

Company Registration No 03990878

**Bizspace Investments Limited**

**Report and Financial Statements**

**31 December 2011**



# **BIZSPACE INVESTMENTS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2011**

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**REPORT AND FINANCIAL STATEMENTS 2011**

**Officers and professional advisers**

**Directors**

G Evans  
P Gubb  
M Megan  
H Wright

**Secretary**

G Evans

**Registered office**

Sovereign House  
1 Albert Place  
Finchley  
N3 1QB

**Bankers**

Barclays Bank PLC  
Pall Mall Corporate Banking Centre  
50 Pall Mall  
London  
SW1A 1QA

**Solicitors**

Shoosmiths  
Lock House  
Castle Meadow Road  
Nottingham  
NG2 1AG

**Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Reading, United Kingdom

## BIZSPACE INVESTMENTS LIMITED

### DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the financial statements and auditor's report for the year ended 31 December 2011. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

#### Principal activity

The principal activity of the company is that of an investment company.

#### Review of the Business and Going Concern

The company holds an interest in the Bizspace Partnership and is a holding company for a number of group companies. During the year part of two properties were sold that Bizspace Investments Ltd has an interest in. These sales resulted in a loss of £19,073 which is shown in the profit and loss account.

No dividends or charitable, or political contributions have been paid during the year (2010: £nil).

The directors' conclusion on going concern has been discussed in Note 1 to the financial statements.

#### Directors

The present membership of the board is set out on page 1. All directors served throughout the year and to the date of signing the accounts. The Directors did not hold an interest in the share capital of the company in either year.

#### Auditor


Each of the persons who is a director of the company at the date of approval of this report confirms that

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue as auditor and a resolution to reappoint them has been passed.

Approved by the Board of Directors and signed on behalf of the Board

  
M Megan  
Director

4 April 2013

**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, and
- 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIZSPACE INVESTMENTS LIMITED**

We have audited the financial statements of Bizspace Investments Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable in 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 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 an auditor's report 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 auditor**

As explained more fully in the Directors' Responsibilities Statement, 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. In addition, we read all the financial and non financial information in the annual report 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 December 2011 and of its loss 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 matters prescribed by the Companies Act 2006**

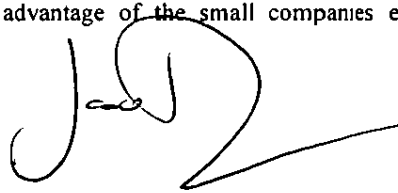
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.

Jason Davies (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Reading, United Kingdom



4 April 2013

**BIZSPACE INVESTMENTS LIMITED****PROFIT AND LOSS ACCOUNT**  
**For year ended 31 December 2011**

	Note	2011 £'000	2010 £'000
Administrative expenses – impairment of investments		-	(8,999)
<b>Operating loss</b>	3	-	(8,999)
Loss from fixed asset investments	3	(19)	-
<b>Loss on ordinary activities before taxation</b>		(19)	(8,999)
Tax charge on loss on ordinary activities	4	-	31
<b>Loss for the financial year</b>		<u>(19)</u>	<u>(8,968)</u>

There are no recognised gains and losses for the current and prior year other than as stated in the profit and loss account. Accordingly a statement of total recognised gains and losses has not been prepared.

All activities are derived from continuing operations.


# BIZSPACE INVESTMENTS LIMITED

## BALANCE SHEET 31 December 2011

	Note	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
<b>Fixed assets</b>			
Investment in subsidiary undertakings	5	6,860	6,860
Investment in Limited Partnership	5	1	1
		<u>6,861</u>	<u>6,861</u>
<b>Current assets</b>			
Debtors	6	47,059	47,078
		<u>47,059</u>	<u>47,078</u>
<b>Net current assets</b>		<u>47,059</u>	<u>47,078</u>
<b>Total assets less current liabilities, being net assets</b>		<u>53,920</u>	<u>53,939</u>
<b>Capital and reserves</b>			
Called up share capital	8	4,275	4,275
Share premium account	8	19,426	19,426
Profit and loss account deficit	8	(8,425)	(8,406)
Other reserve	8	38,644	38,644
		<u>53,920</u>	<u>53,939</u>
<b>Shareholders' funds</b>	8	<u>53,920</u>	<u>53,939</u>

