

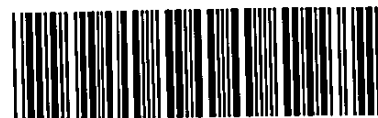
Registered number: 5661584

**CADOGAN ESTATES PROPERTY INVESTMENTS LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2010**

THURSDAY



\*ARWZWW00\*  
A40 21/07/2011 154  
COMPANIES HOUSE

---

# **CADOGAN ESTATES PROPERTY INVESTMENTS LIMITED**

**31 DECEMBER 2010**

|                   |  |
|-------------------|--|
| Directors         | H R Seaborn<br>R J Grant                                   |
| Secretary         | P M Loutit   |
| Registered office | 18 Cadogan Gardens<br>London SW3 2RP                       |
| Registered number | 5661584  |
| Auditors          | Ernst & Young LLP<br>1 More London Place<br>London SE1 2AF |

**CADOGAN ESTATES PROPERTY INVESTMENTS LIMITED**  
**REGISTERED NUMBER: 5661584**

**DIRECTORS' REPORT**

The directors present their report and financial statements for the year ended 31 December 2010

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company is property investment and this is expected to continue for the foreseeable future. The company is a wholly owned subsidiary of Cadogan Group Limited and a review of the group's business (including principal risks and uncertainties) is set out in the consolidated financial statements of that company.

The financial statements have been prepared on the going concern basis as Cadogan Group Limited has agreed to maintain financial support to enable the company to meet its liabilities as they fall due.

**RESULTS AND DIVIDENDS**

The financial statements show a profit for the year attributable to shareholders of £1,147,549 (2009 - £10,336,220). An interim dividend of £1,147,000 (2009 - £930,000) was paid during the year.

**GOING CONCERN**

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are set out in the chief executive's review contained in the Cadogan Group Limited consolidated financial statements.

At 31 December 2010 the company had net liabilities. Cadogan Group Limited has agreed to provide adequate funds for the company to meet its liabilities as they fall due for a period of not less than twelve months from the date of this report. As a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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 financial statements.

**DIRECTORS**

The directors holding office during the financial year and up to the date of this report are listed on page 1.

The ultimate holding company has taken out indemnity insurance in respect of its own and its subsidiaries' directors and officers in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

**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 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 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.

# **CADOGAN ESTATES PROPERTY INVESTMENTS LIMITED**

## **DIRECTORS' REPORT (continued)**

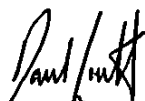
### **STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)**

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 to 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.

### **DISCLOSURE OF INFORMATION TO THE AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board



P M Loutit  
Secretary

28 April 2011

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CADOGAN ESTATES PROPERTY INVESTMENTS LIMITED**

We have audited the financial statements of Cadogan Estates 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 1 to 9. 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 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 explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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 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' reporting and financial statements 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 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 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 matter 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 by the company, or returns adequate for our audit have not been received, 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.



Richard Murray (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
28 April 2011

# CADOGAN ESTATES PROPERTY INVESTMENTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010


|  | Note | 2010<br>£        | 2009<br>£         |
|--|------|------------------|-------------------|
| Turnover   |      | 1,559,343        | 1,571,149         |
| Property expenses  |      | (126,057)        | (280,645)         |
|  |      | <u>1,433,286</u> | <u>1,290,504</u>  |
| Other income   |      | 5,874            | 2,987             |
|  |      | <u>1,439,100</u> | <u>1,293,491</u>  |
| Net rents receivable                                     |      | 1,439,100        | 1,293,491         |
| Administrative expenses                                  |      | (4,500)          | (4,200)           |
|  |      | <u>1,434,600</u> | <u>1,289,291</u>  |
| <b>OPERATING PROFIT</b>                                  | 3    | <b>1,434,660</b> | <b>1,289,291</b>  |
| Profit on disposal of investment properties              |      | 168,750          | 9,406,000         |
| Interest receivable                                      |      | 118              | -                 |
|  |      | <u>1,603,528</u> | <u>10,695,300</u> |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |      | <b>1,603,528</b> | <b>10,695,300</b> |
| Tax on profit on ordinary activities                     | 4    | (456,069)        | (359,080)         |
|  |      | <u>1,147,459</u> | <u>10,336,220</u> |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>AFTER TAXATION</b>  |      | <b>1,147,459</b> | <b>10,336,220</b> |
| Dividend paid  |      | (1,147,000)      | (930,000)         |
|  |      | <u>459</u>       | <u>9,406,220</u>  |
| <b>RETAINED PROFIT FOR THE<br/>FINANCIAL YEAR</b>        | 7    | <b>459</b>       | <b>9,406,220</b>  |
|  |      | =====            | =====             |

