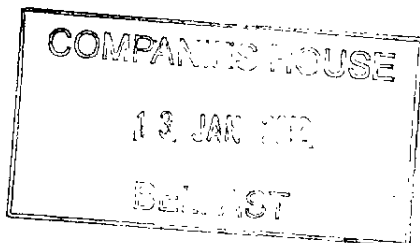


**CIC PROPERTIES LIMITED  
FINANCIAL STATEMENTS  
30 APRIL 2011**

**Company Registration Number NI 32178**



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# **CIC PROPERTIES LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 30 APRIL 2011**

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# CIC PROPERTIES LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

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**The board of directors**

R A Scott  
G R Scott  
C D Scott

**Company secretary**

T Parkinson

**Registered office**

6 Saintfield Road  
Lisburn  
Co Antrim  
BT27 5BD

**Auditor**

BDO Northern Ireland  
Chartered Accountants  
& Statutory Auditor  
Lindsay House  
10 Callender Street  
Belfast  
BT1 5BN

**Bankers**

Citco Bank N.V  
Amsterdam  
P.O Box 7241 - 1007 JE  
The Netherlands

National Asset Management Agency  
1 Donegall Square South  
Belfast  
United Kingdom  
BT1 5LR

**Solicitors**

Tughans & Co  
Marlborough House  
30 Victoria Street  
Belfast  
BT1 3GS

Blaser Mills Solicitors  
119 High Street  
Old Amersham  
Buckinghamshire  
HP7 0EA

## **CIC PROPERTIES LIMITED**

### **THE DIRECTORS' REPORT**

#### **YEAR ENDED 30 APRIL 2011**

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The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30 April 2011.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The group's principal activities of the company during the year were the development and sale of properties and property management. The subsidiaries, joint venture and associated undertakings principally affecting the profits or net assets of the group in the year are listed in note 13 to the financial statements.

#### **Principal risks and uncertainties**

The commercial and residential property market remains competitive. The expertise and experience of the directors in the property market mitigates any posed risks from competitors.

Performance in the sector is affected by general economic conditions and specific sectoral factors such as mortgage rates, house price inflation and interest rates.

A review of a joint arrangement with a related party has resulted in a provision in the value of an investment figure of £1,202,800 and a related stock write down of £969,550.

The group monitor cash flow as part of its day to day control procedures. The Board considers cash flow projections on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £3,085,154. Particulars of dividends paid are detailed in note 11 to the financial statements.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The group's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, foreign currency risk, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

#### **Interest Rate Risk**

The group has both interest bearing assets and interest bearing liabilities, which bear interest at variable rates. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

#### **Credit Risk**

The group monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

# CIC PROPERTIES LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 APRIL 2011

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### Liquidity Risk

The group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions.

### Bank Funding Risk

The group directors have been notified that, in accordance with National Asset Management Agency ("NAMA") policy, one of the bank loans for £7,385,000, which was with an Irish funding institution, has been transferred to NAMA. The director's, in conjunction with a joint arrangement partner, who is joined in the same facility for an equivalent amount, are in the process of preparing a business plan which is required to be submitted to NAMA.

### THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE PARENT COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the parent company were as follows:

	Ordinary shares in the parent company	
	At 30 April 2011	At 1 May 2010
R A Scott	1	1
G R Scott	-	-
C D Scott	1	1
	<u>1</u>	<u>1</u>

### FIXED ASSETS

The changes in tangible fixed assets during the year are summarised in note 11 to the financial accounts.

All investment properties held are valued by the directors at open market value on 30 April 2011.

The valuation in these financial statements is £974,080 (2010 - £974,080).

### DIRECTORS' RESPONSIBILITIES

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 the group and of the profit or loss of the group for that year.

In preparing those financial statements, the directors are required to:

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

# CIC PROPERTIES LIMITED

## THE DIRECTORS' REPORT *(continued)*

**YEAR ENDED 30 APRIL 2011**

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The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### POST BALANCE SHEET EVENT

The investment relating to a mortgage endowment policy on the life of a director has been transferred to a related party post year end.

