Workspace 6 Limited

(Company registration no - 3780594)

Report and accounts

For the year ended 31 March 2003

Directors' report for the year ended 31 March 2003

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2003.

Principal activities

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

Review of business and future developments

The period end financial position was satisfactory and the directors anticipate that the current level of activity will be sustained for 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 (2002: £250,000). A profit of £72,828 (2002: £77,857) has been transferred to reserves.

Directors

The following directors served during the year:

Harry Platt MA, MRTPI
R Mark Taylor BSc, FCA
M 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 2003 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 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.

Directors' report for the year ended 31 March 2003 (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 2003 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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 20th February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board

R M Taylor
Secretary

7 November 2003

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, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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 2003 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
London
7 November 2003

Profit and loss account
For the year ended 31 March 2003

	Notes	2003	2002
		£	£
Turnover	2	77,717	8,846
Cost of sales		(69)	4,968
Gross profit		77,648	13,814
Administrative expenses		-	-
Operating profit		77,648	13,814
Profit on disposal of investment properties	3	4,095	377,570
Profit on ordinary activities before taxation	4	81,743	391,384
Taxation	6	(8,915)	(63,527)
Profit on ordinary activities after taxation		72,828	327,857
Dividend		-	(250,000)
Retained profit for the financial year	12	72,828	77,857

Statement of total recognised gains and losses

Profit for the financial year	72,828	327,857
Unrealised deficit on revaluation of investment properties	(369,352)	(41,074)
Total recognised (losses)/gains relating to the financial year	(296,524)	286,783

There is no material difference between reported profits and profits on an unmodified 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 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets			
Investment properties	7	2,000,000	2,350,000
Current assets			
Debtors	8	3,505,124	15,475,348
Creditors: amounts falling due within one year	9	(865,266)	(12,877,966)
Net current assets		2,639,858	2,597,382
Total assets less current liabilities		4,639,858	4,947,382
Provision for liabilities and charges	10	(3,000)	(14,000)
		4,636,858	4,933,382
Capital and reserves			
Called up share capital	11	2	2
Revaluation reserve	12	1,266,734	1,636,086
Profit and loss account	12	3,370,122	3,297,294
Total shareholders' funds	13	4,636,858	4,933,382

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

The financial statements were approved by the Board on 7 November 2003 and signed on its behalf by:

H. Platt

H Platt

R M Taylor

Notes to the financial statements for the year ended 31 March 2003

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

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.

(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.

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

(d) Deferred taxation

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.

(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.

Notes to the financial statements for the year ended 31 March 2003

2 Turnover

Turnover represents rent receivable from investment 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 this year and last year are adjustments to accruals made at the time of sale.

4 Profit on ordinary activities before taxation

Auditors remuneration 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 2003

6 Taxation

	2003 £	2002 £
Corporation tax at 30% (2002: 30%)	19,915	-
Adjustment in respect of previous periods	-	59,527
Total current tax	19,915	59,527
Deferred tax:		
Origination and reversal of timing differences	(11,000)	4,000
	8,915	63,527

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

	2003 £	2002 £
Profit on ordinary activities before taxation	81,743	391,384
Profit on ordinary activities at standard rate of corporation tax in the UK of 30% (2002: 30%)	24,523	117,415
Capital allowances in excess of depreciation	(3,379)	(4,506)
Capital gains adjustments	(1,229)	(113,271)
Group relief	-	362
Adjustment in respect of previous periods	-	59,527
	19,915	59,527

7 Investment properties

	Freehold £
Balance at 1 April 2002	2,350,000
Additions during the year	19,352
Revaluations during the year	(369,352)
Balance at 31 March 2003	2,000,000

Notes to the financial statements for the year ended 31 March 2003

7 Investment properties (Continued)

The Company's investment properties were valued in aggregate by Insignia Richard Ellis, Chartered Surveyors, at 31 March 2003 on the basis of open market value, existing use basis in accordance with the guidance notes issued by the Royal Institution of Chartered Surveyors.

Historic cost of investment properties held at 31 March 2003 was £733,266 (2002: £713,914).

8 Debtors

	2003	2002
	£	£
Due within one year:		
Amounts owed by parent company	3,505,124	-
Amounts owed by fellow subsidiaries	-	15,426,457
Other taxation	-	48,891
	3,505,124	15,475,348

9 Creditors: amounts falling due within one year

	2003	2002
	£	£
Amounts due to parent company	-	12,535,434
Amounts due to fellow subsidiaries	603,767	-
Accruals	241,584	283,005
Corporation tax payable	19,915	59,527
	865,266	12,877,966

10 Provision for liabilities and charges

	£
Deferred taxation:	
Balance at 1 April 2002	14,000
Credit for the year	(11,000)
Balance at 31 March 2003	3,000

If the investment properties were sold for their revalued amounts there would be a potential liability to corporation tax of £358,000 (2002: £468,000). In accordance with FRS19 no provision has been made for these amounts.

Notes to the financial statements for the year ended 31 March 2003

11 Share capital

	2003	2002
	£	£
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 2002	1,636,086
Year end revaluation adjustment	(369,352)
Balance at 31 March 2003	1,266,734

(b) Profit and loss account

	£
Balance at 1 April 2002	3,297,294
Profit for the year	72,828
Balance at 31 March 2003	3,370,122

Notes to the financial statements for the year ended 31 March 2003

13 Reconciliation of movement in shareholders' funds

	2003	2002
	£	£
Profit for the year	72,828	327,857
Dividend	-	(250,000)
Revaluation of investment properties	(369,352)	(41,074)
Net movement in shareholders' funds	(296,524)	36,783
Opening shareholders' funds	4,933,382	4,896,599
Closing shareholders' funds	4,636,858	4,933,382

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 £6,600 (2002: £10,000).