*Notes 1 to 9 form an integral part of these financial statements*

# CADOGAN ESTATES PROPERTY INVESTMENTS LIMITED

## BALANCE SHEET 31 DECEMBER 2010

|  | Note | 2010<br>£           | 2009<br>£          |
|--|------|---------------------|--------------------|
| <b>FIXED ASSETS</b>                                    |      |                     |                    |
| Tangible assets  | 5    | <u>56,395,000</u>   | <u>5,500,000</u>   |
| <b>CURRENT ASSETS</b>                                  |      |                     |                    |
| Trade debtors  |      | 424,791             | 18,850             |
| Other debtors  |      | <u>189,239</u>      | <u>280,661</u>     |
|  |      | <u>614,030</u>      | <u>299,511</u>     |
| <b>CREDITORS - amounts falling due within one year</b> |      |                     |                    |
| Deferred income  |      | 750,605             | 60,625             |
| Other creditors  |      | 114,489             | 4,200              |
| Amounts owed to group undertakings                     |      | 66,251,456          | 8,393,549          |
| Corporation tax  |      | <u>456,069</u>      | <u>361,001</u>     |
|  |      | <u>67,572,619</u>   | <u>8,819,375</u>   |
| <b>NET CURRENT LIABILITIES</b>                         |      | <u>(66,958,589)</u> | <u>(8,519,864)</u> |
|  |      | <u>(10,563,589)</u> | <u>(3,019,864)</u> |
|  |      | =====               | =====              |
| <b>CAPITAL AND RESERVES</b>                            |      |                     |                    |
| Called up share capital                                | 6    | 2                   | 2                  |
| Revaluation reserve                                    | 7    | (10,565,545)        | (3,021,361)        |
| Profit and loss account                                | 7    | <u>1,954</u>        | <u>1,495</u>       |
| <b>SHAREHOLDERS' DEFICIT</b>                           | 8    | <u>(10,563,589)</u> | <u>(3,019,864)</u> |
|  |      | =====               | =====              |

  
H R Seaborn - Director

  
R J Grant - Director

28 April 2011

*Notes 1 to 9 form an integral part of these financial statements*

## **CADOGAN ESTATES PROPERTY INVESTMENTS LIMITED**

### **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2010**

|  | <b>note</b> | <b>2010<br/>£</b>           | <b>2009<br/>£</b>  |
|--|-------------|-----------------------------|--------------------|
| Profit attributable to shareholders                                  |             | <b>1,147,459</b>            | 10,336,220         |
| Unrealised deficit on revaluation of leasehold investment properties |             | <b>(7,544,184)</b>          | (500,000)          |
| <b>TOTAL RECOGNISED GAINS AND LOSSES</b>                             | <b>8</b>    | <b>(6,396,725)</b><br>===== | 9,836,220<br>===== |

### **NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2010**

The profit for the year has been calculated on the historical cost basis

*Notes 1 to 9 form an integral part of these financial statements*



# **CADOGAN ESTATES PROPERTY INVESTMENTS LIMITED**

## **NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2010**

### **1 ACCOUNTING POLICIES**

#### **(a) Accounting convention**

The financial statements have been prepared under the historical cost convention modified by the revaluation of investment properties and in accordance with all applicable accounting standards. Compliance with Statement of Standard Accounting Practice 19, "Accounting for Investment Properties", requires a departure from the requirements of the Companies Act 2006 relating to depreciation and an explanation of this departure is given in (d) below.

