Company Registration Number 05078248

FILING COPY

APPLEPEACH LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2006

APPLEPEACH LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

Contents | **Pages**

APPLEPEACH LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors	P A Filer M R Goldberger R M Levy D A Pearlman
Company secretary	E Lewis
Registered office	CP House Otterspool Way Watford By Pass Watford Hertfordshire WD25 8JJ
Auditors	Blick Rothenberg Chartered Accountants and Registered Auditors 12 York Gate Regent's Park London NW1 4QS

The directors present their report and the audited financial statements of the company for the year ended 31 December 2006

Principal activity

The principal activity of the company is that of setting up and operating business centres within the UK

Directors

The directors who served the company during the year were as follows

P A Filer
M R Goldberger
R M Levy
D A Pearlman

Market value of land and buildings

In the opinion of the directors the market value of freehold land and buildings exceeds the current net book value The directors do not consider it justifiable to have an independent valuation carried out at present

The directors have revalued the freehold investment property at the year end on the basis of its open market value

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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

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

The directors must also 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 to enable them to ensure that the financial statements comply with the Companies Act 1985 The directors 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

APPLEPEACH LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2006

Statement of disclosure of information to auditors

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

Auditors

In accordance with section 386 of the Companies Act 1985, the company has passed a written resolution dispensing with the requirement to reappoint auditors on an annual basis

Events subsequent to the balance sheet date

In January 2007, the shareholder loan of £3,920,000 was repaid by way of a new term bank loan

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Signed on behalf of the directors

Paul Filer

P A Filer
Director

M R Goldberger
Director

18 May 2007

We have audited the financial statements of Applepeach Limited for the year ended 31 December 2006 on pages 6 to 16 which have been prepared on the basis of the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 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 described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 company's circumstances, 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985 applicable to small companies, and

- the information given in the directors' report is consistent with the financial statements

Blick Rothenberg

BLICK ROTHENBERG
Chartered Accountants and
Registered Auditors

12 York Gate
Regent's Park
London
NW1 4QS

4 July 2007

APPLEPEACH LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
Turnover		**1,665,058**	651,228
Property expenditure		**(1,043,262)**	(639,058)
Gross profit		**621,796**	12,170
Administrative expenses		**(95,823)**	(46,926)
Operating profit/(loss)	**2**	**525,973**	(34,756)
Interest receivable and similar income		**8,122**	2,011
Interest payable and similar charges		**(532,453)**	(269,890)
Profit/(loss) on ordinary activities before taxation		**1,642**	(302,635)
Tax on profit/(loss) on ordinary activities	**3**	**(333,407)**	(78,571)
Loss for the financial year		**(331,765)**	(381,206)

All of the activities of the company are classed as continuing

APPLEPEACH LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 DECEMBER 2006

	2006 £	2005 £
Loss for the financial year	**(331,765)**	(381,206)
Unrealised surplus on revaluation of tangible fixed assets Freehold investment property	**381,773**	–
Total gains and losses recognised since the last annual report	**50,008**	(381,206)

APPLEPEACH LIMITED

BALANCE SHEET

31 DECEMBER 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	4		18,147,284		12,931,085
Investments	5		1		–
			18,147,285		12,931,085
Current assets					
Debtors	6	321,013		150,884	
Cash at bank		210,367		239,602	
		531,380		390,486	
Creditors: Amounts falling due within one year	7	(5,236,175)		(813,509)	
Net current liabilities			(4,704,795)		(423,023)
Total assets less current liabilities			13,442,490		12,508,062
Creditors: Amounts falling due after more than one year	8		(13,361,708)		(12,810,695)
			80,782		(302,633)
Provisions for liabilities					
Deferred taxation	10		(411,978)		(78,571)
			(331,196)		(381,204)
Capital and reserves					
Called-up share capital	12		2		2
Revaluation reserve	13		381,773		–
Profit and loss account	13		(712,971)		(381,206)
Deficiency	14		(331,196)		(381,204)

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were approved by the board of directors on 18 May 2007 and are signed on its behalf by

