

ARTHUR  
ANDERSEN

ARTHUR ANDERSEN & Co, SC

**Business Space Services Limited**  
and subsidiary undertakings

Accounts 31 March 1995  
together with directors' and auditors' report

Registered number: 2734911



## **Directors' report**

For the period ended 31 March 1995

The directors present their report on the affairs of the group, together with the accounts and auditors' report, for the period ended 31 March 1995.

### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group 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 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.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Principal activity and business review**

The principal activity of the company is that of a holding company. The company changed its name on 30 August 1994 from Chartdeal Limited to Business Space Services Limited.

On 19 September 1994 the company acquired the entire share capital of Business Space Services (Plymouth) Limited at its nominal value of £2.

The company has not traded during the period.

## Directors' report (continued)

### Results and dividends

Group results, dividends and recommended transfers to reserves are as follows:

	£
Profit and loss account at 31 December 1993	(460,936)
Loss on ordinary activities after taxation	(105,752)
Fair value adjustment	687,398
Transfer from revaluation reserve	541,623
Goodwill written off on acquisitions	(727,153)
Profit and loss account at 31 March 1995	<u>(64,820)</u>

### Directors and their interests

The directors who served during the period are as shown below.

G. Jackson

F.J.C. Pole

N. Ankers (Appointed 24 April 1994)

The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

### Fixed assets


Information relating to significant changes in fixed assets is given in note 7 to the accounts.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

121 Mount Street  
London  
W1Y 5HB

By order of the Board,



N. Ankers

Director

4 January 1996

## Auditors' report

Manchester

### To the Shareholders of Business Space Services Limited:

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8 and 9.

### Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 31 March 1995 and of the group's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

4 January 1996

## Consolidated profit and loss

For the fifteen months ended 31 March 1995

	Notes	15 months to 31 March 1995 £	17 months to 31 December 1993 £
Turnover	2	1,428,611	1,509,696
Administrative expenses		(922,537)	(710,354)
Loss on disposal of fixed assets		(82,580)	-
Provision against fixed assets		(65,000)	-
Operating profit		358,494	799,342
Investment income		831	1,438
Interest payable and similar charges	3	(465,077)	(938,197)
Loss on ordinary activities before taxation	4	(105,752)	(137,417)
Tax on loss on ordinary activities	6	-	-
Loss for the financial period		(105,752)	(137,417)
Accumulated deficit, beginning of period		(460,936)	-
Fair value adjustment	14	687,398	2,137,952
Goodwill written off on acquisition	14	(727,153)	(2,461,471)
Transfer from revaluation reserve	14	541,623	-
Accumulated deficit, end of period		(64,820)	(460,936)

All activity has arisen from continuing operations.

The accompanying notes are an integral part of this consolidated profit and loss account.

## Note of historical cost profits and losses

For the fifteen months ended 31 March 1995

	15 months to 31 March 1995 £	17 months to 31 December 1993 £
Loss on ordinary activities before taxation	(105,752)	(137,417)
Realisation of property revaluation gains of previous years	859,997	-
Realisation of property valuation provision	(318,374)	-
Historical cost profit (loss) on ordinary activities before taxation	<u>435,871</u>	<u>(137,417)</u>
Historical cost retained profit (loss) for the period	<u>435,871</u>	<u>(137,417)</u>

## Statement of total recognised gains and losses

For the period ended 31 March 1995.

