

Flagship Investments Limited

Registered number 04199377

Director's report and financial statements

For the year ended 31 March 2010

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FLAGSHIP INVESTMENTS LIMITED

COMPANY INFORMATION

Director	HN Sharif
Company secretary	W Ahmed
Company number	04199377
Registered office	Tower Bridge House St Katharine's Way London E1W 1DD
Auditors	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 2010

The director presents his report and the financial statements for the year ended 31 March 2010

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 Director's 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). Under company law the director must not approve the financial statements unless he is 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 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 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 him to ensure that the financial statements comply with the Companies Act 2006. 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 2010

Auditors

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

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 29 September 2010 and signed on its behalf



HN Sharif
Director

FLAGSHIP INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF FLAGSHIP INVESTMENTS LIMITED

We have audited the financial statements of Flagship Investments Limited for the year ended 31 March 2010, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

Respective responsibilities of the director and auditors

As explained more fully in the statement of director's responsibilities set out on page 1, 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 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. This report, including our opinion, has been prepared for and only for the company's members, as a body, in accordance with Sections 495 and 496 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 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.

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/UKNP.

Opinion on the 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 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the provisions of the Companies Act 2006 applicable to small companies.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

FLAGSHIP INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF FLAGSHIP INVESTMENTS LIMITED

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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the director was not entitled to prepare the financial statements and the Director's report in accordance with the small companies regime

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 (Statutory Auditor)

Stacy Eden (Senior Statutory Auditor)

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

Date 04/10/10

FLAGSHIP INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	Note	2010 £	2009 £
Turnover	1	255,694	235,783
Cost of sales		(66,096)	(84,688)
Gross profit		189,598	151,095
Administration expenses		(39,896)	(288,747)
Operating profit/(loss)	3	149,702	(137,652)
Interest receivable	4	-	3,885
Interest payable		(184,607)	(244,243)
Loss on ordinary activities before taxation		(34,905)	(378,010)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	12	(34,905)	(378,010)

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

There were no recognised gains and losses for 2010 and 2009 other than those included in the profit and loss account

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 2010

	2010 £	2009 £
Loss for the financial year	(34,905)	(378,010)
Unrealised surplus on revaluation of tangible fixed assets	210,000	-
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	175,095	(378,010)
	<hr/>	<hr/>

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

FLAGSHIP INVESTMENTS LIMITED

Registered number 04199377

BALANCE SHEET AS AT 31 MARCH 2010

	Note	£	2010 £	£	2009 £
Fixed assets					
Tangible fixed assets	6		5,380,342		5,187,414
Fixed asset investments	7		101		101
			<u>5,380,443</u>		<u>5,187,515</u>
Current assets					
Debtors	8	91,186		304,354	
Cash at bank		3,832		14,175	
		<u>95,018</u>		<u>318,529</u>	
Creditors amounts falling due within one year	9	(1,496,445)		(574,124)	
Net current liabilities			<u>(1,401,427)</u>		<u>(255,595)</u>
Total assets less current liabilities			<u>3,979,016</u>		<u>4,931,920</u>
Creditors amounts falling due after more than one year	10		(3,543,126)		(4,671,125)
Net assets			<u>435,890</u>		<u>260,795</u>
Capital and reserves					
Called up share capital	11		1		1
Revaluation reserve	12		1,175,289		965,289
Profit and loss account	12		(739,400)		(704,495)
Shareholder's funds	13		<u>435,890</u>		<u>260,795</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2010



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 2010

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 April 2008)

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 Turnover

Turnover represents the rents receivable from leasing investment properties.

FLAGSHIP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

1 Accounting policies (continued)

1.4 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 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.

1.5 Investments

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

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.

FLAGSHIP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

1 Accounting policies (continued)

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 398 of the Companies Act 2006 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.

2. Turnover

All turnover is attributable to the United Kingdom.