#### **Fundamental accounting concept**

The financial statements have been prepared under the going concern concept because the directors have obtained confirmation of the intention of Cadogan Group Limited to provide and maintain adequate funds for the company to meet its liabilities as they fall due for a period of not less than twelve months from the date of this report.

#### **(b) Turnover**

Turnover is stated net of VAT and comprises rents due in respect of the accounting period. The cost of all lease incentives (such as rent-free periods) is offset against the total rent due and the net rental income is then spread evenly over the period from the start of the lease to the date of the next rent review or the lease end date. Increases in rents arising from rent reviews are recognised when the review has been completed and agreed with the tenant.

All of the company's activities take place in the United Kingdom.

#### **(c) Investment properties**

Investment properties are included in the financial statements at market valuation at the period end. Any surplus arising on revaluation is taken through the statement of total recognised gains and losses to the revaluation reserve. Any resulting deficit, if temporary, is taken through the statement of total recognised gains and losses to the revaluation reserve. If a deficit below original cost arises and is deemed to be permanent it is taken through the profit and loss account. Additions to properties include costs of a capital nature only, interest and other costs in respect of developments and refurbishments are written off as incurred.

#### **(d) Depreciation**

In accordance with Statement of Standard Accounting Practice 19, no depreciation is provided on long leasehold investment properties where the lease has over 20 years to the date of expiry. Although the Companies Act 2006 requires all properties to be depreciated the directors believe that departure from this requirement is necessary in order for the financial statements to give a true and fair view. Depreciation is reflected in the open market value of the investment properties included in the financial statements and cannot be quantified separately.

# CADOGAN ESTATES PROPERTY INVESTMENTS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS

31 DECEMBER 2010

### 1 ACCOUNTING POLICIES (continued)

#### (e) Taxation

Provision is made for deferred taxation on all material timing differences. No deferred taxation is provided on the revaluation of investment properties, unless a binding agreement for the sale of the asset exists at the year end.

#### (f) Cash flow statement

The company is a wholly owned subsidiary of Cadogan Estates Limited which itself is a wholly owned subsidiary of Cadogan Group Limited. As Cadogan Group Limited prepares consolidated financial statements the company has made use of the exemption under Financial Reporting Standard 1 (Revised), "Cash Flow Statements", not to prepare a statement of cash flow.

#### (g) Related parties

As the company is 100% owned directly or indirectly by the ultimate parent undertaking, it has made use of the exemption in Financial Reporting Standard 8, "Related Party Transactions", not to disclose transactions with other group companies.

### 2 STAFF COSTS AND EMOLUMENTS OF DIRECTORS

The company did not employ any staff during the year (2009 – nil).

The directors received no remuneration during the year (2009 - nil).

### 3 OPERATING PROFIT is stated after charging

|                                   | 2010<br>£ | 2009<br>£ |
|-----------------------------------|-----------|-----------|
| Auditors' remuneration            |           |           |
| Audit of the financial statements | 4,500     | 4,200     |

# CADOGAN ESTATES PROPERTY INVESTMENTS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2010

### 4 TAXATION

#### (a) Analysis of charge in the year

|   | 2010<br>£               | 2009<br>£               |
|---|-------------------------|-------------------------|
| Current tax                                 |                         |                         |
| UK corporation tax on profits of the year   | 456,069                 | 361,001                 |
| Adjustments in respect of previous period   | -                       | (1,921)                 |
| Total tax on profits on ordinary activities | <u>456,069</u><br>===== | <u>359,080</u><br>===== |

