

# **Workspace Holdings Limited**

**Company registration number - 3729646**

**Annual report and financial statements**

**For the year ended 31 March 2013**



# **Workspace Holdings Limited**

## **Directors' report for the year ended 31 March 2013**

The directors present their report and the audited financial statements of Workspace Holdings Limited ('the Company') for the year ended 31 March 2013

### **Principal activities**

Workspace Holdings Limited is an intermediate holding company

The Company is a wholly owned subsidiary of Workspace Group PLC and a member of a Group Real Estate Investment Trust (REIT) whereby no tax is payable on the Group's property rental business. The Company is engaged in taxable activities

### **Business review and future developments**

The Company made a profit for the financial year of £25.4m (2012: £24.6m). These profits consisted mainly of a part reversal of an impairment loss on the investment in the Company's subsidiary less interest payable on an inter group loan. The reversal of the impairment loss on the investment in subsidiaries for the year was £31.7m (2012: £31.5m). Improving property values over the last two years has resulted in an increase in the net assets of the Company's subsidiary and hence a reduction in the impairment of the Company's investment. Total impairment at 31 March 2013 was £39.6m (2012: £71.3m).

The Company intends only to act as an intermediate holding company in the future.

The performance of the Group, which includes the Company, is discussed in the Group's annual report which does not form part of this report.

The results for the financial year are set out in the profit and loss account on page 4.

The directors recommend a dividend for the year of £nil (2012: £nil).

A profit for the financial year of £25.4m (2012: £24.6m) has been transferred to reserves.

### **Directors**

The following directors served during the financial year and up to the date of signing these financial statements:

G C Clemett

J P Hopkins (appointed 1 April 2012)

### **Risk Management**

The directors of Workspace Group PLC manage the Group's risks at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of Workspace Holdings Limited business. The principal risks and uncertainties of the Company are the same as the Group and so it is appropriate to consider risks at Group level. These are set out on pages 22 to 25 of the Group's annual report which does not form part of this report.

### **Financial Instruments**

The directors of Workspace Group PLC manage the Group's financial risk and financial instruments on a group basis. Disclosures relating to the Group's financial instruments can be found in notes 16 and 17 of the Group's annual report.

### **Key performance indicators**

The directors of Workspace Group PLC manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Workspace Holdings Limited. The development, performance and position of Workspace Group PLC, which includes the Company, is discussed on pages 16 to 21 and page 26 of the Group's annual report which does not form part of this report.

# **Workspace Holdings Limited**

## **Directors' report for the year ended 31 March 2013 (continued)**

### **Statement of 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 prepared 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,
- state whether applicable UK 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 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.

### **Directors' indemnities**

As permitted by the Parent Company's Articles of Association, the directors have the benefit of an indemnity provision which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

### **Disclosure of information to auditors**

In accordance with section 418 of the Companies Act 2006, the directors who held office at the date of approval of this report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



C Carfora  
**Company secretary**

12 September 2013

## **Workspace Holdings Limited**

### **Independent auditors' report to the members of Workspace Holdings Limited**

We have audited the financial statements of Workspace Holdings Limited for the year ended 31 March 2013 which comprise the profit and loss account, the balance sheet 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).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities set out on page 2, 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **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. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 31 March 2013 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

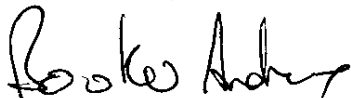
#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Director's 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, 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



Bowker Andrews (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

12 September 2013

## Workspace Holdings Limited

### Profit and loss account for the year ended 31 March 2013

	Note	Year ended 31 March 2013	Year ended 31 March 2012
		£	£
Interest receivable and similar income		4,362	2,181
Interest payable and similar charges	2	(8,312,217)	(8,244,314)
Reversal of impairment loss	6	31,728,180	31,505,691
Profit on ordinary activities before taxation	3	23,420,325	23,263,558
Tax on profit on ordinary activities	5	1,994,932	1,361,699
<b>Profit for the financial year</b>	10	<b>25,415,257</b>	<b>24,625,257</b>

