

MWB Serviced Office Holdings Limited

**Directors' report and financial
statements**

Registered number 4129282

30 June 2005



Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditors to the members of MWB Serviced Office Holdings Limited	3
Profit and Loss Account	4
Balance sheet	5
Reconciliation of movements in shareholders' deficit	6
Notes	7

Directors' report

The Directors present their report and the audited financial statements for the year ended 30 June 2005.

Principal activities

The Company acts as the holding company for the Serviced Offices division of its group.

Results

The results for the year ended 30 June 2005 are set out on page 4. The Directors do not recommend the payment of a dividend (2004: £nil).

Directors and Directors' interests

The Directors who held office during the year were as follows:

RG Balfour-Lynn
JW Harrison
JS Shashoua
AF Blurton
J Singh
MA Bibring

None of the Directors had any interest in the share capital of the Company. The interests of the Directors in the share capital of the ultimate holding company, Marylebone Warwick Balfour Group Plc, are disclosed in the financial statements of that company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



G Robson
Secretary

179 Great Portland Street
London
W1W 5LS

10 APRIL 2006

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of MWB Serviced Office Holdings Limited

We have audited the financial statements on pages 4 to 10.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the Company is not disclosed.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

19 April 2006

Profit and Loss Account
for the year ended 30 June 2005

	<i>Note</i>	2005 £	2004 £
Administrative expenses		8,000	-
Operating Profit		8,000	-
Provision for loan write-off		-	(12,215,443)
Interest payable		(1,609,172)	(2,803,462)
Loss on ordinary activities before taxation	2	(1,601,172)	(15,018,905)
Taxation	3	-	-
Retained loss for the year	9	(1,601,172)	(15,018,905)

All amounts relate to continuing activities.

There is no difference between losses as stated and losses on the historical cost basis.

There are no recognised gains or losses other than the loss for the financial year.


Balance sheet
at 30 June 2005

	<i>Note</i>	2005 £	2004 £
Fixed assets			
Investments	5	2,857,201	2,857,200
Current assets			
Debtors	6	2	2
Creditors: amounts falling due within one year	7	(30,913,499)	(29,312,326)
Net current liabilities		(30,913,497)	(29,312,324)
Net liabilities		(28,056,296)	(26,455,124)
Capital and reserves			
Called up share capital	8	3	3
Share premium account	9	11,870,999	11,870,999
Profit and loss account	9	(39,927,298)	(38,326,126)
Equity shareholders' deficit		(28,056,296)	(26,455,124)

These financial statements were approved by the Board of Directors on
 signed on its behalf by:

10 April 2006 and were


AF Blurton
Director


J Singh
Director

Reconciliation of movements in shareholders' deficit
for the year ended 30 June 2005

	2005 £	2004 £
Loss for the year	(1,601,172)	(15,018,905)
Net reduction in shareholders' funds	(1,601,172)	(15,018,905)
Opening shareholders' deficit	(26,455,124)	(11,436,219)
Closing shareholders' deficit	(28,056,296)	(26,455,124)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The Company has received an assurance from its holding company that it will provide such funds as necessary for the Company to meet its liabilities as they fall due. For this reason the financial statements have been prepared on the going concern basis.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS1 (revised 1996) the Company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Marylebone Warwick Balfour Group Plc, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Investment in subsidiary undertakings

The interest of the Company in the shares of subsidiary undertakings is recognised at cost less any provision for impairment.

2 Loss on ordinary activities before taxation

	2005 £	2004 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration - as auditors	-	-

Audit fees are borne by a parent company

3 Taxation

The tax credit on the losses on ordinary activities has been reduced from the amounts that would arise from applying the corporation tax rate to the Company's losses as follows:

	2005 £	2004 £
UK corporation tax at 30% on company losses before tax	(480,352)	(4,505,672)
Investment write down not allowable for tax	-	4,505,672
Group relief surrendered to other group companies for no consideration	480,352	-
Total corporation tax charged in the profit and loss account	-	-

Notes (continued)

4 Directors and employees

None of the Directors received any emoluments from the Company for their services during the year (2004: £nil).

There are no employees other than the Directors (2004: none).

5 Investments

	Investment in subsidiary undertakings £
At 1 July 2004	2,857,200
Additional investment during the period	1
	<hr/>
At 30 June 2005	2,857,201
	<hr/>

The principal subsidiary undertakings of the Company at the year end, all of which are involved in the licensing or servicing of business accommodation, were:

Subsidiary	Share capital held	Holding
<u>Held by the Company</u>		
MWB Business Exchange UK Limited	Ordinary	85%
MWB Business Exchange UK Limited	First A preference	100%
MWB Business Exchange UK Limited	First B preference	83%
MWB Business Exchange UK Limited	First C preference	95%
MWB Business Exchange UK Limited	Third preference	84.0%
MWB Business Exchange UK Limited	Fourth preference	83%

Held by subsidiaries

MWB (Premier) Limited	Ordinary	85%
Avanta MWB (Bracknell) Limited	Ordinary	85%
Symbol Offices Limited	Ordinary	85%
Budget Offices Limited	Ordinary	85%
Arnlink Limited	Ordinary	85%
Langcharm Limited	Ordinary	85%
Chainrange Limited	Ordinary	85%
Bellsite Limited	Ordinary	85%

Notes (continued)

6 Debtors

	2005 £	2004 £
Amounts due from group undertakings	2	2

7 Creditors

	2005 £	2004 £
Accruals	-	8,000
Amounts due to group undertakings	30,913,499	29,304,326
	<u>30,913,499</u>	<u>29,312,326</u>

8 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
3 ordinary shares of £1 each	<u>3</u>	<u>3</u>

Notes (continued)

9 Reserves

	Share premium account £	Profit and loss account £
At 1 July 2004	11,870,999	(38,326,126)
Loss for the year	-	(1,601,172)
	<hr/>	<hr/>
At 30 June 2005	<u>11,870,999</u>	<u>(39,927,298)</u>

10 Post balance sheet event

At the balance sheet date, the Company's principal subsidiary, MWB Business Exchange UK Limited, was an unlisted company. On 21 December 2005, this subsidiary was floated and is now listed on the Alternative Investment Market as MWB Business Exchange Plc.

11 Immediate and ultimate parent companies

The Company's immediate parent is Marylebone Warwick Balfour Holdings Limited. The Company's ultimate parent company is Marylebone Warwick Balfour Group Plc. Both companies are registered in England and Wales.

The only group in which the results of the Company are consolidated is that headed by Marylebone Warwick Balfour Group Plc. Copies of its accounts are available from the Company Secretary, City Group P.L.C, 30 City Road, London EC1Y 2AG.