	15 months to 31 March 1995 £	17 months to 31 December 1993 £
Retained loss for the period	(105,752)	(137,417)
Unrealised surplus on revaluation of investment property	400,000	2,241,795
Provision against property valuation	(158,710)	(783,000)
Total recognised gains and losses relating to the period	<u>135,538</u>	<u>1,321,378</u>

# Consolidated balance sheet

31 March 1995

		31 March 1995 £	31 December 1993 £
<b>Fixed assets</b>			
Tangible assets	7	6,400,261	9,304,011
<b>Current assets</b>			
Stocks		720,000	-
Debtors	9	93,999	53,759
Cash at bank and in hand		91,214	9,208
		905,213	62,967
Creditors: Amounts falling due within one year	10	(2,357,917)	(1,836,019)
<b>Net current liabilities</b>		(1,452,704)	(1,773,052)
<b>Total assets less current liabilities</b>		4,947,557	7,530,959
Creditors: Amounts falling due after more than one year	11	(3,853,815)	(6,533,000)
<b>Net assets</b>		1,093,742	997,959
<b>Capital and reserves</b>			
Called-up share capital	13	100	100
Revaluation reserve	14	1,158,462	1,458,795
Profit and loss account	14	(64,820)	(460,936)
<b>Total capital employed</b>		1,093,742	997,959

Signed on behalf of the Board

  
N. Ankers

Director

4 January 1996

The accompanying notes are an integral part of this consolidated balance sheet.

# Company balance sheet

31 March 1995

	Notes	31 March 1995 £	31 December 1993 £
<b>Fixed assets</b>			
Investments	8	<u>202</u>	<u>200</u>
<b>Current assets</b>			
Debtors	9	<u>3</u>	<u>2</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(105)</u>	<u>(102)</u>
<b>Net current liabilities</b>		<u>(102)</u>	<u>(100)</u>
<b>Net assets</b>		<u>100</u>	<u>100</u>
<b>Capital and reserves</b>			
Called-up share capital		100	100
Profit and loss account		-	-
<b>Total capital employed</b>		<u>100</u>	<u>100</u>

Signed on behalf of the Board



N. Ankers

Director

4 January 1996

The accompanying notes are an integral part of this balance sheet.

## Notes to accounts

31 March 1995

### 1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the period and the preceding period, are:

#### a) *Basis of accounting*

The accounts are prepared under the historical cost convention, modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards.

#### b) *Basis of consolidation*

The group accounts consolidate the financial statements of Business Space Services Limited and all its subsidiary undertakings made up to 31 March 1995. The accounts have been prepared in accordance with acquisition accounting principles.

No profit and loss account is presented for Business Space Services Limited, as provided by section 250 of the Companies Act 1985.

#### c) *Tangible fixed assets*

Land and buildings are shown at original historical cost or subsequent valuation. Other fixed assets are shown at cost.

Depreciation is provided at rates calculated to write off the cost (or valuation) less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

Fixtures and fittings	4 years
Motor vehicles	4 years

Profits or losses on the disposal of fixed assets are included in the calculation of operating profit.

In accordance with SSAP 19, investment properties are not depreciated.

#### d) *Investments*

Fixed asset investments are shown at cost less amounts written-off. Provisions are made for permanent reductions in value.

#### e) *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### f) Revaluation reserve

As permitted by SSAP 19, revaluation surpluses and deficits on investment properties are transferred to an investment revaluation reserve. If the total of that reserve is insufficient to cover a deficit, the amount by which the deficit exceeds the amount on that reserve is charged to the profit and loss account.

### 2 Turnover

Turnover arose entirely from the group's principal business activity and from sales to customers in the U.K.

### 3 Interest payable and similar charges

	15 months to 31 March 1995	17 months to 31 December 1993
On bank loans, overdrafts and other loans		
- repayable within five years, not by instalments	<u>465,077</u>	<u>938,197</u>

### 4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	15 months to 31 March 1995	17 months to 31 December 1993
Depreciation	4,236	11,299
Auditors' remuneration	14,400	12,190
Staff costs (see note 5)	<u>95,092</u>	<u>66,973</u>

### 5 Staff costs

Particulars of employee costs (including executive directors) are as shown below:

	15 months to 31 March 1995	17 months to 31 December 1993
Employee costs during the period amounted to:		
Wages and salaries	87,570	48,668
Social security costs	<u>7,522</u>	<u>18,305</u>
	<u>95,092</u>	<u>66,973</u>

The average weekly number of persons employed by the group during the period was 4(1993 - 4).

