

# **Flagship Investments Limited**

Registered number: 04199377

## **Director's report and financial statements**

**For the year ended 31 March 2009**

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# FLAGSHIP INVESTMENTS LIMITED

## COMPANY INFORMATION

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<b>Director</b>	HN Sharif
<b>Company secretary</b>	W Ahmed
<b>Company number</b>	04199377
<b>Registered office</b>	Tower Bridge House St Katharine's Way London E1W 1DD
<b>Auditors</b>	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

# **FLAGSHIP INVESTMENTS LIMITED**

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# **FLAGSHIP INVESTMENTS LIMITED**

## **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2009**

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The director presents his report and the financial statements for the year ended 31 March 2009.

### **Principal activities**

The principal activity of the company continued to be that of property investment.

### **Director**

The director who served during the year was:

HN Sharif

### **Statement of director's responsibilities**

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

### **Provision of information to auditors**

The director at the time when this director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing his report and to establish that the company's auditors are aware of that information.

# FLAGSHIP INVESTMENTS LIMITED

## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2009


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### Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The report of the director has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 04/09/2009 and signed on its behalf.

  
HN Sharif  
Director

# **FLAGSHIP INVESTMENTS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FLAGSHIP INVESTMENTS LIMITED**

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We have audited the financial statements of Flagship Investments Limited for the year ended 31 March 2009, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the company's member 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 member those matters we are required to state to him 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 member for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the director and auditors**

The director's 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 in the statement of director's responsibilities.

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, whether they are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Director's report 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 director's remuneration and transactions with the company is not disclosed.

We read the director's 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 judgments made by the director 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.

# FLAGSHIP INVESTMENTS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FLAGSHIP INVESTMENTS LIMITED

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### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2009 and of its loss 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 director's report is consistent with the financial statements.

### Emphasis of Matter - Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the ability of the company to continue as a going concern. The condition described in that note indicates the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern.

*Mazars LLP*

**Mazars LLP**

Chartered Accountants  
Registered Auditor

Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

Date: 04/09/2009

## FLAGSHIP INVESTMENTS LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £	2008 £
Turnover		235,783	215,559
Cost of sales		(84,688)	(73,664)
<b>Gross profit</b>		<b>151,095</b>	<b>141,895</b>
Administration expenses		(288,747)	(106,403)
<b>Operating (loss)/profit</b>	<b>3</b>	<b>(137,652)</b>	<b>35,492</b>
Interest receivable	<b>4</b>	3,885	79
Interest payable		(244,243)	(248,852)
<b>Loss on ordinary activities before taxation</b>		<b>(378,010)</b>	<b>(213,281)</b>
Tax on loss on ordinary activities	<b>5</b>	-	-
<b>Loss for the financial year</b>	<b>12</b>	<b>(378,010)</b>	<b>(213,281)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 8 to 14 form part of these financial statements.



## FLAGSHIP INVESTMENTS LIMITED

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2009

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	2009 £	2008 £
Loss for the financial year	(378,010)	(213,281)
Unrealised surplus on revaluation of tangible fixed assets	-	310,000
	<hr/>	<hr/>
<b>Total recognised gains and losses relating to the year</b>	<b>(378,010)</b>	<b>96,719</b>
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The notes on pages 8 to 14 form part of these financial statements.

# FLAGSHIP INVESTMENTS LIMITED

## BALANCE SHEET AS AT 31 MARCH 2009

	Note	£	2009 £	£	2008 £
<b>Fixed assets</b>					
Tangible fixed assets	6		5,187,414		5,207,422
Fixed asset investments	7		101		101
			<u>5,187,515</u>		<u>5,207,523</u>
<b>Current assets</b>					
Debtors	8	304,354		291,307	
Cash at bank		14,175		39,314	
		<u>318,529</u>		<u>330,621</u>	
<b>Creditors: amounts falling due within one year</b>	9	(574,124)		(571,506)	
<b>Net current liabilities</b>			(255,595)		(240,885)
<b>Total assets less current liabilities</b>			<u>4,931,920</u>		<u>4,966,638</u>
<b>Creditors: amounts falling due after more than one year</b>	10		(4,671,125)		(4,327,833)
<b>Net assets</b>			<u>260,795</u>		<u>638,805</u>
<b>Capital and Reserves</b>					
Called up share capital	11		1		1
Revaluation reserve	12		965,289		965,289
Profit and loss account	12		(704,495)		(326,485)
<b>Shareholder's funds</b>	13		<u>260,795</u>		<u>638,805</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

04/09/2009



**HN Sharif**  
Director

The notes on pages 8 to 14 form part of these financial statements.

