

Flowcart Limited

**Directors' report and financial
statements**

Registered number 2654131

30 June 2000



Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the auditors to the members of Flowcart Limited	3
Profit and loss account	4
Balance sheet	5
Statement of total recognised gains and losses	6
Note of historical cost profits and losses	6
Reconciliation of movements in shareholders' funds	6
Notes	7

Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2000.

Principal activities

The principal activity of the company is licensing and servicing business accommodation.

Results and dividends

The results for the year ended 30 June 2000 are set out on page 4. The directors do not recommend the payment of a dividend (1999: £nil).

Directors and directors' interests

The directors who held office during the year were as follows:

J Singh
AF Blurton
P Newborough (appointed 17 September 1999)

None of the directors had any interest in the share capital of the company. The interests of the directors in the share capital of the ultimate holding company, Marylebone Warwick Balfour Group Plc, are disclosed in the financial statements of that company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Philip Newborough
Director



179 Great Portland Street
London
W1N 6LS

27/04/2001

Statement of directors' responsibilities

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 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;
- 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

8 Salisbury Square
London EC4Y 8BB
United Kingdom

Report of the auditors to the members of Flowcart Limited

We have audited the financial statements on pages 4 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

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 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 of the state of the company's affairs as at 30 June 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

27 April 2001

Profit and loss account
for the year ended 30 June 2000

	<i>Note</i>	2000 £	1999 £
Turnover	2	10,031	144,075
Cost of sales		(92,223)	(248,945)
		<hr/>	<hr/>
Loss on ordinary activities before interest		(82,192)	(104,870)
Net interest payable	3	(547)	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation	4	(82,739)	(104,870)
Tax on loss on ordinary activities	6	-	-
		<hr/>	<hr/>
Retained loss for the year	12	(82,739)	(104,870)
		<hr/>	<hr/>

All amounts relate to continuing activities.

Balance sheet
at 30 June 2000

	<i>Note</i>	2000 £	1999 £
Fixed assets			
Tangible assets	7	10,052	469,728
Current assets			
Debtors	8	15,114	19,903
Cash at bank		-	3,235
		15,114	23,138
Creditors: amounts falling due within one year	9	(215,412)	(168,693)
Net current liabilities		(200,298)	(145,555)
Total assets less current liabilities		(190,246)	324,173
Provision for liabilities and charges	10	(50,000)	-
Net (liabilities)/assets		(240,246)	324,173
Capital and reserves			
Called up share capital	11	100	100
Revaluation reserve	12	(54,855)	566,933
Profit and loss account	12	(185,491)	(242,860)
Equity shareholders' (deficit)/funds		(240,246)	324,173

These financial statements were approved by the board of directors on 27th April 2001 and were signed on its behalf by:



P Newborough
Director

Statement of total recognised gains and losses
for the year ended 30 June 2000

	2000 £	1999 £
Loss for the financial year	(82,739)	(104,870)
Revaluation (deficit)/surplus for the year	(481,680)	470,763
Total recognised gains and losses for the year	(564,419)	365,893

Note of historical cost profits and losses
for the year ended 30 June 2000

	2000 £	1999 £
Reported loss on ordinary activities before taxation	(82,739)	(104,870)
Difference between historical cost depreciation charge and the actual depreciation charge on the revalued amount	14,681	-
Historical cost loss on ordinary activities before taxation	(57,632)	(104,870)
Historical cost loss for the year retained after taxation	(57,632)	(104,870)

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2000

	2000 £	1999 £
Loss for the financial year	(82,739)	(104,870)
(Deficit)/surplus on revaluation in the year	(481,680)	470,763
Net (reduction in)/addition to shareholders' funds	(564,419)	365,893
Opening shareholders' funds/(deficit)	324,173	(41,720)
Closing shareholders' (deficit)/funds	(240,246)	324,173

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The company has received an assurance from its ultimate holding company that it will provide such funds as are necessary for the company to meet its liabilities as they fall due. For this reason the accounts have been prepared on the going concern basis.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of land and buildings.

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of MWB Business Exchange Limited, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold land and buildings	-	the shorter of 25 years and the term of the lease taking into account legal rights to renew
Fixtures and equipment	-	4 to 10 years

Taxation

The charge for taxation is based on the result for the year, which takes account of taxation deferred because of timing differences between the treatment of certain items for taxation purposes and the treatment under the Group's accounting policies.

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences, to the extent that it is probable that liabilities will crystallise. Deferred taxation is not provided in respect of the surplus arising on the revaluation of investment and operational properties where there is no current intention to dispose of the properties concerned.

