

Company Registration No 03990878

Bizspace Investments Limited

Report and Financial Statements

31 December 2010



BIZSPACE INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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BIZSPACE INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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

Auditors

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 audited financial statements for the year ended 31 December 2010. 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, the company received a capital dividend from Bizspace Northampton Limited, which the directors intend to strike off in 2011. The capital dividend has been recognised within Other Reserves as it relates to unrealised profits on valuation of investment properties held within a related entity. The profits will only become distributable when qualifying consideration is received in respect of the properties.

No dividends or charitable, or political contributions have been paid during the year (2009: £nil).

The company is part of the HXRUK II Limited Group (the 'group') and as such is dependent upon the availability of group finance to continue in operation. Following the successful renegotiation of the group's funding arrangements on 18 June 2010, the company has received confirmation from the group in the form of a letter dated 25 May 2011 that the funding necessary for the company's operations will be made available to the company for the foreseeable future, being at least the 12 months following the date of signing these financial statements. The directors are also satisfied that the group will be able to meet the requirements of the covenant tests of the newly provided group loan for the same period.

As a result, the directors are satisfied that the company remains a going concern despite the current uncertain economic climate and hence have prepared these accounts on the basis that the company is a going concern.

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.

Provision of information to auditors

A resolution to reappoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

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

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



G Evans

Director

26 MAY 2011

BIZSPACE INVESTMENTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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 estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 2010 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 auditors' 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 auditors

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 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 (APB'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.

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 2010 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 Auditors
Reading, United Kingdom

26 May 2011

BIZSPACE INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT For year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Administrative expenses – impairment of investments		(8,999)	-
Operating loss	3	(8,999)	-
Loss from fixed asset investments		-	(7)
Loss on ordinary activities before taxation		(8,999)	(7)
Tax charge on loss on ordinary activities	4	31	-
Loss for the financial year		<u>(8,968)</u>	<u>(7)</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 2010

		Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
	Note		
Fixed assets			
Investment in non-quoted company	5	-	1,110
Investment in subsidiary undertakings	5	6,860	14,749
Investment in Limited Partnership	5	1	1
		<u>6,861</u>	<u>15,860</u>
Current assets			
Debtors	6	47,078	39,538
Creditors			
Creditors amounts falling due within one year	7	-	(31)
Net current assets		<u>47,078</u>	<u>39,507</u>
Total assets less current liabilities; being net assets		<u>53,939</u>	<u>55,367</u>
Capital and reserves			
Called up share capital	8	4,275	4,275
Share premium account	9	19,426	19,426
Profit and loss account	9	(8,406)	562
Other reserve	9	38,644	31,104
Shareholders' funds	9	<u>53,939</u>	<u>55,367</u>

These financial statements of Bizspace Investment Limited, registration number 03990878, were approved by the Board of Directors and authorised for issue on 26 May 2011

Signed on behalf of the Board of Directors



G Evans
Director

BIZSPACE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS **For year ended 31 December 2010**

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 financial statements have been prepared on the going concern basis. As set out in the directors' report on page 2, the group funding facilities were renegotiated on 18 June 2010 and the company has received confirmation from group in the form of a letter of support dated 25 May 2011 that the funding necessary for the company's operations will be made available to the company for the foreseeable future, being at least the 12 months following the date of signing these financial statements. The directors are also satisfied that the group will be able meet the requirements of the covenant tests of the newly provided group loan for the same period.

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 law 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.

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.

BIZSPACE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

For year ended 31 December 2010

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 2010 the investment in the Bizspace Unit Trust was impaired as it is expected that the return will not cover the cost of the investment. The amount of the impairment was £1,110k (2009 £nil), which impairs the investment carrying value down to zero.

In 2010 the investment in Bizspace Northampton Limited was fully impaired during the year as the reserves of Bizspace Northampton Limited were transferred via a capital dividend to Bizspace Investment Limited. Bizspace Northampton Limited was struck off post year end. The total value of the impairment was £7,889k (2009 £nil).

The fee element for audit services provided to Bizspace Investments Limited accounts totalled £2,000 (2009 £2,000). No non audit services were provided in either year.

BIZSPACE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

For year ended 31 December 2010

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
UK corporation tax at 28% (2009 28%)	-	-

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2009 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 2010 £'000	Year ended 31 December 2009 £'000
Loss on ordinary activities before tax	(8,999)	(7)
Tax on loss on ordinary activities at standard rate	(2,519)	(2)
<i>Effects of</i>		
Increase in unutilised losses	-	2
Expenses not deductible	2,519	-
Adjustment in respect of prior years	(31)	-
Current tax credit for year	(31)	-

The Finance Act 2010, which was substantively enacted on 21 July 2010, provided for a reduction in the main rate of corporation tax from 28% to 27% effective from 1 April 2011

Subsequent to the balance sheet date, on 29 March 2011 under the Provisional Collection of Taxes Act, the corporation tax rate was reduced to 26% with effect from 1 April 2011. As this additional 1% amendment had not been enacted at the balance sheet date the benefit has not been reflected in the company's effective tax rate

BIZSPACE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS For year ended 31 December 2010

5. INVESTMENTS

	Investment in Limited Partnership £'000	Investment in subsidiary undertakings £'000	Investment in the Bizspace unit Trust £'000
Group Cost			
At 1 January 2010	1	14,749	1,110
Impairment	-	(7,889)	(1,110)
	<u>1</u>	<u>6,860</u>	<u>-</u>
At 31 December 2010	<u>1</u>	<u>6,860</u>	<u>-</u>

The impairments on the cost of investment of the above categories have been explained in note 3

6. DEBTORS

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Amounts owed by Group undertakings	<u>47,078</u>	<u>39,538</u>

In the prior year, an intercompany creditor owed to Bizspace Northampton of £7,540k was held within amounts owed by group undertakings. This amount was settled during the year by the Company, in order that Bizspace Northampton could be struck off post year end.

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Corporation tax	<u>-</u>	<u>31</u>
	<u>-</u>	<u>31</u>

8. SHARE CAPITAL

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Called up, allotted and fully paid:		
85,471,649 ordinary shares of 5 pence each	<u>4,275</u>	<u>4,275</u>

BIZSPACE INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

For year ended 31 December 2010

9. RECONCILIATION OF MOVEMENTS IN RESERVES AND SHAREHOLDERS' FUNDS

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Other Reserve £'000	Total 2010 £'000	Total 2009 £'000
Opening shareholders' funds	4,275	19,426	562	31,104	55,367	56,009
Impairment of Investment	-	-	(8,968)	-	(8,968)	(7)
Repayment of Reserves	-	-	-	7,540	7,540	17
Adjustment to share capital						(652)
Closing shareholders' funds	<u>4,275</u>	<u>19,426</u>	<u>(8,406)</u>	<u>38,644</u>	<u>53,939</u>	<u>55,367</u>

The intercompany creditor with Bizspace Northampton Limited has been satisfied with the intention of striking off Bizspace Northampton Limited from Companies House post year end

During the year, Bizspace Northampton paid a cash dividend, thereby transferring its reserves to the Company. These reserves predominantly relate to unrealised appreciation in investment property and therefore will remain undistributable until profits are realised through the disposal of the related property.

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.

10. 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.

11. 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.