# FLAGSHIP INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

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### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold and leasehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements have been prepared on the going concern basis. Due to the financial position of the company, the validity of this basis is conditional upon the continued support of the director and sole shareholder of the company and its bankers.

The director of the company has confirmed that he will not demand payment of the amounts due to him or payment of the amounts due to the related companies, of which he is also a director, for at least the next 12 months from the date of approval of these accounts. The director has further confirmed that he will provide financial support should the bankers of the company demand repayment of the loans. The director is not, however, legally bound by these assurances.

Should the company be unable to continue trading as a result of the withdrawal of support from the director and its bankers, adjustments would have to be made to reduce the value of the assets to their recoverable amount, to provide for any further liability which might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

#### 1.2 Compliance with accounting policies

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except where otherwise stated).

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	No depreciation
Long leasehold property	-	No depreciation
Leasehold improvements	-	10% over the term of the lease
Fixtures, fittings and equipment	-	20-25% reducing balance

In accordance with Statement of Standard Accounting Practice No 19:

- investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and
- no depreciation or amortisation is provided in respect of freehold properties and leasehold investment properties with over 20 years to run.

This treatment, with regards to the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the director considers that systematic annual depreciation would be inappropriate. The accounting policy adopted is, therefore, necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

# **FLAGSHIP INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009**

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### **1. Accounting policies (continued)**

#### **1.4 Investments**

Current asset investments are stated at the lower of cost and net realisable value.

#### **1.5 Turnover**

Turnover represents the rents receivable from leasing investment properties.

#### **1.6 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### **1.7 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

#### **1.8 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has, therefore, taken advantage of the exemptions provided by section 248 of the Companies Act 1985 and has not prepared group accounts.

#### **1.9 Finance costs**

The costs of obtaining finance are written off in the year in which they are incurred.

#### **1.10 Corresponding amounts**

In certain cases the director has reanalysed corresponding amounts in order to make their disclosure more meaningful.

# FLAGSHIP INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

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### 2. Turnover

All turnover is attributable to the United Kingdom.

### 3. Operating (loss)/profit

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

	2009 £	2008 £
Depreciation of tangible fixed assets:		
- fixtures, fittings and equipment	13,633	16,107
- leasehold improvements	9,575	9,575
Auditors' remuneration	8,137	7,867
	<u>          </u>	<u>          </u>

During the year, the director did not receive any emoluments (2008- £nil).

### 4. Interest receivable

	2009 £	2008 £
Other interest receivable	3,885	79
	<u>          </u>	<u>          </u>

### 5. Taxation

Due to tax losses, there is no charge to UK corporation tax.

# FLAGSHIP INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

### 6. Tangible fixed assets

	Freehold property £	Long leasehold property £	Fixtures, fittings and equipment £	Leasehold improvements £	Total £
<b>Cost or valuation</b>					
At 1 April 2008	2,075,000	2,985,000	106,037	95,752	5,261,789
Additions	-	-	3,200	-	3,200
At 31 March 2009	2,075,000	2,985,000	109,237	95,752	5,264,989
<b>Depreciation</b>					
At 1 April 2008	-	-	42,666	11,701	54,367
Charge for the year	-	-	13,633	9,575	23,208
At 31 March 2009	-	-	56,299	21,276	77,575
<b>Net book value</b>					
At 31 March 2009	2,075,000	2,985,000	52,938	74,476	5,187,414
At 31 March 2008	2,075,000	2,985,000	63,371	84,051	5,207,422

The investment properties are shown at the director's valuation at the year end. On a historical cost basis the investment property would be stated at £1,948,489 (2008: £1,948,489) in respect of freehold and £2,146,222 (2008: £2,146,222) for long leasehold.

