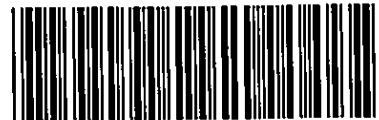


REGISTERED NUMBER: 02767719 (England and Wales)

CITIBASE PUBLIC LIMITED COMPANY
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011

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CITIBASE PUBLIC LIMITED COMPANY
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FOR THE YEAR ENDED 28 FEBRUARY 2011

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CITIBASE PUBLIC LIMITED COMPANY
COMPANY INFORMATION
FOR THE YEAR ENDED 28 FEBRUARY 2011

DIRECTORS:

I H Read
D M Joseph
P C T Warner
S P Jude
J Addis

SECRETARY:

I H Read

REGISTERED OFFICE:

Mount Manor House
16 The Mount
Guildford
Surrey
GU2 4HN

REGISTERED NUMBER:

02767719 (England and Wales)

AUDITORS:

Wilkins Kennedy
Statutory Auditor
Chartered Accountants
Gladstone House
77-79 High Street
Egham
Surrey
TW20 9HY

CITIBASE PUBLIC LIMITED COMPANY
THE BOARD'S STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2011

The Board is pleased to report that Citibase has consolidated its position as the market leader in the cost-conscious segment of the business centre industry

During FY2010/11, Citibase took over a further 7 centres in Bath, Fareham, Nottingham (3), Sheffield and Woolwich and opened a new centre in Bristol. Also, an extra 10,500 sq ft was added to our existing centre in Cambridge when we renewed our expiring lease

This takes the total number of centres to 33 and the total number of available workstations to over 10,000 for the first time

This continued growth now means that Citibase either leases or manages over 650,000sqft of secondary offices across the country

It is particularly pleasing to note that many of the new centres are operated in partnership with some of the biggest brands in Banking, Fund Management, Fixed Charge Receivership and Property Development. What links these companies is that they have recognised the unique ability of Citibase to generate cash from under-performing secondary offices

It is the view of the Board that the traditional leasing market for secondary office stock remains weak, partly due to the lack of flexibility offered to many cost-conscious SMEs. As the economy remains fragile, companies are increasingly nervous about signing onerous and costly leases. This has increased vacancy rates to high levels, particularly in secondary stock

In such a challenging environment, companies such as Allsop, Alpha Real, Anglo-Irish, DTZ and Max Office GP have recognised that Citibase can deliver cash, defray holding costs and provide a service to building owners and their customers. I would like to thank all of our partners for placing their trust in Citibase and for their continued support

In 2010, virtually all growth in UK employment has come from SMEs. As the 'Travelodge of Business Centres', Citibase is well placed to attract customers from this growing sector. It is our experience that many SMEs do not want expensive, highly-specified buildings. However, they do demand honest, well-located, cost-effective business centres from which to grow their own enterprise

Our 'Freedom at Work' attitude, combined with a resolutely cost-conscious positioning has made Citibase very attractive to the SME sector. This is demonstrated by a continued growth in occupancy from 73.7% in February 2010 to 79.3% in February 2011

The dramatic reduction in demand in the traditional leasing market has also had a detrimental effect on the high priced, serviced office companies. Since the start of the financial crisis, the absence of larger corporate requirements has led to significant consolidation in this segment. Although the high-price/high cost strategy is perfectly valid, it does encourage significant cyclical swings in profitability driven by the effect of price

The Board is convinced that our low-cost/high service positioning remains the best long-term strategy for Citibase, as evidenced by yet another year of profitability

The Board believes that the UK economy will remain tough for a number of years. Citibase is not immune to the stresses of the market and trading remains challenging. However, the unique convergence of weak secondary office lettings, the growth of employment in SMEs and the clear positioning of Citibase in the market creates the ideal environment in which to accelerate the growth strategy adopted in 2007. We have an increasing number of potential partners who are asking us to help them generate cash from under-performing buildings. Our plan to grow through the recession remains on course

Ian Read
Chairman

CITIBASE PUBLIC LIMITED COMPANY
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28 FEBRUARY 2011

The directors present their report with the financial statements of the company for the year ended 28 February 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of management and providing serviced office accommodation

REVIEW OF BUSINESS

During FY2010/11, the Citibase team continued to meet our operational imperative of running up the down escalator. In the most hostile market for over 20 years, the Citibase team was able to expand the network, increase revenue, delight our customers and deliver a profit.