These financial statements of Bizspace Investment Limited, registration number 03990878, were approved by the Board of Directors and authorised for issue on 4 April 2013

Signed on behalf of the Board of Directors

  
M Megan  
Director



**NOTES TO THE ACCOUNTS**

**For year ended 31 December 2011**

**1 ACCOUNTING POLICIES**

The principal accounting policies, which have been applied consistently throughout the current year and prior year, are summarised below

**Basis of preparation and going concern**

The Company is a wholly owned subsidiary of HXRUK II Limited. The Group is funded by a combination of shareholder loans and loan finance. During the period the Directors of HXRUK II Limited were in negotiation with the bank syndicate to refinance the loan facility following a breach of the loan to value covenant at 31 December 2011. The Directors have engaged pro-actively and co-operatively with the syndicate and these negotiations have now resulted in a revised Deed of Amendment and Facility Agreement which was signed by the Group's directors, effective on 19 March 2013.

The new loan facility extends until 31 December 2014. The key covenant tests are loan to value, interest cover and net indebtedness. These requirements are applicable throughout the remaining period of the loan. Upon signing the facility, the lenders and the Directors were aware of a forecast net indebtedness breach expected to materialise at 31 March 2013, due to the delay of asset sales in Q1 2013. The Directors are in receipt of a waiver from the lenders which delays the testing of the net indebtedness covenant to 30 June 2013. Notwithstanding the above, the Directors are satisfied that the group will be able to meet the requirements of the loan facility for the foreseeable future.

The Directors acknowledge there is an uncertainty in the market, particularly relating to property and rental values which can impact the key covenant metrics. The Directors have undertaken a robust and detailed process to prepare a revised business plan for the purposes of the refinancing which takes into account reasonably possible changes in rental income and property sales values. The plan includes the results of Bizspace Investments Limited. Whilst compliance with the loan facility is contingent on the Directors crystallising the property and rental values as set out in the bank approved business plan, the Directors are satisfied there is appropriate headroom and mitigating actions, including the acceleration of the disposal programme to ensure compliance.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Consolidated accounts**

The company is exempt from the obligation to prepare group financial statements due to the exemption afforded by section s399 of the Companies Act 2006 because of the size of the group. Accordingly, these financial statements present information relating to the individual company and not the group.

**Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom and accounting standards.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

**NOTES TO THE ACCOUNTS**

**For year ended 31 December 2011**

**1. ACCOUNTING POLICIES (CONTINUED)**

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 a non-discounted basis.

**Investments**

Fixed asset investments are shown at cost less provision for impairment.

**Cash flow statement**

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement since it is a wholly owned subsidiary of a parent company which has produced a cash flow statement.

**Related party transactions**

The company has taken advantage of the exemption conferred by paragraph 3c of Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions due to these financial statements being consolidated into the group financial statements of HXRUK II Limited which, as ultimate parent, controls greater than 90% of the company's share capital and which eliminates such transactions on consolidation.

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

Three of the Directors were paid in full by a fellow group company (P Gubb, M Megan, H Wright) in both current and prior years. It is not practical to split out the costs of their services for the purpose of these accounts. Details of their remuneration are disclosed in the accounts of Highcross Strategic Advisors Limited which are publicly available. One of the Directors was paid by Bizspace Limited, a fellow group company (G Evans) in both years and it is not practical to split out the costs of this service for the purpose of these accounts. Details of his remuneration are disclosed in the accounts of Bizspace Limited which are publicly available.

**3. OPERATING LOSS**

Operating loss is stated after the following charges:

In 2011 part of two properties were sold that Bizspace Investments Ltd had an interest in. As a result of these sales there was a loss of £19k (2010: nil) within the profit and loss account.