#### (b) Factors affecting tax charge for the year

The tax charge for the current year is the same as the current standard rate of corporation tax in the UK of 28% (2009 – 28%)

|                                | 2010<br>%       | 2009<br>%          |
|--------------------------------|-----------------|--------------------|
| Standard tax rate              | 28              | 28                 |
| Actual current tax rate        | 28              | 3                  |
| Difference                     | <u>-</u><br>=== | <u>(25)</u><br>=== |
| Explained by                   |                 |                    |
| Sundry permanent disallowables | -<br>===        | (25)<br>===        |

#### (c) Factors that may affect future tax charges

In the budget of 22 June 2010, the Chancellor of the Exchequer proposed a decrease in the rate of UK corporation tax from 28% to 24% by 1% each year from April 2011, which would be enacted annually. In the budget of 23 March 2011, this proposal was amended such that the rate will reduce to 26% from April 2011, with a subsequent 1% reduction in each of the next three years taking the rate to 23% from April 2014. The rate changes will impact the amount of future tax payments to be made by the company.

# CADOGAN ESTATES PROPERTY INVESTMENTS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS

31 DECEMBER 2010

### 5 TANGIBLE FIXED ASSETS

|                            | Leasehold<br>investment<br>properties<br>£ |
|----------------------------|--|
| Valuation                  |  |
| At 1 January 2010          | 5,500,000                                  |
| Revaluation                | (7,544,184)                                |
| Additions                  | 58,470,434                                 |
| Disposals                  | (31,250)                                   |
| <b>At 31 December 2010</b> | <b>56,395,000</b><br>=====                 |

The company's investment properties were revalued at 31 December 2010 by Chapman Petrie a firm of chartered surveyors, on the basis of market value, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors

The comparable amount of these leasehold investment properties according to the historical cost accounting rules was £66,960,545 (2009 - £8,521,361)

### 6 CALLED UP SHARE CAPITAL

|  | 2010<br>£ | 2009<br>£ |
|--|-----------|-----------|
| Authorised ordinary shares of £1 each              | 100<br>—  | 100<br>—  |
| Allotted and fully paid ordinary shares of £1 each | 2<br>—    | 2<br>—    |

### 7 RESERVES

|  | Revaluation<br>reserve<br>£  | Profit and<br>loss account<br>£ |
|--|------------------------------|---------------------------------|
| Balances at 1 January 2010   | (3,021,361)                  | 1,495                           |
| Profit for the year  | -                            | 1,147,459                       |
| Dividend declared and paid   | -                            | (1,147,000)                     |
| Decrease in revaluation reserve resulting from<br>revaluation of leasehold investment properties | (7,544,184)                  | -                               |
| <b>Balances at 31 December 2010</b>  | <b>(10,565,545)</b><br>===== | <b>1,954</b><br>=====           |

# CADOGAN ESTATES PROPERTY INVESTMENTS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS 31 DECEMBER 2010

### 8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

|   | 2010<br>£             | 2009<br>£            |
|---|-----------------------|----------------------|
| Total recognised gains and losses               | (6,396,725)           | 9,836,220            |
| Dividend declared and paid                      | (1,147,000)           | (930,000)            |
| Net increase/(reduction) to shareholders' funds | (7,543,725)           | 8,906,220            |
| Opening shareholders' deficit                   | (3,019,864)           | (11,926,084)         |
| Closing shareholders' deficit                   | (10,563,589)<br>===== | (3,019,864)<br>===== |

### 9 ULTIMATE HOLDING COMPANY

The company's immediate parent undertaking is Cadogan Estates Limited. The holding company for all operational purposes is Cadogan Group Limited, Cadogan Estates Limited's immediate parent undertaking. This is the smallest group which included the company's results in its consolidated financial statements.

In the directors' opinion, the company's ultimate holding company (and the largest group in which the company's results are consolidated) is Cadogan Settled Estates Limited.

The ultimate ownership of Cadogan Settled Estates Limited is vested in The Eighth Earl Cadogan's 6 December 1961 Settlement.

Group financial statements are prepared by Cadogan Settled Estates Limited and Cadogan Group Limited and can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ.