Workspace 6 Limited

(Company registration no - 3780594)

Report and accounts

For the year ended 31 March 2004

Workspace 6 Limited

Directors' report for the year ended 31 March 2004

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2004.

Principal activities

The Company is a property investment company. It holds land in Union Street, London SE1.

Review of business and future developments

The Company sold its remaining property after the year end and has no intention of trading in the foreseeable future.

Results and dividends

The results for the year are set out in the profit and loss account on page 5.

The directors recommend payment of a dividend of £nil (2003: £nil). A profit of £113,157 (2003: £72,828) has been transferred to reserves.

Directors

The following directors served during the year:

Harry Platt MA, MRTPI
R Mark Taylor BSc, FCA
Madeleine Carragher FRICS
J Patrick Marples, MRICS

None of the directors held any beneficial interest in the shares of the Company during the year.

Directors' interests at 31 March 2004 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.

Policy and practice on the payment of creditors

The number of days for trade creditors outstanding at 31 March 2004 has not been calculated for the Company as it has no trade creditors.

Workspace 6 Limited

Directors' report for the year ended 31 March 2004 (Continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

R M Taylor
Secretary

17 December 2004

Independent auditors' report to the members of Workspace 6 Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 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 is 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. The other information comprises only the directors' report.

Basis of audit 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.

Independent auditors' report to the members of Workspace 6 Limited (Continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RH

17 December 2004

Workspace 6 Limited

Profit and loss account
For the year ended 31 March 2004

	Notes	2004 £	2003 £
Turnover - discontinued	2	105,161	77,717
Cost of sales - discontinued		(3,190)	(69)
Gross profit - discontinued		101,971	77,648
Administrative expenses - discontinued		-	-
Operating profit		101,971	77,648
Profit on disposal of investment properties	3	-	4,095
Profit on ordinary activities before taxation	4	101,971	81,743
Taxation	6	11,186	(8,915)
Profit on ordinary activities after taxation		113,157	72,828
Dividend proposed		-	-
Retained profit for the financial year	12	113,157	72,828

Statement of total recognised gains and losses

	2004 £	2003 £
Profit for the financial year	113,157	72,828
Unrealised deficit on revaluation of investment properties	(121,179)	(369,352)
Total recognised losses relating to the financial year	(8,022)	(296,524)

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

The notes on pages 7 to 12 form part of these financial statements.

Workspace 6 Limited

Balance sheet
As at 31 March 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets			
Investment properties	7	1,880,000	2,000,000
Current assets			
Debtors	8	3,511,124	3,505,124
Creditors: amounts falling due within one year	9	(757,288)	(865,266)
Net current assets		2,753,836	2,639,858
Total assets less current liabilities		4,633,836	4,639,858
Provision for liabilities and charges	10	(5,000)	(3,000)
		4,628,836	4,636,858
Capital and reserves			
Called up share capital	11	2	2
Revaluation reserve	12	1,145,555	1,266,734
Profit and loss account	12	3,483,279	3,370,122
Total shareholders' funds	13	4,628,836	4,636,858

The notes on pages 7 to 12 form part of these financial statements.

The financial statements were approved by the Board on 17 December 2004 and signed on its behalf by:

H. Platt

H Platt

R M Taylor

Notes to the financial statements for the year ended 31 March 2004

1 Accounting policies

(a) Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention as modified by the revaluation of investment properties and in accordance with the Companies Act 1985 and 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 principal accounting policies are set out below.

(b) Turnover and cost of sales

Turnover comprises rental income and other sums receivable from occupiers of investment properties (including insurance charges, service charges, other recoverable costs and any premia associated with tenancies) and other sundry income. Turnover is stated exclusive of VAT.

Cost of sales comprises property outgoings directly attributable to investment properties.

(c) Tangible assets

Tangible assets comprise investment properties including associated plant, equipment and fixtures. 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 (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.

(d) Taxation

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

On the disposal of an investment property the element of tax relating to the profit in the year is charged to the profit and loss account and the element relating to earlier revaluation surpluses is included in the statement of total recognised gains and losses.

Deferred tax assets and liabilities arise from differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS 19 deferred tax has been recognised in respect of all timing differences which have originated, but not reversed, by the balance sheet date, except that deferred tax has not been recognised on any potential capital gain where a binding sale commitment is not in place.

In adopting FRS 19, the Company has chosen not to discount deferred tax assets and liabilities.

