

# CSTI Investments Limited

## FINANCIAL STATEMENTS

for the year ended

31 May 2010

Company Registration No 06680187

TUESDAY



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# CSTI Investments Limited

## COMPANY INFORMATION

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DIRECTORS	Michael Watson Julian Wheatland
SECRETARY	M H P Ingham
COMPANY NUMBER	06680187 (England & Wales)
REGISTERED OFFICE	4th Floor Leconfield House Curzon Street London W1J 5JA
AUDITORS	Baker Tilly UK Audit LLP The Clock House 140 London Road Guildford Surrey GU1 1UW

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# CSTI Investments Limited

## DIRECTORS' REPORT

For the year ended 31 May 2010

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

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company was that of making investments which qualify for unwinding offset obligations. During the year the company invested in one such investment by taking an interest in the iNovia II-a Limited Partnership, a Canadian Limited partnership.

The company's loss for the year was £253,790 (2009 £Nil), the directors are satisfied with the company's position given the support of its ultimate shareholder.

### DIRECTORS

The following directors have held office since 1 June 2009

Michael Watson  
Julian Wheatland

### AUDITORS

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who are in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they 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 it has been communicated to the auditor.

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

On behalf of the board



Michael Watson  
Director  
7 October 2010

# CSTI Investments Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Directors' 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

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 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.

# CSTI Investments Limited

## INDEPENDENT AUDITOR'S REPORT

### To The Members Of CSTI Investments Limited

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We have audited the financial statements on pages 4 to 11. 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 the directors and auditors**

As more fully explained in the Directors' Responsibilities Statement, 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.

#### **Scope of the audit**

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](http://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 May 2010 and of its result 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, 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.

*Baker Tilly & Audit LLP*

David Worrow FCA (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
The Clock House  
140 London Road  
Guildford  
Surrey  
GU1 1UW

15 October 2010

# CSTI Investments Limited

## PROFIT AND LOSS ACCOUNT

For the year ended 31 May 2010

		Year ended 31 May 2010 £	15 month period ended 31 May 2009 £
	Notes		
Share of partnership loss	2	(162,031)	-
Other operating expenses	1	(91,759)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(253,790)	-
Taxation	5	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	10	(253 790)	-

All amounts derive from continuing activities

# CSTI Investments Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 May 2010

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	Year ended 31 May 2010 £	15 month period ended 31 May 2009 £
Loss for the financial year	(253,790)	-
Unrealised gain in year generated by fixed asset investment	173,738	-
Total recognised gains and losses relating to the year	<u>(80,052)</u>	<u>-</u>

# CSTI Investments Limited

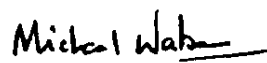
## BALANCE SHEET

As at 31 May 2010

Company registration No 06680187

	Notes	2010 £	2009 £
<b>FIXED ASSETS</b>			
Investments	6	1,323,353	-
<b>CURRENT ASSETS</b>			
Debtors	7	100	100
<b>NET CURRENT ASSETS</b>		100	100
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,323,453	100
<b>CREDITORS</b> Amounts falling due after more than one year	8	(1,403,405)	-
<b>NET (LIABILITIES)/ASSETS</b>		(79,952)	100
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	100	100
Revaluation reserve	10	173,738	-
Profit and loss account	10	(253,790)	-
<b>SHAREHOLDERS' DEFICIT</b>	11	(79,952)	100

The financial statements on pages 4 to 11 were approved by the board of directors and authorised for issue on 7 October 2010 and are signed on its behalf by



Michael Watson

Director



# CSTI Investments Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements

### GOING CONCERN

The directors have assessed the continuation and availability of support being provided by Mr V Tchenguiz, a related party and have determined that the company has, or can expect to have sufficient working capital for its needs for at least 12 months from the signing of the accounts. In view of this the directors consider it appropriate to prepare the accounts on the going concern basis

### INVESTMENTS

Fixed asset investments in partnerships are stated at the cost of the company's capital investment and its share of subsequent profits, losses and/or deficits. The company's share of profits and losses realised by its investment is recognised in the profit and loss account as partnership income/losses. The company's share of any unrealised gains or losses made by its investment is taken to an investment revaluation reserve

### FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account

Fixed asset investments financed by foreign currency loans are retranslated into sterling at the rate of exchange ruling at the balance sheet date