### AUDITOR

The auditors, BDO Northern Ireland, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Registered office:  
6 Saintfield Road  
Lisburn  
Co Antrim  
BT27 5BD

Signed on behalf of the directors



R A Scott  
Director

Approved by the directors on 22/12/11

## **CIC PROPERTIES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CIC PROPERTIES LIMITED**

**YEAR ENDED 30 APRIL 2011**

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We have audited the group and parent company financial statements ("the financial statements") of CIC Properties Limited for the year ended 30 April 2011 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet and Company Balance Sheet, Group Cash Flow and the related notes. 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the statement of directors' responsibilities, 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 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 (APB's) Ethical Standards for Auditors.

#### **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/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 April 2011 and of the group's 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.

#### **Emphasis of matter - valuation of properties and going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in (i) Note 14 concerning the uncertainty associated with the assessment of the carrying value of property assets under current market conditions and (ii) the basis of preparation accounting policy concerning the company's ability to continue as a going concern.

The group's principal assets include work in progress with a carrying value of £7.55 million. Given the materiality of these amounts and the inherent subjectivity in the assessment of the carrying value, we draw your attention to the uncertainty, as outlined in Note 14.

**CIC PROPERTIES LIMITED****INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CIC PROPERTIES LIMITED** *(continued)***YEAR ENDED 30 APRIL 2011**

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The basis of preparation accounting policy sets out a number of material uncertainties which may cast doubt on the ability of the group to continue as a going concern. These matters include the acceptance by NAMA of the group's business plan, the ability of the group to successfully repay, refinance or renew bank facilities as they fall due, and to secure continuing support where bank covenants are breached. While the ultimate outcome of these matters cannot be assessed with certainty at this time, the directors are of the opinion that, based on the current discussions with the group's lenders, it is appropriate to prepared the financial statements on the going concern basis.

The financial statements do not include any adjustments or disclosures that would be required if the group was unable to recover the full carrying value of its work in progress or if the company was unable to continue as a going concern.

**OPINION ON OTHER MATTERS 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Nigel V W Harra, senior statutory auditor  
For and on behalf of BDO Northern Ireland, statutory auditor  
Lindsay House  
10 Callender Street  
Belfast  
BT1 5BN

22 December 2011



**CIC PROPERTIES LIMITED**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 APRIL 2011**

	Note	2011 £	2010 £
<b>GROUP TURNOVER</b>	<b>2</b>	<b>18,519,634</b>	43,008,827
Cost of sales		<u>13,902,847</u>	<u>23,221,998</u>
<b>GROSS PROFIT</b>		<b>4,616,787</b>	19,786,829
Administrative expenses		280,217	298,627
Other operating income	<b>3</b>	<u>(325,000)</u>	<u>(165,000)</u>
<b>OPERATING PROFIT</b>	<b>4</b>	<b>4,661,570</b>	19,653,202
Share of associate operating profit		<u>225,518</u>	<u>203,047</u>
<b>TOTAL OPERATING PROFIT: GROUP AND SHARE OF ASSOCIATES</b>		<b>4,887,088</b>	19,856,249
Interest receivable		1,719	1,772
Share of interest receivable, associate		4,034	2,337
Amounts written off investments	<b>7</b>	<u>(1,202,800)</u>	–
Interest payable and similar charges	<b>8</b>	<u>(265,929)</u>	<u>(414,223)</u>
Share of interest payable, associate		<u>(221,760)</u>	<u>(149,450)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>3,202,352</b>	19,296,685
Tax on profit on ordinary activities	<b>9</b>	<u>117,198</u>	305,260
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>10</b>	<b><u>3,085,154</u></b>	<u>18,991,425</u>

All of the activities of the group are classed as continuing.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

**CIC PROPERTIES LIMITED****GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 30 APRIL 2011**

---

	2011	2010
	£	£
Profit for the financial year excluding share of profit of associate	3,078,739	18,946,866
Share of associate profit for the year	<u>6,415</u>	<u>44,559</u>
Profit attributable to shareholders of the parent company	3,085,154	18,991,425
Unrealised profit on revaluation of:		
Shares in participating interests	<u>6,415</u>	<u>44,559</u>
Group revaluation surpluses	<u>3,091,569</u>	<u>19,035,984</u>
Total gains and losses recognised since the last annual report	<u><u>3,091,569</u></u>	<u><u>19,035,984</u></u>

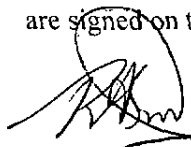
## CIC PROPERTIES LIMITED

## GROUP BALANCE SHEET

30 APRIL 2011

	Note	2011		2010	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	12		995,637		1,000,580
Investments	13		4,322,047		5,482,850
			<u>5,317,684</u>		<u>6,483,430</u>
<b>CURRENT ASSETS</b>					
Stocks	14	7,552,313		18,481,443	
Debtors	15	7,017,887		6,067,446	
Cash at bank		912,881		4,233,968	
		<u>15,483,081</u>		<u>28,782,857</u>	
<b>CREDITORS: Amounts falling due within one year</b>	16	<u>11,699,029</u>		<u>20,892,539</u>	
<b>NET CURRENT ASSETS</b>			<u>3,784,052</u>		<u>7,890,318</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>9,101,736</u>		<u>14,373,748</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17		6,346,147		7,696,313
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred taxation	18		181,550		181,550
			<u>2,574,039</u>		<u>6,495,885</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	22		100		100
Revaluation reserve	23		2,551,160		3,199,521
Profit and loss account	23		22,779		3,296,264
<b>SHAREHOLDERS' FUNDS</b>	24		<u>2,574,039</u>		<u>6,495,885</u>

These financial statements were approved by the directors and authorised for issue on 22/12/11 and are signed on their behalf by:



R A SCOTT

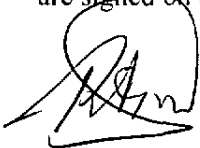


G R SCOTT

**CIC PROPERTIES LIMITED****BALANCE SHEET****30 APRIL 2011**

	Note	2011 £	£	2010 £	£
<b>FIXED ASSETS</b>					
Investments	13		100		100
<b>CURRENT ASSETS</b>					
Cash at bank			36,933		43,982
<b>TOTAL ASSETS</b>			<u>37,033</u>		<u>44,082</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	22		100		100
Profit and loss account	23		36,933		43,982
<b>SHAREHOLDERS' FUNDS</b>			<u>37,033</u>		<u>44,082</u>

These financial statements were approved by the directors and authorised for issue on 22/12/11 and are signed on their behalf by:



R A SCOTT



G R SCOTT

Company Registration Number: NI 32178

## CIC PROPERTIES LIMITED

## GROUP CASH FLOW

YEAR ENDED 30 APRIL 2011

	Note	2011		2010	
		£	£	£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>			<b>15,641,543</b>		<b>38,121,929</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest received		1,719		1,772	
Interest paid		(265,929)		(414,223)	
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			<b>(264,210)</b>		<b>(412,451)</b>
<b>TAXATION</b>			<b>(172,243)</b>		<b>(375,861)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>					
Payments to acquire tangible fixed assets		(446)		(36,737)	
Receipts from sale of fixed assets		–		530,000	
Acquisition of investments		(35,582)		(35,173)	
<b>NET CASH (OUTFLOW)/INFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			<b>(36,028)</b>		<b>458,090</b>
<b>EQUITY DIVIDENDS PAID</b>			<b>(7,007,000)</b>		<b>(37,395,000)</b>
<b>CASH INFLOW BEFORE FINANCING</b>			<b>8,162,062</b>		<b>396,707</b>
<b>FINANCING</b>					
Repayment of bank loans		(3,813,707)		(7,287,975)	
Net (outflow)/inflow from other short-term creditors		(7,669,442)		7,353,646	
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING</b>			<b>(11,483,149)</b>		<b>65,671</b>
<b>(DECREASE)/INCREASE IN CASH</b>			<b>(3,321,087)</b>		<b>462,378</b>

**CIC PROPERTIES LIMITED****GROUP CASH FLOW****YEAR ENDED 30 APRIL 2011****RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2011	2010
	£	£
Operating profit	4,661,570	19,653,202
Depreciation	5,389	6,628
Profit on disposal of fixed assets	–	(55,690)
Decrease in stocks	10,929,130	19,501,321
Increase in debtors	(950,441)	(813,141)
Increase/(decrease) in creditors	995,895	(170,391)
Net cash inflow from operating activities	<u>15,641,543</u>	<u>38,121,929</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2011		2010	
	£	£	£	£
(Decrease)/increase in cash in the period	(3,321,087)		462,378	
Net cash outflow from bank loans	3,813,707		7,287,975	
Net outflow from/(inflow) from other short-term creditors	<u>7,669,442</u>		<u>(7,353,646)</u>	
		<u>8,162,062</u>		<u>396,707</u>
Change in net debt		8,162,062		396,707
Net debt at 1 May 2010		<u>(23,735,228)</u>		<u>(24,131,935)</u>
Net debt at 30 April 2011		<u>(15,573,166)</u>		<u>(23,735,228)</u>

## CIC PROPERTIES LIMITED

## GROUP CASH FLOW

YEAR ENDED 30 APRIL 2011

## ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2010 £	Cash flows £	At 30 Apr 2011 £
Net cash:			
Cash in hand and at bank	<u>4,233,968</u>	<u>(3,321,087)</u>	<u>912,881</u>
Debt:			
Debt due within 1 year	(20,272,883)	10,132,983	(10,139,900)
Debt due after 1 year	(7,696,313)	1,350,166	(6,346,147)
	<u>(27,969,196)</u>	<u>11,483,149</u>	<u>(16,486,047)</u>
Net debt	<u>(23,735,228)</u>	<u>8,162,062</u>	<u>(15,573,166)</u>

**CIC PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2011**

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**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

The group is a member of a group headed by Ardmore Limited which has indicated that it will continue to support the company and accordingly the financial statements have been prepared on a going concern basis.

However the future performance of CIC Properties Limited ("the group") in the markets in which it operates will be influenced by the macro-economic, financial, credit and property industry conditions, which are outside of the group's control. Ongoing difficulties in the economic environment, with continued negative repercussions for both financial institutions and the property market, could materially impact the property portfolio assembled by the group and affect its ability to meet its longer term financing requirements.

In addition, a significant proportion of the group's bank borrowings previously held by Irish financial institutions have now been transferred to the National Asset Management Agency ("NAMA").

NAMA is a special purpose vehicle that has been established by the Irish government on a statutory basis in order to manage acquired loans with the aim of achieving the best possible return for the Irish taxpayer over a 7 to 10 year timeframe.

As required by NAMA, the group (in conjunction with a joint arrangement partner) is in the process of preparing a detailed business plan with a view to seeking NAMA's approval of that plan. While formal approval of the group's business plan has yet to be completed, the directors are confident that such approval will be forthcoming and hence have prepared the financial statements on a going concern basis.

The directors of the group assess the basis of preparation of the financial statements each year, and whether it is appropriate to prepare them on a going concern basis. In doing so, they assess the financial plan and cashflow projections for the group. The following represent the key assumptions of that financial plan:

- the acceptance by NAMA of the group's business plan, and the ability of the company to successfully implement the plan;
- bank loans falling due for repayment in the coming financial year with NAMA and other financial institutions will be renewed on terms consistent with the existing loan arrangements;
- in the case of current breaches of bank covenants and any future breaches of bank covenants that arise, that the related loan facilities will be re-negotiated and renewed;
- the group will continue to realise sufficient cash through bank financing and property disposal transactions during the course of 2011/2012 that will enable it to meet working capital and other commitments as they arise.



**CIC PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2011**

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**1. ACCOUNTING POLICIES** *(continued)*

**Basis of accounting** *(continued)*

Based on the above assumptions, the directors believe that the group will have sufficient cash reserves and debt facilities to meet its ongoing requirements for at least 12 months from the date of approval of the financial statements.

The directors of the group have concluded that the above factors represent material uncertainties. Failure to deliver on the above assumptions may cast significant doubt on the ability of the group to continue as a going concern and it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, having considered the basis of preparation and the assumptions underlying the group's cashflow projections together with assessing the status of negotiations with NAMA, and assuming the renewal of expiring facilities and continued forbearance of its lenders, the directors of the company have reasonable expectation that the group will be able to meet its liabilities as they fall due for the foreseeable future.

It is on the basis that the directors consider it appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustment that would result from the going concern basis of preparation being inappropriate.

**Basis of consolidation**

The consolidated accounts incorporate the accounts of the company and all group undertakings, together with the group's share of the net assets and results of associated undertakings and joint arrangements. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of section 408 of the Companies Act 2006.

Subsidiary undertakings in which the group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence are treated as associated undertakings.

The group accounts include the appropriate share of the above undertakings' results and reserves.

**Turnover**

Turnover represents rent and recharges charged to tenants and proceeds of sale of trading properties and is stated exclusive of VAT.

Profits on the sale of properties are taken into account on the completion of contract. Profits arising from the sale of trading properties are included in the profit and loss account as part of the ordinary activities of the group.

**CIC PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2011**

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**1. ACCOUNTING POLICIES** *(continued)*

**Fixed assets**

All fixed assets are initially recorded at cost.

**Depreciation**

Depreciation is calculated so as to write off the cost or revaluation of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings            -    20% on annual written down value

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

**Investment properties**

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike the Companies Act 2006, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Order is required in order to give a true and fair view.

**Stocks**

Properties are stated at the lower of cost and estimated market value. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**CIC PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2011**

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**1. ACCOUNTING POLICIES** *(continued)*

**Deferred taxation**

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of all tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances should not be discounted.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**Investments**

Fixed asset investments are stated at cost less any provision for impairment in value.

**Associates**

In the group financial statements, investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of associated profits less losses, while the group's share of net assets of the associate is shown in the consolidated balance sheet.

**Joint venture undertakings**

The group financial statements includes the group's 50% share of the assets, liabilities and cashflows of the joint arrangement measured according to the terms of the joint arrangement agreement.

**2. TURNOVER**

No analysis of turnover and attributable pre-tax profit by class of business or geographical segment has been disclosed in the financial statements as, in the opinion of the directors, such disclosure would be prejudicial to the interests of the group.

**CIC PROPERTIES LIMITED**  
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**3. OTHER OPERATING INCOME**

	2011 £	2010 £
Management charges receivable	<u>325,000</u>	<u>165,000</u>

**4. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	2011 £	2010 £
Depreciation of owned fixed assets	5,389	6,628
Profit on disposal of fixed assets	-	(55,690)
Auditor's remuneration		
- as auditor	18,000	19,500
Operating lease costs:		
- Other	23,550	23,550
Net (profit)/loss on foreign currency translation	<u>(4,266)</u>	<u>5,191</u>

**5. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the group during the financial year amounted to:

	2011 No	2010 No
Number of other staff (including directors)	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were:

	2011 £	2010 £
Wages and salaries	70,973	68,251
Social security costs	-	-
	<u>70,973</u>	<u>68,251</u>

**6. DIRECTORS' REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services were:

	2011 £	2010 £
Remuneration receivable	<u>68,625</u>	<u>61,027</u>

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**7. AMOUNTS WRITTEN OFF INVESTMENTS**

	2011 £	2010 £
Investments written off	<u>1,202,800</u>	<u>–</u>

Amounts written off investments relates to a provision against 50% of the group's share of the investment value in Henderson Property Development Limited.

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2011 £	2010 £
Interest payable on bank borrowing	<u>265,929</u>	<u>414,223</u>

**9. TAXATION ON ORDINARY ACTIVITIES**

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

	2011 £	2010 £
Current tax:		
UK Corporation tax based on the results for the year at 28% (2010 - 28%)	115,821	293,885
Share of associate taxation charge	1,377	11,375
Total current tax	<u>117,198</u>	<u>305,260</u>

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2010 - 28%).

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>3,202,352</u>	<u>19,296,685</u>
Profit on ordinary activities by rate of tax	896,659	5,869,626
Capital allowances in excess of depreciation	442	(1,616)
Share of associate tax charge	1,377	11,375
Income not subject to tax	(750,421)	(5,498,072)
Losses	9,683	21,442
Group relief not paid for	(3,435)	21,828
Effect of change in tax rate	<u>(37,107)</u>	<u>(119,323)</u>
Total current tax (note 9(a))	<u>117,198</u>	<u>305,260</u>

**CIC PROPERTIES LIMITED**  
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**10. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY**

The profit dealt with in the accounts of the parent company was £6,999,951 (2010 - £35,924,976).

**11. DIVIDENDS**

**Equity dividends**

	2011 £	2010 £
Paid during the year		
Equity dividends on ordinary shares	<u>7,007,000</u>	<u>37,395,000</u>

**12. TANGIBLE FIXED ASSETS**

Group	Investment Property £	Fixtures & Fittings £	Total £
<b>COST OR VALUATION</b>			
At 1 May 2010	974,080	40,191	1,014,271
Additions	-	446	446
<b>At 30 April 2011</b>	<u>974,080</u>	<u>40,637</u>	<u>1,014,717</u>
<b>DEPRECIATION</b>			
At 1 May 2010	-	13,691	13,691
Charge for the year	-	5,389	5,389
<b>At 30 April 2011</b>	<u>-</u>	<u>19,080</u>	<u>19,080</u>
<b>NET BOOK VALUE</b>			
<b>At 30 April 2011</b>	<u>974,080</u>	<u>21,557</u>	<u>995,637</u>
At 30 April 2010	<u>974,080</u>	<u>26,500</u>	<u>1,000,580</u>

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2011 £	2010 £
<b>Net book value at end of year</b>	<u>816,021</u>	<u>816,021</u>
<b>Historical cost</b>	<u>790,060</u>	<u>790,060</u>

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**13. INVESTMENTS**

Group	Joint Arrangement	Associate	Other	
	£	£	£	£
<b>COST OR VALUATION</b>				
At 1 May 2010	1,202,800	3,634,892	645,158	5,482,850
Additions	-	-	35,582	35,582
Revaluations	-	6,415	-	6,415
At 30 April 2011	<u>1,202,800</u>	<u>3,641,307</u>	<u>680,740</u>	<u>5,524,847</u>
<b>AMOUNTS WRITTEN OFF</b>				
Written off in year	<u>1,202,800</u>	-	-	<u>1,202,800</u>
At 30 April 2011	<u>1,202,800</u>	-	-	<u>1,202,800</u>
<b>NET BOOK VALUE</b>				
At 30 April 2011	<u>-</u>	<u>3,641,307</u>	<u>680,740</u>	<u>4,322,047</u>
At 30 April 2010	<u>1,202,800</u>	<u>3,634,892</u>	<u>645,158</u>	<u>5,482,850</u>

At the year end the company held the following investments which have been consolidated.

**Subsidiary undertakings**

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Windsor Securities Limited	N Ireland	Ord. shares	100%	Property Development
Windsor Developments Limited	N Ireland	Ord. shares	100%	Property Development
Myarno Holdings Limited	Jersey	Ord. shares	100%	Dormant

**Associated undertakings**

Eastonsco Holdings Limited	N Ireland	Ord. shares	50%	Property Rental
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**CIC PROPERTIES LIMITED**  
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**13. INVESTMENTS** *(continued)*

**Joint venture undertaking**

Henderson Property Development Limited

Windsor Securities Limited has a 50% interest in a joint arrangement, which trades as Henderson Property Developments Joint Arrangement. This agreement holds the shares in Henderson Property Developments Limited, a company incorporated in Northern Ireland, whose principal activity is property development.

**Other investments**

Other investments relate to annual premiums paid on mortgage endowment policies on the life of a director.

All of the above investments have year ends ending 30 April 2011 except for Eastonsco Holdings Limited and Henderson Property Development Limited both of whom have year ends ending 30 September 2011.

<b>Company</b>	<b>Group companies £</b>
<b>COST OR VALUATION</b> At 1 May 2010 and 30 April 2011	<u>452,755</u>
<b>AMOUNTS WRITTEN OFF</b> At 1 May 2010 and 30 April 2011	<u>452,655</u>
<b>NET BOOK VALUE</b> At 30 April 2011 and 30 April 2010	<u>100</u>

**14. STOCKS**

	<b>Group</b>		<b>Company</b>	
	2011 £	2010 £	2011 £	2010 £
Stock	<u>7,552,313</u>	<u>18,481,443</u>	<u>—</u>	<u>—</u>

The valuation of the group's stock at the date of the approval of the financial statements is subject to uncertainty in light of current market conditions where property assets are relatively illiquid.



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**15. DEBTORS**

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	20,927	30,761	-	-
VAT recoverable	43,983	3,762	-	-
Amounts owed from related parties	6,945,987	-	-	-
Other debtors	500	5,946,764	-	-
Prepayments and accrued income	6,490	86,159	-	-
	<u>7,017,887</u>	<u>6,067,446</u>	<u>-</u>	<u>-</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Other debtors	<u>5,475,000</u>	<u>4,000,000</u>	<u>-</u>	<u>-</u>

**16. CREDITORS: Amounts falling due within one year**

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans	7,385,000	9,848,541	-	-
Directors' loan accounts	14,752	15,061	-	-
Other creditors including taxation:				
Corporation tax	114,643	171,065	-	-
Other creditors	1,179,975	-	-	-
Other creditors	2,754,900	10,424,342	-	-
Accruals and deferred income	249,759	433,530	-	-
	<u>11,699,029</u>	<u>20,892,539</u>	<u>-</u>	<u>-</u>

The loans are repayable upon demand, or if earlier on subsequent disposal of the property. Repayment terms are negotiable.

The loan of £7,385,000 has been transferred to NAMA.

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**17. CREDITORS: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	–	1,350,166	–	–
Other creditors	<u>6,346,147</u>	<u>6,346,147</u>	–	–
	<u><b>6,346,147</b></u>	<u><b>7,696,313</b></u>	<u>–</u>	<u>–</u>

**18. DEFERRED TAXATION**

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

<b>Group</b>	<b>2011</b>		<b>2010</b>	
	<b>Provided</b>	<b>Unprovided</b>	<b>Provided</b>	<b>Unprovided</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	<u>181,550</u>	<u>–</u>	<u>181,550</u>	<u>–</u>

**19. COMMITMENTS UNDER OPERATING LEASES**

At 30 April 2011 the group had annual commitments under non-cancellable operating leases as set out below.