All amounts above relate to continuing operations

There were no other recognised gains or losses, other than the profit for the financial year

There is no material difference between reported profits and profits on a historic cost basis

The notes on pages 6 to 9 form part of these financial statements

# Workspace Holdings Limited

## Balance sheet as at 31 March 2013

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Investments	6	324,067,755	292,339,575
<b>Current assets</b>			
Debtors	7	1,994,932	3,843,948
<b>Creditors amounts falling due within one year</b>	8	(170,125,292)	(165,661,385)
<b>Net current liabilities</b>		(168,130,360)	(161,817,437)
<b>Total assets less current liabilities</b>		155,937,395	130,522,138
<b>Capital and reserves</b>			
Called up share capital	9	2	2
Profit and loss account	10	155,937,393	130,522,136
<b>Total shareholders' funds</b>	11	155,937,395	130,522,138

The notes on pages 6 to 9 form part of these financial statements

The financial statements were approved by the Board on 12 September 2013 and signed on its behalf by



**G C Clemett**  
Director

Workspace Holdings Limited

Company registration number - 3729646

# **Workspace Holdings Limited**

## **Notes to the financial statements for the year ended 31 March 2013**

### **1 Accounting policies**

#### **(a) Basis of accounting**

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Workspace Group PLC has provided to the Company an undertaking of continued financial support which will continue for at least one year after the date of signing these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

#### **(b) Fixed asset investments**

Fixed asset investments are stated at cost less any provision for impairment which are taken to the profit and loss account. Reversals of previous impairments are credited back to profit and loss account.

#### **(c) Trade and other debtors**

Trade and other debtors are recognised at cost and subsequently measured at cost less provision for impairment where it is established there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtor. The provision is charged to the profit and loss account.

#### **(d) Taxation**

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

#### **(e) Cash flow statement**

The Company has taken advantage of the exemption in FRS 1 (Revised 1996) 'Cash Flow Statements' not to produce a cash flow statement as one is prepared by its ultimate parent company (Workspace Group PLC).

Copies of the consolidated financial statements may be obtained at the registered office of the ultimate parent company (see note 12).

# Workspace Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013

### 2 Interest payable and similar charges

	Year ended 31 March 2013	Year ended 31 March 2012
	£	£
Interest payable on loan from ultimate parent company	3,546,907	3,333,814
Interest payable on loan from subsidiaries	4,765,310	4,906,775
Interest payable on loans from other group companies	-	3,725
	<b>8,312,217</b>	<b>8,244,314</b>

Interest payable on the loan with the ultimate parent company and the Company's subsidiary is on an arm's length basis at an average rate of 5.1% (2012 5.3%). All other group balances are interest free.

### 3 Profit on ordinary activities before taxation

Auditors' remuneration has been borne by a fellow subsidiary. This amounted to £2,000 (2012 £1,700).

The Company has no employees (2012 none).

### 4 Directors' emoluments

The directors did not receive any emoluments in respect of services to the Company (2012 nil).

### 5 Tax on profit on ordinary activities

	Year ended 31 March 2013	Year ended 31 March 2012
	£	£
<b>Current tax.</b>		
UK corporation tax on profit for the financial year	(1,994,932)	(2,143,522)
Adjustment in respect of previous years	-	781,823
<b>Tax credit on profit on ordinary activities</b>	<b>(1,994,932)</b>	<b>(1,361,699)</b>
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below.		
<b>Profit on ordinary activities before taxation</b>	<b>23,420,325</b>	<b>23,263,558</b>
Profit on ordinary activities at standard rate of corporation tax in the UK of 24% (2012 26%)	5,620,878	6,048,525
Amounts relating to provision for impairment of subsidiary (note 6)	(7,614,763)	(8,191,480)
Amounts not subject to tax	(1,047)	(567)
Adjustment in respect of previous years	-	781,823
<b>Total current tax credit</b>	<b>(1,994,932)</b>	<b>(1,361,699)</b>

The Company has £1.4m (2012 £1.4m) tax losses carried forward which have not been recognised as a deferred tax asset as they are unlikely to be utilised in the foreseeable future. The Company is currently making taxable losses and thus cannot use these losses.