### CASH FLOW STATEMENT

The company has taken advantage of the small company exemption from preparing a cash flow statement under the terms of FRS 1

**CSTI Investments Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 May 2010

	Year ended 31 May 2010	15 month period ended 31 May 2009
1 OTHER OPERATING EXPENSES (NET)	£	£
Administrative expenses	91 759	-
2 SHARE OF PARTNERSHIP LOSS	2010 £	2009 £
Share of realised loss generated by the fixed asset investment	162 031	-
3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2010 £	2009 £
Loss is stated after charging		
Net loss on foreign exchange translations	12,903	-

Auditors remuneration is borne by the ultimate holding company

4 EMPLOYEES

There were no employees during the year apart from the directors, who received no emoluments

# CSTI Investments Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2010

	Year ended 31 May 2010 £	15 month period ended 31 May 2009 £
5 TAXATION		
UK Corporation tax		
Current tax charge	-	-
	<u>-</u>	<u>-</u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(253 790)	-
	<u>(253 790)</u>	<u>-</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	(71,061)	-
	<u>(71,061)</u>	<u>-</u>
Effects of		
Non deductible expenses	25,692	-
Non taxable foreign currency loss	(38,976)	-
Tax losses to be carried forward	84,345	-
	<u>71,061</u>	<u>-</u>
Current tax charge	-	-
	<u>-</u>	<u>-</u>

The company has estimated losses of £ 301 232 (2009 - £ nil) available for carry forward against future trading profits

The deferred tax asset arising on the losses carried forward has not been recognised as their utilisation in the foreseeable future is considered remote

## 6 FIXED ASSET INVESTMENTS

	Unlisted investments £
Cost or valuation	
At 1 June 2009	-
Additions	1 183 525
Unrealised gains	171,384
Realised loss for the year	(162,031)
Foreign exchange translation	130,475
	<u>1,323,353</u>
At 31 May 2010	<u>1,323,353</u>

The unlisted investment represents an investment in a Canadian Limited Partnership. The company is a limited partner and at 31 May 2010 its capital contribution represents 46.51% of the members capital.

# CSTI Investments Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2010

7	DEBTORS	2010 £	2009 £
	Amounts owed by group undertakings	100	100
8	CREDITORS amounts falling due after more than one year	2010 £	2009 £
	Other creditors	1,403,405	-
9	SHARE CAPITAL	2010 £	2009 £
	Allotted and issued		
	Equity Shares		
	100 Ordinary shares of £1 each	100	100
10	RESERVES	Investment revaluation reserve £	Profit and loss account £
	Balance at 1 June 2009	-	-
	Loss for the year	-	(253,790)
	Unrealised gains	173,738	-
	Balance at 31 May 2010	173,738	(253,790)
11	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2010 £	2009 £
	Loss for the financial year	(253,790)	-
	Other recognised gains and losses	173,738	-
	Proceeds from issue of shares	-	100
	Net (depletion in)/addition to shareholders' funds	(80,052)	100
	Opening shareholders' funds	100	-
	Closing shareholders' funds	(79,952)	100

# CSTI Investments Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2010

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### 12 CAPITAL COMMITMENTS

At 31 May 2010 the company was committed to further investments in the iNovia II-A Limited Partnership of CAD 3 000,000. These committed amounts must be paid by the company at such times and in such amounts as the Partnership may determine.

### 13 CONTROL

The company's immediate holding company is Consensus Science, Technology and Innovation Limited, a company incorporated in England and Wales.

The ultimate controlling party is Mr V Tchenguiz.

### 14 RELATED PARTY TRANSACTIONS

At the balance sheet date and included within Other creditors is an interest free loan of £1 403 405 denominated in Canadian dollars owed to Mr V Tchenguiz, the company's ultimate controlling party. Mr V Tchenguiz has confirmed that his funding will not be withdrawn for a period of at least 12 months after the signing of these accounts except on an earlier realisation of the company's investment. Mr V Tchenguiz has also confirmed that should the company be unable to meet its capital commitments (see note 12) from its own resources or from external funding that he will provide the required funding.

The company has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 "Related Party Disclosures" and has not disclosed transactions with fellow group undertakings where 100% of the voting rights are controlled within the group.