The expansion of the network is being fuelled by an increase in enquiries from the growing SME sector of the economy. Current demand is encouraging as, between January and June 2011, we have received an increase in year on year enquiries of 26.5%.

The number of new sales made in FY2010/11 continued to be strong, resulting in a full-year growth in total system revenue of 22.1%. Again, leading indicators are encouraging, with a 27.6% increase in new deals sold during the first 6 months of 2011.

Since the beginning of the financial crisis, the market has been very price competitive. This has been driven by the decline in the number of larger requirements from corporates and the willingness of the high-price/high-cost operators to drop their prices significantly in order to maintain occupancy. The effect of this pricing policy has been to reduce the REVPW (Revenue Per Available Workstation) of the high-price/high-cost operators. As the largest low-cost/high-service provider, our REVPW has also come under pressure. However, although the competitive landscape remains harsh, we are delighted to report a mature centre year on year increase in REVPW of 6.3%.

The early signs of pricing increases are also reflected in the renewal rates of existing customers. At the start of the financial crisis, Citibase experienced a steady decline in the price and term of customers at renewal. Now that we are 3 years in to a tougher economic environment, many of our existing customers are deciding to expand the size of their business within the Citibase centres. The continued lack of flexibility in the conventional letting market means that expanding into a lease is still too risky for many small businesses.

This trend has changed our renewal performance from one of break-even at best to one which has produced an annualised uplift of £34,498 based on the value of renewals between January and June 2011.

These results are particularly pleasing as they suggest that our low-cost/high-service proposition is valued by our customers. This service is delivered by the Citibase team and we would like to thank all of them for their commitment to excellence. We know that our customers have a choice, and it is heartening to see that an increasing number are choosing Citibase.

As always, the Citibase team has focussed on improving our operating rhythm all day, every day. Due to the hard work and dedication of the team, productivity per FTE (full-time equivalent) has increased again by 11%. Despite pressure on property costs and utilities, our relentless focus on cost saw cost per available workstation (COSTPAW) squeezed down by 10.7%.

It is the continuous search for improvements to our operating rhythm and the commitment of our team which has enabled Citibase to maintain our best in class mature gross margin at 19.3%.

This healthy mature gross margin creates a strong financial platform from which to grow. The company has significant net cash reserves and has been able to grow without access to external funding. It is particularly pleasing that our year end cash at bank has increased by 8.1% to £3.2m.

CITIBASE PUBLIC LIMITED COMPANY
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28 FEBRUARY 2011

REVIEW OF BUSINESS - continued

The strong operating metrics described above are not the result of alchemy or good fortune. They are derived from the constant efforts of a smart, hard-working, service friendly team, who are encouraged to innovate on a daily basis. This positive culture improves our offer to clients in small ways, every day and these clients are choosing Citibase in increasing numbers. At Citibase we work really hard on behalf of our customers but we have great fun doing it!

DIVIDENDS

No dividends will be distributed for the year ended 28 February 2011

DIRECTORS

The directors shown below have held office during the whole of the period from 1 March 2010 to the date of this report

I H Read
D M Joseph
P C T Warner
S P Jude
J Addis

COMPANY'S POLICY ON PAYMENT OF CREDITORS

Citibase Plc's policy is to agree payment terms with suppliers in advance and, wherever possible, pay in accordance with those terms. This is subject to the supplier providing the goods or services in accordance with the agreed terms and conditions and that a relevant invoice has been presented to Citibase Plc. Creditor days averaged 49 in the year ended 28 February 2011.

FINANCIAL INSTRUMENTS

Revenue and pricing risk

Citibase Plc is exposed to the risk of adverse economic developments reducing revenues. The risk is reduced by our value offering being attractive to cost conscious clients, an increase in the number of centres operated under management contracts and no material customer concentration issues.