The main rate of corporation tax is to reduce to 23% from 1 April 2013. Further reductions to reduce the rate to 21% by 1 April 2014 and 20% by 1 April 2015 were substantively enacted on 2 July 2013. As these changes had not been substantively enacted at the balance sheet date they are not included in these financial statements. Accordingly the Company's losses carried forward have been re-measured at 23%.



# Workspace Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013

### 6 Fixed asset investments

<b>Shares in subsidiary undertakings</b>	<b>£</b>
<b>Cost</b>	
Balance at 31 March 2013 and 31 March 2012	363,620,321
<b>Impairment</b>	
Balance at 1 April 2012	71,280,746
Reversal of impairment loss	(31,728,180)
<b>Balance at 31 March 2013</b>	<b>39,552,566</b>
<b>Net book value at 31 March 2013</b>	<b>324,067,755</b>
Net book value at 31 March 2012	292,339,575

The Company holds 218,051,861 £1 redeemable preference shares (coupon rate of 0.001%) in Workspace 14 Limited in addition to the ordinary shares noted below. The redeemable preference shares do not have voting rights, have no redemption date but can be redeemed in full or part at any time at the option of Workspace 14 Limited.

The directors believe that the carrying value of the investments is supported by their underlying net assets. Improving property values over the last two years has resulted in an increase in the net assets of Workspace 14 Limited and hence a reduction in the impairment loss.

The Company wholly owns the following subsidiary undertakings incorporated in the UK and registered in England:

Name	Nature of Business	Share Capital
Workspace 14 Limited	Property Investment	145,568,460 shares of £1

The Company is a wholly owned subsidiary of Workspace Group PLC and is included in the consolidated financial statements of that company which are publicly available. Consequently the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

### 7 Debtors

	2013 £	2012 £
Corporation tax (group relief receivable)	1,994,932	3,843,948

### 8 Creditors: amounts falling due within one year

	2013 £	2012 £
Amounts owed to parent company	68,726,109	64,226,108
Amounts owed to subsidiaries	93,112,958	93,112,958
Amounts owed to other group companies	8,286,225	8,322,319
	<b>170,125,292</b>	<b>165,661,385</b>

Amounts owed to group companies are unsecured and repayable on demand. Amounts owed to the parent company is a loan and is subject to interest at an average rate of 5.1% (2012: 5.3%). All other amounts are interest free.

# Workspace Holdings Limited

## Notes to the financial statements for the year ended 31 March 2013

### 9 Called up share capital

	2013 £	2012 £
Authorised 1,000 (2012 1,000) ordinary shares of £1 each	1,000	1,000
Allotted and fully paid 2 (2012 2) ordinary shares of £1 each	2	2

### 10 Profit and loss account

	£
Balance at 1 April 2012	130,522,136
Profit for the financial year	25,415,257
Balance at 31 March 2013	155,937,393

### 11 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	25,415,257	24,625,257
Opening shareholder's funds	130,522,138	105,896,881
Closing shareholders' funds	155,937,395	130,522,138

### 12 Ultimate parent company

The ultimate and immediate parent company and ultimate controlling party is Workspace Group PLC a Company incorporated in the UK and registered in England and Wales which heads the smallest and largest group to consolidate these financial statements. The Registered Office of the ultimate parent company is the same as that of the Company which is Chester House, Kennington Park, 1-3 Brixton Road, London, SW9 6DE. Copies of the consolidated financial statements which are reported under IFRS ("International Financial Reporting Standards") and incorporate the results of the Company may be obtained at that address.

### 13 Related party transactions

The Company has taken advantage of the exemption under FRS 8 'Related Party Disclosures' not to disclose related transactions between wholly owned group undertakings, which would otherwise qualify as related parties. The Company had no other transactions with related parties during the year.