<b>Group</b>	<b>Land and buildings</b>	
	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
After more than 5 years	<u>10,000</u>	<u>10,000</u>

**20. CONTINGENCIES**

On 1 February 2008, one of the company's subsidiaries changed its place of tax residence from the United Kingdom to the Netherlands. The UK resident director and company secretary resigned and Dutch resident directors and company secretary were appointed. The company's subsidiary also transferred its business operations to Amsterdam. The directors have taken legal advice and formed the opinion that no immediate UK tax liability should arise as a result of the migration of the company from the UK to the Netherlands, due to the operation of European Community law.

**CIC PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 APRIL 2011**

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**21. RELATED PARTY TRANSACTIONS**

The company was under the control of the Board of Directors throughout the current and previous years.

Amounts due from other companies with common directors and included in other debtors in note 15 include the following:

	2011 £	2010 £
G R Homes Limited	1,169,500	250,000
Hutoma Properties BV	273,007	273,007
Windsor Fairlawn Limited	5,475,000	5,375,000
	<u>6,917,507</u>	<u>5,898,007</u>

Amounts owed to other companies with common directors and included in other creditors in note 16 include the following:

	2011 £	2010 £
Ardmore Limited	-	7,000,000
Periga Developments BV	1,175,000	600,000
	<u>1,175,000</u>	<u>7,600,000</u>

Amounts owed to other companies with common directors and included in other creditors in note 13 include the following:

	2011 £	2010 £
Aberne	<u>6,346,147</u>	<u>6,346,147</u>

Ardmore Limited is the ultimate parent company of CIC Properties Limited. Hutoma Properties BV and Periga Developments BV are also under the control of Ardmore Limited.

In the prior year, Windsor Securities Limited transferred eight residential properties to Periga Developments BV for a market value of £28,495,000, paid by the issue of a loan note. The carrying value of these properties in the accounts at the date of transfer was £10,987,944.

In the prior year, Windsor Securities Limited transferred three commercial properties to Hutoma Properties BV for a market value of £7,430,000, paid by the issue of a loan note. The carrying value of these properties in the accounts at the date of transfer was £6,518,536.

Windsor Securities Limited holds an associate interest in Eastonsco Holding Limited.

During the year, Windsor Securities Limited received management charges of £325,000 (2010: £165,000) from Eastonsco Holding Limited. At 30 April 2011, the balance owed by Windsor Securities Limited to Eastonsco Holding Limited was £1,875,000 (2010: £1,875,000).

**CIC PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. RELATED PARTY TRANSACTIONS** *(continued)*

Windsor Securities Limited holds a joint venture interest in Henderson Property Developments Limited. At 30 April 2011, the balance owed by Windsor Securities Limited to Henderson Property Development Limited was £850,445 (2010: £889,342).

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

**22. SHARE CAPITAL**

**Authorised share capital:**

	2011	2010
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

**Allotted, called up and fully paid:**

	2011		2010	
	No	£	No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**23. RESERVES**

Group	Revaluation reserve	Profit and loss account
	£	£
Balance brought forward	3,199,521	3,296,264
Profit for the year	–	3,085,154
Equity dividends	–	(7,007,000)
Other movements		
- transfer to/from revaluation reserve	(648,361)	648,361
Balance carried forward	<u>2,551,160</u>	<u>22,779</u>
Company		Profit and loss account
		£
Balance brought forward		43,982
Profit for the year		6,999,951
Equity dividends		(7,007,000)
Balance carried forward		<u>36,933</u>

**CIC PROPERTIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 APRIL 2011****24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2011	2010
	£	£
Profit for the financial year	3,085,154	18,991,425
Equity dividends	(7,007,000)	(37,395,000)
Transfer from revaluation reserve	648,361	-
Transfer to profit and loss account	(648,361)	-
Net reduction to shareholders' funds	(3,921,846)	(18,403,575)
Opening shareholders' funds	6,495,885	24,899,460
Closing shareholders' funds	<u>2,574,039</u>	<u>6,495,885</u>

**25. ULTIMATE PARENT COMPANY**

The ultimate parent company is Ardmore Limited, a company incorporated in the Isle of Man.