Paul Filer

P A Filer
Director

M R Goldberger
Director

APPLEPEACH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

1. **Accounting policies**

1.1 Basis of accounting
The financial statements are prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards

The financial statements have been prepared on a going concern basis as the company has received letters of financial support from its joint venture shareholders

1.2 Consolidation
In the opinion of the directors, the company and its subsidiary undertaking comprise a small group The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts Accordingly the accounts present information about the company as an individual undertaking and not about its group

1.3 Turnover
Turnover represents amounts receivable for services provided, exclusive of VAT

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

Freehold property	-	2% straight line
Fixtures & fittings	-	20-25% straight line

Freehold land is not depreciated

1.5 Investment properties
Investment properties are shown at their open market value The surplus or deficit arising from the annual revaluation is transferred to the 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 Schedule 4 to the Companies Act 1985, 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 Act is required in order to give a true and fair view

1.6 Deferred taxation
Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

1.7 Investments
Fixed asset investments are stated at cost less provision for diminution in value

1. Accounting policies *(continued)*

1.8 Revaluation reserve

Unrealised capital surpluses and deficits are taken to the revaluation reserve

1.9 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

1.10 Capitalisation of finance costs

Finance costs incurred during the renovation of freehold properties have been capitalised and are depreciated over the useful economic life of the assets subsequent to them becoming operational

2. Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2006 £	2005 £
Directors' emoluments	-	-
Depreciation of tangible fixed assets	253,446	119,214
Auditors' fees	8,925	8,500

3. Taxation on ordinary activities

	2006 £	2005 £
Increase in deferred tax provision (note 10)		
Timing difference	333,407	78,571

3. Taxation on ordinary activities *(continued)*

Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 30%)

	2006 £	2005 £
Profit/(loss) on ordinary activities before taxation	**1,642**	(302,635)
Profit/(loss) on ordinary activities multiplied by the standard rate of tax in the UK	**493**	(90,791)
Disallowable expenses	**44,386**	18,900
Capital allowances in excess of depreciation	**(211,692)**	(78,571)
Losses surrendered	**168,438**	224,513
Capitalised interest and expenses	**–**	(74,051)
Utilisation of losses brought forward	**(1,625)**	–
Total current tax	**–**	–

4. Tangible fixed assets

	Freehold land and buildings £	Freehold investment property £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 January 2006	10,685,684	2,018,227	346,388	13,050,299
Additions	5,049,901	–	37,971	5,087,872
Revaluation	–	381,773	–	381,773
At 31 December 2006	**15,735,585**	**2,400,000**	**384,359**	**18,519,944**
Depreciation				
At 1 January 2006	82,993	–	36,221	119,214
Charge for the year	173,868	–	79,578	253,446
At 31 December 2006	**256,861**	**–**	**115,799**	**372,660**
Net book value				
At 31 December 2006	**15,478,724**	**2,400,000**	**268,560**	**18,147,284**
At 31 December 2005	10,602,691	2,018,227	310,167	12,931,085

4. Tangible fixed assets *(continued)*

Freehold land and buildings includes £236,032 (2005 £236,032) of loan interest capitalised prior to the buildings becoming operational

Freehold buildings are depreciated once they become operational

The investment property was revalued at the year end on the basis of an open market valuation for existing use by the directors The freehold investment property is not depreciated The historic cost of the property to the company is £2,018,227 and if provision were made for deferred tax on the basis of the full potential liability, the liability would be approximately £81,000

5. Fixed asset investments

	Shares in subsidiary undertaking
	£
Cost	
Additions	**4,900,001**
Disposals	**(4,900,000)**
At 31 December 2006	1
Net book value	
At 31 December 2006	1

Details of the company's subsidiary undertaking are as follows

Company name	Principal activity	Country of incorporation	Class of share	% holding
Norwich One	Dormant	England	Ordinary	50%

The aggregate amount of capital and reserves and the results of the subsidiary undertaking were as follows

	2006
	£
Aggregate capital and reserves	
Norwich One	2
Result for the year	
Norwich One	–

The investment in Norwich One, a company not limited by shares, is classed as a subsidiary undertaking at the year-end, in accordance with Financial Reporting Standard 5 ("FRS 5"), as the company controls the financial and operating policies of Norwich One