Cash flow risk

The highest costs to Citibase Plc are rents and service charges which are largely paid quarterly in advance and result in a material quarterly working capital requirement. The cash flow risks are reduced by Citibase Plc having significant positive cash balances, no indebtedness, break clauses within the leases, and the terms on which Citibase Plc earns revenue and pays suppliers being to some extent matched. The Directors produce and review detailed 3 month cash forecasts and 12 month rolling cash forecasts on a regular basis to ensure that Citibase Plc maintains a robust financial structure and sufficient cash headroom.

Credit risk

Credit risk is the risk of financial loss to Citibase Plc if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The risk to Citibase Plc arises solely from the company's receivables from customers. Citibase Plc minimises this risk by ensuring that a high proportion of clients pay by direct debit, close monitoring of outstanding balances (trade debtors were only £39,899 at 28 February 2011) and the requirement of clients to pay a deposit at the commencement of the licence as security for their receivables due to Citibase Plc.

CITIBASE PUBLIC LIMITED COMPANY
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28 FEBRUARY 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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 company will continue in business

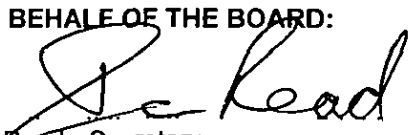
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also required to state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

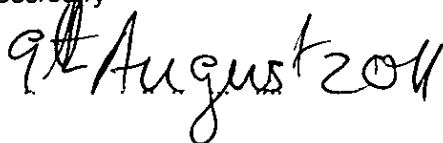
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:


I H Read - Secretary

Date



REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF CITIBASE PUBLIC LIMITED COMPANY

We have audited the financial statements of Citibase Public Limited Company for the year ended 28 February 2011 on pages eight to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on pages four and five, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 February 2011 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
CITIBASE PUBLIC LIMITED COMPANY**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Wilkins Kennedy

Ms Michaela Izquierdo (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy
Statutory Auditor
Chartered Accountants
Gladstone House
77-79 High Street
Egham
Surrey
TW20 9HY

11 August 2011

CITIBASE PUBLIC LIMITED COMPANY
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 FEBRUARY 2011

	Notes	2011 £	2010 £
TURNOVER	2	9,669,052	8,939,917
Administrative expenses		<u>(9,655,136)</u>	<u>(8,930,112)</u>
OPERATING PROFIT	4	13,916	9,805
Interest receivable		<u>13,192</u>	<u>15,181</u>
		27,108	24,986
Interest payable	5	<u>(2,785)</u>	<u>(524)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		24,323	24,462
Tax on profit on ordinary activities	6	<u>9,879</u>	<u>(48,060)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u><u>34,202</u></u>	<u><u>(23,598)</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year

The notes form part of these financial statements

CITIBASE PUBLIC LIMITED COMPANY

BALANCE SHEET
28 FEBRUARY 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Intangible assets	7	107,462	87,992
Tangible assets	8	<u>2,041,544</u>	<u>1,961,757</u>
		<u>2,149,006</u>	<u>2,049,749</u>
CURRENT ASSETS			
Debtors	9	794,411	918,444
Cash at bank and in hand		<u>3,210,012</u>	<u>2,968,379</u>
		4,004,423	3,886,823
CREDITORS			
Amounts falling due within one year	10	<u>(4,881,354)</u>	<u>(4,694,184)</u>
NET CURRENT LIABILITIES		<u>(876,931)</u>	<u>(807,361)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,272,075	1,242,388
CREDITORS			
Amounts falling due after more than one year	11	(28,796)	-
PROVISIONS FOR LIABILITIES	14	<u>(133,309)</u>	<u>(166,625)</u>
NET ASSETS		<u>1,109,970</u>	<u>1,075,763</u>
CAPITAL AND RESERVES			
Called up share capital	15	58,839	58,834
Share premium	16	241,176	241,176
Profit and loss account	16	<u>809,955</u>	<u>775,753</u>
SHAREHOLDERS' FUNDS	19	<u>1,109,970</u>	<u>1,075,763</u>

The financial statements were approved by the Board of Directors on
were signed on its behalf by