Notes (continued)

1 Accounting policies (continued)

Leased assets

Operating lease charges are written off to the profit and loss account on a straight line basis over the shorter of the lease term, taking into account legal rights to renew, and its estimated useful economic life.

2 Turnover

The turnover of the company is stated net of value added tax and is derived from licensing and servicing business accommodation in the United Kingdom.

3 Net interest payable

	2000 £	1999 £
Interest payable and similar charges		
On bank overdrafts	547	-
	<u>547</u>	<u>-</u>

4 Loss on ordinary activities before taxation

	2000 £	1999 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors remuneration - as auditors	-	-
- other services	-	655
Depreciation - owned assets	27,996	4,012
Operating lease payments - leasehold property	43,803	-
	<u>71,803</u>	<u>4,667</u>

Auditors remuneration was paid by another group company.

Notes (continued)

5 Directors and employees

The average number of staff employed by the company during the year was as follows:

	Number of employees	
	2000	1999
Staff	-	-

The company has ceased to employ staff directly. Payroll costs for the year ended 30 June 2000 relate to recharges from other group companies.

The aggregate payroll costs of these persons are as follows:

	2000	1999
	£	£
Wages and salaries	-	36,453
Social security costs	-	2,624
	-	39,077

None of the directors received any emoluments from the company (1999: £nil).

6 Tax on loss on ordinary activities

	2000	1999
	£	£
UK corporation tax at 30% (1999: 30.75%)	-	-

The company's tax losses have been surrendered to other group companies for no consideration.

Notes (continued)

7 Tangible fixed assets

	Short leasehold land and buildings £	Fixtures and equipment £	Total £
Cost or valuation			
At beginning of year	456,000	18,383	474,383
Revaluation	(456,000)	-	(456,000)
	<hr/>	<hr/>	<hr/>
At end of year	-	18,383	18,383
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	-	4,655	4,655
Charge for year	24,320	3,676	27,996
Eliminated on revaluation	(24,320)	-	(24,320)
	<hr/>	<hr/>	<hr/>
At end of year	-	8,331	8,331
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 2000	-	10,052	10,052
	<hr/>	<hr/>	<hr/>
At 30 June 1999	456,000	13,728	469,728
	<hr/>	<hr/>	<hr/>

The company's short leasehold land and buildings were valued on an open market value basis at 30 June 2000 by DTZ Debenham Tie Leung. These valuations were carried out in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors and are reflected in the table above.

The original cost of land and buildings is £240,974 (1999: £240,974). Fixtures and equipment are stated at cost less amounts written off.

Notes (continued)

8 Debtors

	2000 £	1999 £
Taxation and social security	4,026	7,716
Prepayments and accrued income	11,088	12,187
	<u>15,114</u>	<u>19,903</u>

9 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	4,353	28,319
Amounts owed to group undertakings	210,169	109,158
Other creditors	-	5,215
Accruals and deferred income	890	26,001
	<u>215,412</u>	<u>168,693</u>

10 Provisions for liabilities and charges

	2000 £	1999 £
At the beginning of year	-	29,375
Provided during the year	50,000	-
Released during the year	-	(29,375)
	<u>50,000</u>	<u>-</u>

Notes (continued)

11 Called up share capital

	2000	1999
	£	£
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

12 Reserves

	Revaluation reserve £	Profit and loss account £
At beginning of year	566,933	(242,860)
Retained loss for the year	-	(82,739)
Revaluation deficit for the year	(481,680)	-
Transfer during the year	(140,108)	140,108
	<hr/>	<hr/>
At end of year	(54,855)	(185,491)
	<hr/>	<hr/>

13 Commitments

As at 30 June 2000 the company had annual commitments under non-cancellable operating leases in respect of land and buildings expiring:

	Land and buildings 2000 £	1999 £
After more than 5 years	55,892	55,892
	<hr/>	<hr/>

Notes *(continued)*

14 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Marylebone Warwick Balfour Group Plc, which is registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Marylebone Warwick Balfour Group Plc. The smallest group in which the results are consolidated is that headed by MWB Business Exchange Limited. The consolidated financial statements of both companies are available to the public and may be obtained from Marylebone Warwick Balfour Group Plc company secretary, City Group Limited, 25 City Road, London EC1Y 1BQ and the MWB Business Exchange Limited company secretary, Filex Services Limited, 179 Great Portland Street, London W1N 6LS.