## Notes to accounts (continued)

### 5 Staff costs (continued)

Directors' remuneration in respect of the group was as follows:

	15 months to 31 March 1995	17 months to 31 December 1993
Emoluments (including pension contributions)	<u>52,980</u>	<u>-</u>

The directors' aggregate emoluments shown above (excluding pensions and pension contributions) included:

	15 months to 31 March 1995	17 months to 31 December 1993
Chairman and highest paid director	<u>30,518</u>	<u>-</u>

Directors who served during the year received emoluments (excluding pensions and pension contributions) in the following ranges:

	15 months to 31 March 1995	17 months to 31 December 1993
£0 - £5,000	1	3
£20,001 - £25,000	1	-
£30,001 - £35,000	<u>1</u>	<u>-</u>

### 6 Tax on loss on ordinary activities

The group has no liability for taxation.

The group has tax losses available for set off against future trading income amounting to £1,247,081 (1993 - £820,424).

## Notes to accounts (continued)

### 7 Tangible fixed assets

a) The movement in the period was as follows:

	Land and building Investment properties £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Group</b>				
<b>Cost or valuation</b>				
Beginning of period	9,300,000	45,237	-	9,345,237
Additions	250,000	10,486	5,000	265,486
Disposals	(3,500,000)	-	-	(3,500,000)
Surplus on revaluation	400,000	-	-	400,000
End of period	<u>6,450,000</u>	<u>55,723</u>	<u>5,000</u>	<u>6,510,723</u>
<b>Depreciation</b>				
Beginning of period	-	41,226	-	41,226
Provision for permanent diminution in value	65,000	-	-	65,000
Charge for the period	-	4,236	-	4,236
End of period	<u>65,000</u>	<u>45,462</u>	<u>-</u>	<u>110,462</u>
<b>Net book value</b>				
Beginning of period	9,300,000	4,011	-	9,304,011
End of period	<u>6,385,000</u>	<u>10,261</u>	<u>5,000</u>	<u>6,400,261</u>

b) Investment properties, which are all freehold, were valued, on an open-market existing-use basis, by Tallett Commercial, Chartered Surveyors, as at 31 March 1995. In accordance with SSAP 19, investment properties are revalued in each accounting period on this basis, any surplus being credited to revaluation reserve. Accordingly, such properties are not depreciated as this would conflict, in the directors' opinion, with the requirement to give a true and fair view. It is not possible to quantify the depreciation which would otherwise have been charged.

c) Original cost of land and buildings included at valuation:

	<b>Group</b>	
	1995 £	1993 £
Original cost	<u>5,721,861</u>	<u>8,029,304</u>

## Notes to accounts (continued)

### 8 Fixed asset investments

Fixed asset investments comprise:

	31 March 1995	31 December 1993
Investment in Business Space Services (Manchester) Limited	100	100
Investment in Business Space Services (Swindon) Limited	100	100
Investment in Business Space Services (Plymouth) Limited	2	-
	<u>202</u>	<u>200</u>

All of the above companies are wholly-owned, incorporated and operate principally in England and are engaged in the holding of land and buildings as investment properties.

#### *b) Acquisition of subsidiary undertakings*

On 19 September 1994 the company acquired all the ordinary shares of Business Space Services (Plymouth) Limited. The consideration given was £1 cash and the fair value of the net liabilities acquired was £727,152. The resulting goodwill of £727,153 has been written off against the profit and loss account.