The properties have been provided as security for the loans reflected in note 10.

### 7. Fixed asset investments

	Shares in subsidiary undertaking and joint arrangement £
<b>Cost or valuation</b>	
At 1 April 2008 and 31 March 2009	101

# FLAGSHIP INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

### 7. Fixed asset investments (continued)

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary Undertaking</b>			
Flagship Securities Limited	United Kingdom	Ordinary	100
<b>Joint arrangement</b>			
Hartstone Properties Limited	United Kingdom	Ordinary	50

The aggregate amount of capital and reserves and the results of the subsidiary undertaking for the last relevant financial year are as follows:

Company name	Principal activity	Capital and reserves 2009 £	Loss for the year 2009 £
Flagship Securities Limited	Securities trading	(182,391)	(27,552)

Hartstone Properties Limited was set up as a joint venture with Northern and Midlands Holdings Limited, to be the nominee holder of freehold property. Each venturer has exposure to 50% of all risks and returns relating to this property in accordance with the Joint Venture Agreement dated 30 April 2002.

In accordance with the Financial Reporting Standard 5, "Reporting the substance of transactions", 50% of this property has been treated as owned by Flagship Investments Limited. Included in tangible fixed assets under freehold investment properties is £1,650,000 (2008: £1,650,000) relating to this property. Included in rent receivable is £132,625 (2008: £134,875) relating to rental income from this property.

### 8. Debtors

	2009 £	2008 £
Amount owed by subsidiary undertaking	208,490	175,274
Other debtors	95,864	116,033
	<u>304,354</u>	<u>291,307</u>

# **FLAGSHIP INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009**

### **9. Creditors: Amounts falling due within one year**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Amounts owed to related undertakings	509,930	511,840
Other creditors	64,194	59,666
	<u>574,124</u>	<u>571,506</u>

The company has charged its tenants with rent deposits totalling £15,150 (2008: £nil). These deposits are held by the company's agent, Foxtons, and, therefore, are not recognised in these financial statements.

### **10. Creditors: Amounts falling due after more than one year**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Bank and building society loans	3,179,687	3,204,664
Other creditors	1,491,438	1,123,169
	<u>4,671,125</u>	<u>4,327,833</u>

#### **Analysis of loans**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Wholly repayable within five years	<u>4,671,125</u>	<u>4,327,833</u>

The bank and building society loans are secured against the properties held by the company as well as a debenture over the whole of the assets of the company.

### **11. Share capital**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>



# FLAGSHIP INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

### 12. Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2008	965,289	(326,485)
Loss for the year	-	(378,010)
At 31 March 2009	965,289	(704,495)

### 13. Reconciliation of movement in shareholder's funds

	2009 £	2008 £
Opening shareholder's funds	638,805	542,086
Loss for the year	(378,010)	(213,281)
Other recognised gains and losses during the year	-	310,000
Closing shareholder's funds	260,795	638,805

### 14. Related party transactions

Included in administration expenses is an amount of £47,580 (2007: £49,183) relating to the sharing of staff and office costs with Flagship Securities Limited, a wholly-owned subsidiary. Included in debtors is an amount of £208,490 (2008: £175,274) due from that company.

Included in creditors falling due within one year are amounts of £312,288 (2008: £312,288) due to Que Holdings Limited and £197,642 (2008: £199,552) due to Quint Paddington Limited. Both companies are under common ownership.

Included in other creditors falling due after more than one year is an amount of £1,491,438 (2008: £1,123,169) due to HN Sharif, the director and ultimate controlling party. The loan is interest free and there are no fixed repayment terms. However the director has agreed to subordinate the sum of £250,000 for such time as the bank loans remain outstanding.

### 15. Controlling party

The ultimate controlling party is HN Sharif by virtue of his 100% holding in the company.