3 Operating profit/(loss)

The operating profit/(loss) is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets		
- fixtures, fittings and equipment	10,827	13,633
- leasehold improvements	9,945	9,575
Auditors' remuneration	8,613	8,137

During the year, the director did not receive any emoluments (2009- £nil)

4 Interest receivable

	2010 £	2009 £
Other interest receivable	-	3,885

FLAGSHIP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

5. Taxation

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

6 Tangible fixed assets

	Freehold property £	Long leasehold property £	Fixtures, fittings and equipment £	Leasehold improvements £	Total £
Cost or valuation					
At 1 April 2009	2,075,000	2,985,000	109,237	95,752	5,264,989
Additions	-	-	-	3,700	3,700
Revaluation surplus	35,000	175,000	-	-	210,000
At 31 March 2010	2,110,000	3,160,000	109,237	99,452	5,478,689
Depreciation					
At 1 April 2009	-	-	56,299	21,276	77,575
Charge for the year	-	-	10,827	9,945	20,772
At 31 March 2010	-	-	67,126	31,221	98,347
Net book value					
At 31 March 2010	2,110,000	3,160,000	42,111	68,231	5,380,342
At 31 March 2009	2,075,000	2,985,000	52,938	74,476	5,187,414

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 (2009 £1,948,489) in respect of freehold and £2,146,222 (2009 £2,146,222) for long leasehold.

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

FLAGSHIP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

7. Fixed asset investments

	Shares in subsidiary undertaking and joint arrangement £
Cost or valuation	
At 1 April 2009 and 31 March 2010	101

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertaking			
Flagship Securities Limited	United Kingdom	Ordinary	100
Joint arrangement			
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 2010 £	Loss for the year 2010 £
Flagship Securities Limited	Securities trading	(200,915)	(18,524)

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 (2009 £1,650,000) relating to this property. Included in rent receivable is £136,000 (2009 £132,625) relating to rental income from this property.

8 Debtors

	2010 £	2009 £
Amount owed by subsidiary undertaking	-	208,490
Other debtors	91,186	95,864
	<u>91,186</u>	<u>304,354</u>

FLAGSHIP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

9. Creditors:
Amounts falling due within one year

	2010 £	2009 £
Other creditors	64,092	64,194
Amounts owed to related undertakings	-	509,930
Amount owed to subsidiary undertaking	311,504	-
Building society loan	1,120,849	-
	<u>1,496,445</u>	<u>574,124</u>

The company has charged its tenants with rent deposits totalling £14,250 (2009 £15,150). 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

	2010 £	2009 £
Bank loan and building society loan	2,025,000	3,179,687
Other creditors	1,518,126	1,491,438
	<u>3,543,126</u>	<u>4,671,125</u>

Analysis of loans

	2010 £	2009 £
Wholly repayable within five years	<u>2,025,000</u>	<u>4,671,125</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

	2010 £	2009 £
Allotted, called up and fully paid		
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 2010

12. Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2009	965,289	(704,495)
Loss for the year	-	(34,905)
Surplus on revaluation of freehold and long leasehold properties	210,000	-
At 31 March 2010	<u>1,175,289</u>	<u>(739,400)</u>

13 Reconciliation of movement in shareholder's funds

	2010 £	2009 £
Opening shareholder's funds	260,795	638,805
Loss for the year	(34,905)	(378,010)
Unrealised surplus on revaluation of tangible assets	210,000	-
Closing shareholder's funds	<u>435,890</u>	<u>260,795</u>

14 Related party transactions

Included in administration expenses is an amount of £47,064 (2009 £47,580) relating to the sharing of staff and office costs with Flagship Securities Limited, a wholly-owned subsidiary. Included in creditors is an amount of £311,504 (2009 debtor of £208,490) due to that company.

Included in creditors falling due within one year are amounts of £nil (2009 £312,288) due to Que Holdings Limited and £nil (2009 £197,642) 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 £1,518,126 (2009 £1,491,438) 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 Post balance sheet events

In May 2010, the company sold one of its freehold properties for a profit and repaid the outstanding building society loan charged against the property.

16 Controlling party

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