### 9 Debtors

The following, all falling due within one year, are included in the net book value of debtors:

	Company		Group	
	31 March 1995	31 December 1993	31 March 1995	31 December 1993
Trade debtors	-	-	56,633	53,759
Amounts owed by subsidiary undertakings	3	2	-	-
Amounts owed by related parties (note 17)	-	-	19,122	-
Other debtors	-	-	18,244	-
	<u>3</u>	<u>2</u>	<u>93,999</u>	<u>53,759</u>

## Notes to accounts (continued)

### 10 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	Company		Group	
	31 March 1995	31 December 1993	31 March 1995	31 December 1993
Bank loans and overdrafts	105	102	1,882,235	1,546,086
Trade creditors	-	-	48,923	21,755
Amounts owed to related parties (note 17)	-	-	15,000	-
Other creditors				
- VAT	-	-	2,291	33,392
- social security and PAYE	-	-	6,191	1,251
Accruals and deferred income	-	-	403,277	233,535
	<u>105</u>	<u>102</u>	<u>2,357,917</u>	<u>1,836,019</u>

The group has granted a fixed and floating charge over the assets of the group to secure bank overdrafts.

### 11 Creditors: Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

	Group	
	31 March 1995	31 December 1993
Bank loans and overdrafts	3,012,105	5,850,000
Other creditors	841,710	683,000
	<u>3,853,815</u>	<u>6,533,000</u>

The bank loan is repayable in full on 31 December 1997. It is secured by a floating charge over the assets of the business, and by a legal mortgage over the Westwood Industrial Estate, Oldham and Burbage Road, Hinkley properties.

## Notes to accounts (continued)

### 12 Provisions for liabilities and charges

No deferred taxation has been provided as the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is probable that none of the liability will crystallise.

The amounts on unprovided taxation are as follows:

	Company		Group	
	31 March 1995	31 December 1993	31 March 1995	31 December 1993
Accelerated capital allowances	-	-	24,465	18,184
Other timing differences	-	-	-	(5,438)
	<u>-</u>	<u>-</u>	<u>24,465</u>	<u>12,746</u>

### 13 Called up share capital

	31 March 1995 £	31 December 1993 £
<i>Authorised, allotted, called-up and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 14 Reserves

The movement in group reserves in the period was as follows:

Group	Profit and loss account £	Revaluation reserve £	Total £
Beginning of period	(460,936)	1,458,795	997,859
Loss on ordinary activities after taxation	(105,752)	-	(105,752)
Fair value adjustment	687,398	-	687,398
Goodwill written off on acquisition	(727,153)	-	(727,153)
Surplus on revaluation	-	400,000	400,000
Realisation of revaluation gains	859,997	(859,997)	-
Realisation of provision against property valuation	(318,374)	318,374	-
Increase in provision against property valuation	-	(158,710)	(158,710)
End of period	<u>(64,820)</u>	<u>1,158,462</u>	<u>1,093,642</u>

# Notes to accounts (continued)

## 15 Reconciliation of movements in shareholders' funds

	Company		Group	
	31 March 1995 £	31 December 1993 £	31 March 1995 £	31 December 1993 £
Loss for the financial period	-	-	(105,752)	(137,417)
Fair value adjustment	-	-	687,398	2,137,952
Goodwill written off on acquisition	-	-	(727,153)	(2,461,471)
Surplus on revaluation	-	-	400,000	2,241,795
Provision against property valuation	-	-	(158,710)	(783,000)
New share capital subscribed	-	100	-	100
Net increase in shareholders' funds	-	100	95,783	997,959
Shareholders' funds, beginning of period	100	-	997,959	-
Shareholders' funds, end of period	100	100	1,093,742	997,959

## 16 Guarantees and financial commitments

### a) Capital commitments

The company had no capital commitments at the period end (1993 - £nil).

### b) Contingent liabilities

The company has guaranteed the bank loans and overdrafts of certain related parties, the amounts outstanding at 31 March 1995 being £7,363,835 (1993 - £nil).

## 17 Related parties

The group has a balance of £19,122 (1993 - £nil) due from and £15,000 (1993 - £nil) due to Old Hall Estates Limited, a subsidiary undertaking of Old Hall Estates Group Limited. G. Jackson and N. Ankers are directors and shareholders of Old Hall Estates Group Limited.

## 18 Ultimate parent company

The company is a subsidiary undertaking of Bryce Realty Limited, a company registered in Gibraltar.