The fee element for audit services provided to Bizspace Investments Limited accounts totalled £2,000 (2010: £2,000). This fee was borne by Bizspace Ltd. No non-audit services were provided in either year.

# BIZSPACE INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS

For year ended 31 December 2011

### 4. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
UK corporation tax at 28% (2010 28%)	-	-
The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2010 28%) The actual tax charge for the current year and the previous financial period varies from the standard rate for the reasons set out below		
	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Loss on ordinary activities before tax	(19)	(8,999)
Tax on loss on ordinary activities at standard rate	(5)	(2,519)
<i>Effects of</i>		
Non-taxable income	5	-
Expenses not deductible	-	2,519
Adjustment in respect of prior years	-	(31)
Current tax credit for year	-	(31)

The Finance Act 2011, which was substantively enacted on 21 July 2011, provided for a reduction in the main rate of corporation tax from 28% to 26% effective from 1 April 2011

A deferred tax asset has not been recognised in respect of timing differences relating to accelerated capital allowances and trading losses. There is insufficient evidence that the assets will be recovered. The amount of the asset not recognised is £3,412,486

## BIZSPACE INVESTMENTS LIMITED

### NOTES TO THE ACCOUNTS For year ended 31 December 2011

#### 5. INVESTMENTS

	Investment in Limited Partnership £'000	Investment in subsidiary undertakings £'000
<b>Cost and net book value</b>		
At 1 January 2011	1	6,860
At 31 December 2011	1	6,860

Bizspace Investments Limited has a 0.664% interest in Bizspace Limited Partnership, a partnership governed by the law of England and Wales. Bizspace Limited Partnership's head office is Sovereign House, 1 Albert Place, Finchley, London, N3 1QB.

Bizspace Investments Limited has taken advantage of the exemption in Regulation 7 of the Partnerships (Accounts) Regulations 2008 from the requirements for preparation, delivery and publication of accounts, in relation to its membership of Bizspace Limited Partnership.

#### 6. DEBTORS

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Amounts owed by Group undertakings	47,059	47,078

#### 7. SHARE CAPITAL

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
<b>Called up, allotted and fully paid:</b>		
85,471,649 ordinary shares of 5 pence each	4,275	4,275

# BIZSPACE INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS For year ended 31 December 2011

### 8 RECONCILIATION OF MOVEMENTS IN RESERVES AND SHAREHOLDERS' FUNDS

	Share capital £'000	Share premium account £'000	Profit and loss account deficit £'000	Other Reserve £'000	Total 2011 £'000	Total 2010 £'000
Opening shareholders' funds/(deficit)	4,275	19,426	(8,406)	38,644	53,939	55,367
Impairment of Investment	-	-	-	-	-	(8,968)
Repayment of Reserves	-	-	-	-	-	7,540
Loss for the year	-	-	(19)	-	(19)	-
Closing shareholders' funds/(deficit)	4,275	19,426	(8,425)	38,644	53,920	53,939

On 30 November 2007 all properties were sold to Bizspace Limited Partnership, a group entity in which the company holds a fixed asset investment. At this date, the revaluation reserve was transferred into another reserve which is non-distributable until cash payment is received or the properties are sold outside the group.

### 9. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by paragraph 3(c) of Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions due to the availability of the group financial statements of Highcross (Bugatti) Limited which, as immediate parent, controls greater than 90% of the company's share capital and which eliminates such transactions on consolidation.

### 10. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Highcross Bugatti Limited. HXRUK II Limited is the controlling party and ultimate parent of the company. HXRUK II Limited is owned by two Limited Partnerships, which are registered in the United States of America. These partnerships, which were formed to invest in regional UK commercial property for investors, are managed by a General Partner, Highcross Strategic Partners II LLC, a Delaware limited liability company.

The smallest group into which the results of the company are consolidated is Highcross Bugatti Limited, a company incorporated in the United Kingdom. The largest group into which the results of the company are consolidated is HXRUK II Limited, a company registered in Jersey. As HXRUK II is registered in Jersey, there is no requirement to file the financial statements and therefore the financial statements are not publicly available.