Notes to the financial statements for the year ended 31 March 2004

1 Accounting policies (cont'd)

(e) 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.

2 Turnover

Turnover represents rent receivable from investment property and £98,000 (2003: £nil) in respect of an option fee for the future sale of property.

3 Profit on disposal of investment properties

The greater part of the company's investment at 1-10 Union Street was disposed of in 2000. The amounts shown last year are adjustments to accruals made at the time of sale.

4 Profit on ordinary activities before taxation

Auditors remuneration of £1,000 (2003: £1,000) was borne by a fellow subsidiary.

5 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.

Notes to the financial statements for the year ended 31 March 2004

6 Taxation

	2004	2003
	£	£
UK corporation tax on profit for the year	3,562	19,915
Adjustment in respect of previous periods	(16,748)	-
Total current tax	(13,186)	19,915
Deferred tax:		
Origination and reversal of timing differences	2,000	(11,000)
	(11,186)	8,915

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The *differences are explained below:*

	2004	2003
	£	£
Profit on ordinary activities before taxation	101,971	81,743
Profit on ordinary activities at standard rate of corporation tax in the UK of 30% (2003: 30%)	30,591	24,523
Capital allowances in excess of depreciation	(2,535)	(3,379)
Capital gains adjustments	-	(1,229)
Group relief	(22,432)	-
Application of small companies rate of taxation	(2,062)	-
Adjustment in respect of previous periods	(16,748)	-
	(13,186)	19,915

No payment was made to secure the group relief.

7 Investment properties

	Freehold
	£
Balance at 1 April 2003	2,000,000
Additions during the year	1,179
Unrealised deficit on revaluation of investment properties	(121,179)
Balance at 31 March 2004	1,880,000

Notes to the financial statements for the year ended 31 March 2004

7 Investment properties (Continued)

The Company's investment properties were valued in aggregate by CB Richard Ellis, Chartered Surveyors, at 31 March 2004 on the basis of open market value and in accordance with the guidance notes issued by the Royal Institution of Chartered Surveyors.

Historic cost of investment properties held at 31 March 2004 was £734,445 (2003: £733,266).

8 Debtors

	2004	2003
	£	£
Due within one year:		
Amounts owed by parent company	3,505,124	3,505,124
Prepayments and accrued income	6,000	-
	3,511,124	3,505,124

Amounts owed by parent company are unsecured, interest free and repayable on demand.

9 Creditors: amounts falling due within one year

	2004	2003
	£	£
Amounts due to fellow subsidiaries	714,384	603,767
Accruals	36,000	241,584
Corporation tax payable	6,729	19,915
Other taxation	175	-
	757,288	865,266

Amounts due to fellow subsidiaries are unsecured, interest free and repayable on demand.

10 Provision for liabilities and charges

	£
Deferred taxation:	
Balance at 1 April 2003	3,000
Charge for the year	2,000
Balance at 31 March 2004	5,000

If the investment properties were sold for their revalued amounts there would be a potential liability to corporation tax of £316,000 (2003: £358,000). In accordance with FRS19 no provision has been made for these amounts.

Notes to the financial statements for the year ended 31 March 2004

11 Share capital

	2004	2003
	£	£
Authorised:		
100 ordinary shares of £1 each	100	100
Issued and fully paid:		
2 ordinary shares of £1 each	2	2

12 Reserves

(a) Revaluation reserve

	£
Balance at 1 April 2003	1,266,734
Unrealised deficit on revaluation of investment properties	(121,179)
Balance at 31 March 2004	1,145,555

(b) Profit and loss account

	£
Balance at 1 April 2003	3,370,122
Profit for the year	113,157
Balance at 31 March 2004	3,483,279

Notes to the financial statements for the year ended 31 March 2004

13 Reconciliation of movement in shareholders' funds

	2004	2003
	£	£
Profit for the year	113,157	72,828
Unrealised deficit on revaluation of investment properties	(121,179)	(369,352)
Net movement in shareholders' funds	(8,022)	(296,524)
Opening shareholders' funds	4,636,858	4,933,382
Closing shareholders' funds	4,628,836	4,636,858

14 Ultimate parent company

The Ultimate Parent Company is Workspace Group PLC which is registered in England. The Registered Office of the Ultimate 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.

15 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 year.

16 Capital commitments

At the year end the estimated amounts of commitments for future capital expenditure were £nil (2003: £6,600).

17 Subsequent events

Following the year end the Company sold all its property for £1.88m, realising a loss over book value of £31,000 net of selling costs.