9th August 2011

and



I H Read - Director

The notes form part of these financial statements

CITIBASE PUBLIC LIMITED COMPANY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	1	740,291	642,485
Returns on investments and servicing of finance	2	10,407	14,657
Taxation		(30,123)	(297,257)
Capital expenditure	2	(518,589)	(442,876)
Acquisitions and disposals	2	-	(322,058)
		201,986	(405,049)
Financing	2	39,647	(19,943)
Increase/(Decrease) in cash in the period		<u>241,633</u>	<u>(424,992)</u>
Reconciliation of net cash flow to movement in net funds	3		
Increase/(Decrease) in cash in the period		241,633	(424,992)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(39,642)</u>	<u>19,943</u>
Change in net funds resulting from cash flows		<u>201,991</u>	<u>(405,049)</u>
Movement in net funds in the period		201,991	(405,049)
Net funds at 1 March		<u>2,968,379</u>	<u>3,373,428</u>
Net funds at 28 February		<u>3,170,370</u>	<u>2,968,379</u>

The notes form part of these financial statements

CITIBASE PUBLIC LIMITED COMPANY

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2011**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	13,916	9,805
Depreciation charges	410,281	367,390
Amortisation	9,052	7,350
Impairment of goodwill	-	116,766
Decrease/(Increase) in debtors	124,033	(83,217)
Increase in creditors	<u>183,009</u>	<u>224,391</u>
Net cash inflow from operating activities	<u>740,291</u>	<u>642,485</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	13,192	15,181
Interest paid	(2,206)	(230)
Interest element of hire purchase payments	<u>(579)</u>	<u>(294)</u>
Net cash inflow for returns on investments and servicing of finance	<u>10,407</u>	<u>14,657</u>
Capital expenditure		
Purchase of intangible fixed assets	(28,521)	-
Purchase of tangible fixed assets	<u>(490,068)</u>	<u>(442,876)</u>
Net cash outflow for capital expenditure	<u>(518,589)</u>	<u>(442,876)</u>
Acquisitions and disposals		
Acquisition of new centres	<u>-</u>	<u>(322,058)</u>
Net cash outflow for acquisitions and disposals	<u>-</u>	<u>(322,058)</u>
Financing		
New HP agreements in year	43,504	-
Loan repayments in year	-	(19,943)
HP repayments in year	(3,862)	-
Share issue	<u>5</u>	<u>-</u>
Net cash inflow/(outflow) from financing	<u>39,647</u>	<u>(19,943)</u>

The notes form part of these financial statements

CITIBASE PUBLIC LIMITED COMPANY
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2011

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 3 10 £	Cash flow £	At 28.2.11 £
Net cash			
Cash at bank and in hand	<u>2,968,379</u>	<u>241,633</u>	<u>3,210,012</u>
	<u>2,968,379</u>	<u>241,633</u>	<u>3,210,012</u>
Debt			
Hire purchase	-	<u>(39,642)</u>	<u>(39,642)</u>
	-	<u>(39,642)</u>	<u>(39,642)</u>
Total	<u>2,968,379</u>	<u>201,991</u>	<u>3,170,370</u>

The notes form part of these financial statements

CITIBASE PUBLIC LIMITED COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2011

1 ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of services, excluding value added tax

Goodwill

Goodwill, being the amount paid in connection with the acquisition of businesses in 2009 and 2011, is being amortised evenly over its estimated useful life of fifteen years

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Internal Fit Out	- Straight line over period of the lease
Furniture & fittings	- 25% on cost and 15% on reducing balance

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. The provision is calculated at the prevailing tax rate when the differences are expected to reverse

2 TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company

Management fee income from profit related management contracts included in the company's turnover was £544,650 (2010 - £376,860) and turnover relating to the company's own provision of serviced office accommodation was £9,124,402 (2010 - £8,563,057). The total turnover managed by the company was £16m (2010 - £13.11m)

3 STAFF COSTS

	2011 £	2010 £
Wages and salaries	1,609,222	1,622,201
Social security costs	<u>153,379</u>	<u>165,918</u>
	<u>1,762,601</u>	<u>1,788,119</u>

The average monthly number of employees during the year was as follows

	2011	2010
Directors	4	4
Sales and administration	<u>78</u>	<u>72</u>
	<u>82</u>	<u>76</u>

The average employees managed by the company in both leased and managed centres was 112 (2010 - 102)

