WORKSPACE 6 LIMITED
(Formerly Preptrade Limited)

REPORT AND ACCOUNTS
FOR THE PERIOD 1 JUNE 1999 TO 31 MARCH 2000

COMPANY REGISTRATION NO – 3780594

WORKSPACE 6 LIMITED
(Formerly Preptrade Limited)

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2000

The Directors present their Report and Accounts for the period ended 31 March 2000.

Incorporation and Change of Name

The Company was incorporated on 1 June 1999, and changed its name to Workspace 6 Limited on 13 August 1999.

Principal Activities

The Company is a property investment company. During the period the Company acquired a property (1 – 10 Union Street, London, SE1) from its Parent Company. This property is currently being redeveloped.

Results for the Period

The company does not have a profit and loss account in this period.

Directors

The following Directors served during the period:

Norton Rose Limited	(Appointed 24 May 1999, Resigned 11 August 1999)
Norose Limited	(Appointed 24 May 1999, Resigned 11 August 1999)
Anca Toma-Thomson	(Appointed 11 August 1999, Resigned 6 September 1999)
Claire M Bamber	(Appointed 11 August 1999, Resigned 6 September 1999)
Harry Platt MA, MRTPI	(Appointed 6 September 1999)
R Mark Taylor BSc, FCA	(Appointed 6 September 1999)
M Carragher FRICS	(Appointed 6 September 1999)
J Patrick Maples, ARICS	(Appointed 18 October 1999)

None of the Directors held any beneficial interest in the shares of the Company during the period.

Directors' interests at 31 March 2000 in the Ultimate Parent Company are shown in the Annual Report and Accounts of that company.

The Directors have received no payment in respect of their services as Directors of the company.

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Dividend

The Directors do not recommend payment of a dividend.

Statement of Directors' Responsibilities in Respect of the Accounts

The Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit for that period. In preparing those accounts, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make adjustments 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 accounts and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The Directors 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.

Policy on the Payment of Creditors

The Company's policy is that unless agreed otherwise, its payments to others for goods and services received are made on average within thirty-one days of the date of invoice.

Auditors

A resolution to appoint PricewaterhouseCoopers and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board

N C Saha, Secretary

27 September 2000

AUDITORS' REPORT

To the Members of Workspace 6 Limited

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 5 and 6.

Respective Responsibilities of Directors and Auditors

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

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 United Kingdom 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 are not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 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 31 March 2000 and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

27 September 2000

WORKSPACE 6 LIMITED
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BALANCE SHEET
AS AT 31 MARCH 2000

	Notes	2000 £
Fixed assets		
Tangible assets		
Investment properties	3	10,902,655
Current assets		
Debtors	4	1,931,472
Creditors		
Amounts falling due within one year	5	(6,736,825)
Net current liabilities		(4,805,353)
Creditors: amounts falling due after more than one year	6	(6,097,300)
Total assets less current liabilities		2
Capital & Reserves		
Called up share capital	7	2
Profit & Loss account		-
Shareholders' funds		2

The notes on pages 5 to 8 form part of these accounts.

The accounts were approved by the Board on 27 September 2000 and signed on its behalf by:

H Platt **RM Taylor**

WORKSPACE 6 LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2000

1. Accounting Policies

(a) Basis of Accounting

The accounts have been prepared in accordance with applicable accounting standards. Compliance with SSAP 19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and amortisation and an explanation of the departure is given in note (c) below. The Directors have received an undertaking of continued financial support from the ultimate holding company. Accordingly, the financial statements have been prepared on a going concern basis.

(b) Rental Income

Rental income represents amounts receivable in respect of rents from investment properties situated in the United Kingdom.

(c) Valuation of Properties

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. No provision is made for depreciation of freehold properties or for amortisation of leasehold properties held on leases having more than 20 years unexpired. This departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated, is, in the opinion of the Directors, necessary for the accounts to show a true and fair view in accordance with applicable accounting standards.

The depreciation or amortisation (which would, had the provisions of the Act been followed, have reduced profit for the year) is only one of the factors reflected in the annual valuation and the amount attributable to this factor cannot reasonably be separately identified or quantified.

Properties held in the course of development are included in the Balance Sheet at cost, including interest and other outgoings. For this purpose, the amount of interest capitalised is calculated by reference to the actual interest rate payable on borrowings for development purposes or, as regards developments financed out of general funds, by reference to the average rate paid on funding the assets employed by the Company.

(d) **Grants**

Grants received in respect of improvements to investment properties are taken into account in determining the surplus or deficit on revaluation.

(e) **Depreciation and Amortisation**

Depreciation is provided on equipment, fittings and motor vehicles on a straight line basis over their useful lives at a rate of 25% p.a.

(f) **Deferred taxation**

No provision is made for the amount of taxation which would become payable under present legislation if the properties held as investments were sold at the values at which they are stated in the financial statements.

Provision is made for deferred taxation on timing differences between the treatment of certain items for taxation and accounting purposes, only to the extent that it is reasonable probable that such taxation will be payable in the foreseeable future.

(g) **Cash flow statement**

The Company has taken advantage of the exemption in FRS1 (revised) not to produce a cash flow statement as one is prepared by its Parent Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2000**

2. Directors emoluments

The Directors do not receive emoluments for services to the Company as they are paid by a fellow subsidiary for services to the Group.

3. Investment Properties

	Freehold £
Transfer from Parent Company	5,596,993
Additions during the period	5,305,662
Balance at 31 March 2000	10,902,655

The Company has one investment property which is currently under development. As work in progress this property has not been included in the accounts at valuation. The Directors are advised that the value of the property at 31 March 2000 was not less than its book cost.

Historic cost of investment properties held at 31 March 2000 was £10,902,655 including capitalised interest of £123,315.

4. Debtors

	2000 £
Due from fellow subsidiaries	1,440,498
Other taxation	490,974
	1,931,472

5. Creditors: amounts falling due within one year

	2000 £
Due to Parent Company	5,743,748
Due to fellow subsidiaries	1,318
Accruals	991,759
	6,736,825

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2000

6.	**Creditors: amounts falling due after more than one year**	**2000** **£**
	Bank loan	6,097,300

The Bank loan is repayable on 14 September 2002 and is secured on the Company's investment property. Interest is payable at 1.1% over LIBOR.

7.	**Share capital**	**2000** **£**
	Authorised:	
	Ordinary shares of £1 each	100
	Issued and fully paid	**£**
	Ordinary shares of £1 each	2

8. Ultimate Parent Company

The Parent Company is Workspace Group PLC which is registered in England. The Registered Office of the Parent Company is the same as that of the Company which is Magenta House, 85 Whitechapel Road, London E1 1DU. Copies of the consolidated accounts which incorporate the results of the Company may be obtained at that address.

9. Related Party Transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 – Related Party Disclosures (FRS 8) not to disclose related party transactions between wholly owned Group undertakings. The Company had no other transactions with related parties during the period.

10. Capital Commitments

At the period end the estimated amounts of commitments for future capital expenditure were:

	2000 **£**
Under Contract	7,497,000