 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 matters prescribed by the Companies Act

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CC PROJECTS

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 take advantage of the small companies exemption in preparing the directors' report

Andrew Clark FCA

Andrew Clark (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

15 March 2012

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011	2010
		£	£
TURNOVER			
Proceeds from the sale of trading property		18,540,000	-
Rental and service charge income		809,935	649,424
Total turnover		19,349,935	649,424
COST OF SALES			
Cost of property sales		(18,727,990)	-
Movement in provision in respect of trading properties		(4,826,455)	(205,435)
Other cost of sales		(111,609)	(76,182)
Total cost of sales		(23,666,054)	(281,617)
GROSS (LOSS)/PROFIT		(4,316,119)	367,807
Movement in provision for impairment of investment in partnership	5	114,834	221,984
Administrative expenses		(6,446)	(39,355)
OPERATING (LOSS)/PROFIT		(4,207,731)	550,436
Share of partnership loss	5	(114,834)	(221,984)
Charitable donations		-	-
Interest receivable		138,179	219,917
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	3, 4	(4,184,386)	548,369
RETAINED (LOSS)/PROFIT TRANSFERRED (FROM)/TO RESERVES	11	(4,184,386)	548,369

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

There is no difference between the loss or profit 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 loss or profit for each year Accordingly a statement of total recognised gains and losses is not presented

BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Investment in partnership	5	-	-
		-	-
CURRENT ASSETS			
Trading properties	6	16,619,335	7,408,167
Debtors	7	1,886,768	15,327,174
Cash at bank and in hand		121,861	38,809
		18,627,964	22,774,150
CREDITORS Amounts falling due within one year	8	(218,673)	(180,473)
NET CURRENT ASSETS		18,409,291	22,593,677
Provision for liabilities	9	(25,000)	(25,000)
NET ASSETS		18,384,291	22,568,677
CAPITAL AND RESERVES			
Called up share capital	10	489,298	489,298
Profit and loss account	11	17,894,993	22,079,379
SHAREHOLDERS' FUNDS	12	18,384,291	22,568,677

The financial statements of CC Projects (Company No 1765782) were approved and authorised for issue by the Board of Directors on 15 March 2012 and signed on its behalf by

J W Cannon

J W Cannon
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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 The accounting policies set out below have been applied consistently throughout the year and preceding year

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Turnover

Turnover is recognised on the accruals basis and 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 parent undertaking made by way of capital advances was used to finance the acquisition and development of the Company's interest in the partnership's property

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 **Accounting policies (continued)**

Cash flow statement

The Company's ultimate parent undertaking 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 400 of the Companies Act 2006 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), as are the accounts for The Ashford Great Park Partnership as required under QU Reg 7 (3)

2 **Employees**

The average monthly number of employees during the year was nil (2010 nil)

3 **(Loss)/Profit on ordinary activities before taxation**

(Loss)/Profit on ordinary activities before taxation is stated after (crediting)/charging

	2011 £	2010 £
Movement in provision for impairment of investment in partnership	(114,834)	(221,984)
Fees payable to the Company's auditors for the audit of the Company's annual accounts	7,000	8,000

The Directors, who are employed by the ultimate parent undertaking, do not receive remuneration for their services to the Company

4 **Taxation**

Current year tax charge

There is no tax charge as the Company has made a loss

Factors affecting tax charge for the current year

	2011 £	2010 £
(Loss)/Profit on ordinary activities before taxation	(4,184,386)	548,369
Tax at 26 5% (2010 28%)	(1,108,862)	153,543
Losses not used	56,628	-
Movement on short term timing differences	(30,391)	(55,615)
Surrendered for group relief	1,082,625	-
Relieved by group losses	-	(97,928)
Current tax charge for the year	-	-

From 1 April 2011 the UK corporation tax rate changed from 28% to 26%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

4 **Taxation (continued)**

Factors that may affect the future tax charge

A deferred tax asset of £0 5m (2010 £0 6m) has not been recognised in respect of timing differences relating to short term timing differences

A further deferred tax asset has not bee recognised in respect of timing differences relating to tax losses carried forward as there is insufficient evidence that the asset will be recovered The amount of the asset not recognised is £6 6m, being 25% of tax losses of £26 5m (2010 £7 1m being 27% of tax losses of £26 3m) 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

In addition, the deferred tax asset of £1 5m (2010 £nil) has not been recognised in respect of capital losses on the basis that there is insufficient evidence that the asset will be recovered

5 **Investment in partnership**

The investment in partnership comprises an interest in The Ashford Great Park Partnership (of Church House, Great Smith Street, London SW1P 3PS) 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 2011 was £205,347 (2010 £161,540)

	£
Cost	
At 1 January 2011	2,276,194
Share of retained loss	(114,834)
At 31 December 2011	2,161,360
Provision for impairment of investment	
At 1 January 2011	(2,276,194)
Movement for the year	114,834
At 31 December 2011	(2,161,360)
Net book value	
At 31 December 2011	-
At 31 December 2010	-

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 (Accounts) Regulations 2008 from the requirements of those regulations

6 **Trading properties**

	2011 £	2010 £
Properties at the lower of cost and valuation	16,619,335	7,408,167

At 31 December 2011 the trading properties were valued by DTZ Debenham Tie Leung and Savills on the basis of market value in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

6 Trading properties (continued)

The valuer has noted in the valuation report, in accordance with Guidance Note 5 of the RICS Standards, if appropriate, that the primary source of evidence for valuations should be recent, comparable market transactions on arms length terms The current economic environment means that there have been few comparable transactions for the type of trading property owned by the company Because of this and the uncertain economic environment, there is a greater degree of uncertainty in respect of the figure reported by our valuer Until the number and consistency of comparable transactions increases, this situation is likely to remain

7 Debtors

	2011 £	2010 £
Trade debtors	149,337	10,426
VAT recoverable	-	2,269
Amounts owed from the ultimate parent undertaking	1,729,903	15,314,435
Prepayments and accrued income	7,528	44
	1,886,768	15,327,174

The amounts owed from the ultimate parent undertaking bear interest at a rate of 1% over base, are unsecured and have no fixed repayment date

8 Creditors: Amounts falling due within one year

	2011 £	2010 £
Trade creditors	22,279	6,076
VAT payable	22,145	-
Accruals and deferred income	174,249	174,397
	218,673	180,473

9 Provision for liabilities

A provision has been made for works to a sewer on land previously owned by CC Projects, which CC Projects has an obligation to undertake The work is expected to be completed in 2012

	£
At 1 January 2011	25,000
Utilised during the year	-
At 31 December 2011	25,000

10 Called up share capital

	2011 £	2010 £
Authorised ordinary shares of £1 each	8,489,298	8,489,298
Issued, called up and fully paid		
Ordinary shares of £1 each	489,298	489,298

11 Profit and loss account

	2011 £	2010 £
At 1 January	22,079,379	21,531,010
(Loss)/Profit for the year	(4,184,386)	548,369
At 31 December	17,894,993	22,079,379

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

12 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
(Loss)/Profit for the financial year	(4,184,386)	548,369
Opening shareholders' funds	22,568,677	22,020,308
Closing shareholders' funds	18,384,291	22,568,677

13 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

14 Ultimate parent undertaking

The Directors regard Sycamore Vale Limited as the immediate parent company Sycamore Vale Limited is wholly owned and controlled by the ultimate parent undertaking, 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, Church House, Great Smith Street, London SW1P 3AZ