CITIBASE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2011**

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation - owned assets	410,281	367,390
Goodwill amortisation	9,052	7,350
Auditors' remuneration	13,000	12,600
Auditors' remuneration - non audit work	10,825	11,225
Operating lease rentals - other	2,361,108	2,442,409
Operating lease income	<u>(7,360,821)</u>	<u>(6,751,165)</u>

Directors' remuneration	<u>379,470</u>	<u>267,970</u>
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Information regarding the highest paid director is as follows

	2011 £	2010 £
Emoluments etc	<u>215,000</u>	<u>189,500</u>

5 INTEREST PAYABLE

	2011 £	2010 £
Bank interest	3	3
Bank loan interest	-	227
Interest on late taxation	2,203	-
Hire purchase	<u>579</u>	<u>294</u>
	<u>2,785</u>	<u>524</u>

All of the above interest was in relation to liabilities falling due within five years

6 TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit on ordinary activities for the year was as follows

	2011 £	2010 £
Current tax		
UK corporation tax	24,487	4,643
UK corporation tax prior year	<u>(1,050)</u>	<u>27,055</u>
Total current tax	23,437	31,698
Deferred tax	<u>(33,316)</u>	<u>16,362</u>
Tax on profit on ordinary activities	<u>(9,879)</u>	<u>48,060</u>

CITIBASE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2011**

6 TAXATION - continued

Factors affecting the tax (credit)/charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2011	2010
	£	£
Profit on ordinary activities before tax	<u>24,323</u>	<u>24,462</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2010 - 21%)	5,108	5,137
Effects of		
Disallowed expenses	1,119	906
Reversal of accelerated capital allowances	18,260	12,504
Reversal of provisions	-	(13,904)
(Over)/underprovision in prior year	<u>(1,050)</u>	<u>27,055</u>
Current tax (credit)/charge	<u>23,437</u>	<u>31,698</u>

7 INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1 March 2010	95,343
Additions	<u>28,521</u>
At 28 February 2011	<u>123,864</u>
AMORTISATION	
At 1 March 2010	7,350
Amortisation for year	<u>9,052</u>
At 28 February 2011	<u>16,402</u>
NET BOOK VALUE	
At 28 February 2011	<u>107,462</u>
At 28 February 2010	<u>87,993</u>

CITIBASE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2011**

8 TANGIBLE FIXED ASSETS

	Internal Fit Out £	Furniture & fittings £	Totals £
COST			
At 1 March 2010	2,152,912	2,749,442	4,902,354
Additions	<u>378,685</u>	<u>111,383</u>	<u>490,068</u>
At 28 February 2011	<u>2,531,597</u>	<u>2,860,825</u>	<u>5,392,422</u>
DEPRECIATION			
At 1 March 2010	1,117,351	1,823,246	2,940,597
Charge for year	<u>256,407</u>	<u>153,874</u>	<u>410,281</u>
At 28 February 2011	<u>1,373,758</u>	<u>1,977,120</u>	<u>3,350,878</u>
NET BOOK VALUE			
At 28 February 2011	<u>1,157,839</u>	<u>883,705</u>	<u>2,041,544</u>
At 28 February 2010	<u>1,035,561</u>	<u>926,196</u>	<u>1,961,757</u>

Included within furniture and fittings are assets held on hire purchase contracts with cost of £49,300 (2010 - £nil) and accumulated depreciation of £1,910 (2010 - £nil)

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade debtors	39,899	5,823
Other debtors	-	5,077
Accrued income	166,252	201,159
Prepayments	<u>588,260</u>	<u>706,385</u>
	<u>794,411</u>	<u>918,444</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Hire purchase contracts (see note 12)	10,846	-
Payments in advance	576,102	777,019
Trade creditors	1,462,359	1,509,037
Deposits	1,417,590	1,437,427
Corporation tax	25,012	31,698
Other taxes and social security	384,011	295,021
Other creditors	116,004	42,095
Deferred income	111,370	63,795
Accrued expenses	<u>778,060</u>	<u>538,092</u>
	<u>4,881,354</u>	<u>4,694,184</u>

CITIBASE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2011**

11 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £	2010 £
Hire purchase contracts (see note 12)	<u>28,796</u>	<u>-</u>