6. Debtors

	2006 £	2005 £
Trade debtors	16,874	65,818
Other debtors	304,139	85,066
	321,013	150,884

7. Creditors: Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	706,734	352,667
Trade creditors	80,717	34,467
Other taxation	48,503	28,427
Other creditors	4,255,576	212,520
Accruals and deferred income	144,645	185,428
	5,236,175	813,509

8. Creditors: Amounts falling due after more than one year

	2006 £	2005 £
Bank loans and overdrafts	7,879,344	8,408,333
Shareholders' loans	5,482,364	4,402,362
	13,361,708	12,810,695

The bank loans at 31 December 2006 were £8,408,340 (2005 £8,761,000) These are repayable in 108 equal monthly instalments of £44,083, effective May 2006 The remaining balance of the loans is due for repayment in May 2015 The loans bear interest at a fixed rate of 5 92% and are secured by fixed and floating charges over the assets of the company

Shareholders' loans are amounts due to joint venture participants which are interest free, unsecured and repayable after the repayment of the bank loans

Included within creditors falling due after more than one year is an amount of £11,245,704 (2005 £10,694,695) in respect of liabilities which fall due for payment after more than five years from the balance sheet date

9. Loan maturity analysis - analysis of bank loan:

	2006	2005
	£	£
In one year or less, or on demand	**529,000**	352,667
Between one and two years	**529,000**	529,000
Between two and five years	**1,587,000**	1,587,000
After five years	**5,763,340**	6,292,333
	8,408,340	8,761,000

10. Deferred taxation

	2006
	£
The movement in the deferred taxation provision during the year was	
Provision brought forward	**78,571**
Provision for year	**333,407**
Provision carried forward	**411,978**

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2006	2005
	£	£
Excess of taxation allowances over depreciation on fixed assets	**411,978**	78,571
	411,978	78,571

On 21 March 2007, HM Revenue and Customs announced changes to the rate of corporation tax with effect from 1 April 2008 The effect of these changes will result in adjustments to the value of the provision for deferred taxation

11. Related party transactions and controlling party

In the opinion of the directors there is no immediate or ultimate controlling party.

Transactions with related parties are as follows

Name (Relationship)	Transaction	Amount 2006 £	Amount 2005 £	Amount due (to)/from related parties 2006 £	Amount due (to)/from related parties 2005 £
LEntA Properties Limited (Indirect shareholder)	Loan	**540,000**	1,663,967	**(2,741,182)**	(2,201,182)
	Recharges	**97,818**	121,924	**(5,371)**	–
	Management fees	**51,849**	25,000	**(11,642)**	–
Structadene Limited (Indirect shareholder)	Loan	**540,000**	1,663,967	**(2,741,182)**	(2,201,182)
CP Holdings Limited (Ultimate parent of LEntA Properties Limited)	Loan	**3,920,000**	–	**(3,920,000)**	–
	Recharges	**1,472**	3,316	**(826)**	–
	Interest payable	**18,727**	–	**(18,727)**	–
Norwich One (Subsidiary undertaking)	Acquisition of freehold land and buildings via distribution in specie	**4,900,000**	–	–	–

12. Share capital

	2006 Number	2006 £	2005 Number	2005 £
Authorised share capital:				
Ordinary shares of £1 each	**1,000**	**1,000**	1,000	1,000
Called up, allotted and fully paid:				
Ordinary shares of £1 each	**2**	**2**	2	2

13. Reserves

	Revaluation reserve £	Profit and loss account £
Balance brought forward	–	(381,206)
Loss for the year	–	(331,765)
Revaluation of freehold investment property	381,773	–
Balance carried forward	381,773	(712,971)

14. Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Loss for the financial year	(331,765)	(381,206)
Other net recognised gains and losses	381,773	–
Net addition/(reduction) to shareholders' (deficit)/funds	50,008	(381,206)
Opening shareholders' (deficit)/funds	(381,204)	2
Closing shareholders' deficit	(331,196)	(381,204)

15. Events subsequent to the balance sheet date

In January 2007, the shareholder loan of £3,920,000 was repaid by way of a new term bank loan