12 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	2011 £	Hire purchase contracts 2010 £
Net obligations repayable		
Within one year	10,846	-
Between one and five years	<u>28,796</u>	<u>-</u>
	<u>39,642</u>	<u>-</u>

The following operating lease payments are committed to be paid within one year

	2011 £	Land and buildings 2010 £
Expiring		
Within one year	-	558,000
Between one and five years	624,928	608,609
In more than five years	<u>1,823,302</u>	<u>1,275,800</u>
	<u>2,448,230</u>	<u>2,442,409</u>

13 SECURED DEBTS

The following secured debts are included within creditors

	2011 £	2010 £
Hire purchase contracts	<u>39,642</u>	<u>-</u>

Hire purchase contracts are secured over the assets to which they relate

14 PROVISIONS FOR LIABILITIES

	2011 £	2010 £
Deferred tax	<u>133,309</u>	<u>166,625</u>

CITIBASE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2011**

14 PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 March 2010	166,625
Accelerated capital allowances	<u>(33,316)</u>
Balance at 28 February 2011	<u>133,309</u>

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	2011 £	2010 £
58,824	A Ordinary	1p	588	588
58,824	A Preference	99p	58,236	58,236
1,500 (2010 - 1,000)	B Ordinary	1p	15	10
			<u>58,839</u>	<u>58,834</u>

The following shares were issued during the year
for cash at par

500 B Ordinary shares of 1p

Each class of share is an equity share having entitlement to receive notice of, attend and vote at meetings of the company

Each class of share is entitled to to be paid dividends at such rate or rates at such times as may be resolved by and in the absolute discretion of the directors subject to

- in the case of A Ordinary shares, they shall not be entitled to be paid any dividends out of distributable reserves in existence at the date of adoption of the company's current Articles of Association

- in the case of B Ordinary shares, they shall not be entitled to be paid any dividends out of distributable reserves in existence at the date of issue of such B Ordinary shares

Upon a sale the classes of shares shall entitle their holders to the following proceeds

A Preference shares

The first £3,000,000 of the net proceeds of sale ("the Priority Share")

A and B Ordinary shares

A proportion of the remaining net proceeds of sale (net proceeds of sale less the Priority Share) The proportion allotted to the A Ordinary and B Ordinary shares is dependent on the value and timing of the sale

CITIBASE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2011**

16 RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 March 2010	775,753	241,176	1,016,929
Profit for the year	<u>34,202</u>	<u> </u>	<u>34,202</u>
At 28 February 2011	<u><u>809,955</u></u>	<u><u>241,176</u></u>	<u><u>1,051,131</u></u>

17 RELATED PARTY DISCLOSURES

During the year, the company paid a rent for the amount of £260,000 (2010 - £260,000) to Echoback Limited, a company in which I H Read and Linda B Joseph Will Trust have a controlling interest. As at 28 February 2011 £78,000 (2010 - £76,375) was owed to Echoback Limited.

The company also paid management charges amounting to £12,912 (2010 - £13,998) to Ashtenne Asset Management Limited, a subsidiary of Warner Estates Holdings Plc, a company of which P C T Warner is chairman. As at 28 February 2011 £1,318 (2010 - £1,318) was owed to Ashtenne Asset Management Limited. Warner Estates Holdings Plc is the beneficial owner of Ashtenne Asset Management Limited.

During the year, the company paid management charges for the amount of £53,300 (2010 - £18,000) and £18,000 (2010 - £18,000) in respect of professional services received from Barnship Limited and David Joseph respectively. At the year end £7,025 (2010 - £7,931) and £40,500 (2010 - £22,500) are owed to Barnship Limited and David Joseph respectively. Barnship Limited is related as a consequence of having common directors.

18 ULTIMATE CONTROLLING PARTY

The company has no ultimate controlling party.

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit/(Loss) for the financial year	34,202	(23,598)
Issue of B shares	<u>5</u>	<u>-</u>
Net addition/(reduction) to shareholders' funds	34,207	(23,598)
Opening shareholders' funds	<u>1,075,763</u>	<u>1,099,361</u>
Closing shareholders' funds	<u><u>1,109,970</u></u>	<u><u>1,075,763</u></u>