

**MWB Serviced Office Holdings Limited**

**Directors' report and financial  
statements**

**Registered number 4129282**

**30 June 2004**



## **Directors' report and financial statements**

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## Directors' report

The Directors present their report and the audited financial statements for the year ended 30 June 2004.

### Principal activities

The Company acts as the holding company for the Serviced Offices division of its group. During the year, the Company acquired a holding in various group undertakings in exchange for shares issued to the Company's parent.

### Results

The results for the year ended 30 June 2004 are set out on page 4. The Directors do not recommend the payment of a dividend (2003: £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



**Gail Robson**  
Secretary

1 West Garden Place  
Kendal Street  
London W2 2AQ

22<sup>nd</sup> February 2005

## 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 2004 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

25 April 2005

**Profit and Loss Account**  
*for the year ended 30 June 2004*

	<i>Note</i>	<b>2004</b> £	<b>2003</b> £
Administrative expenses		-	(8,000)
<b>Operating loss</b>		-	(8,000)
Write down of investments		-	(23,299,221)
Provision for loan write-off		(12,215,443)	-
Interest payable		(2,803,462)	-
<b>Loss on ordinary activities before taxation</b>	2	(15,018,905)	(23,307,221)
Taxation	3	-	-
<b>Retained loss for the year</b>	9	(15,018,905)	(23,307,221)

All amounts relate to continuing activities.

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

**Balance sheet**  
*at 30 June 2004*

	<i>Note</i>	<b>2004</b> £	<b>2003</b> £
<b>Fixed assets</b>			
Investments	5	2,857,200	-
<b>Current assets</b>			
Debtors	6	2	2
Creditors: amounts falling due within one year	7	(29,312,326)	(11,436,221)
<b>Net current liabilities</b>		(29,312,324)	(11,436,219)
<b>Net liabilities</b>		(26,455,124)	(11,436,219)
<b>Capital and reserves</b>			
Called up share capital	8	3	3
Share premium account	9	11,870,999	11,870,999
Profit and loss account	9	(38,326,126)	(23,307,221)
<b>Equity shareholders' deficit</b>		(26,455,124)	(11,436,219)

These financial statements were approved by the Board of Directors on 22<sup>nd</sup> February 2005 and were signed on its behalf by:

  
**AF Blurton**  
 Director

  
**J Singh**  
 Director

**Reconciliation of movements in shareholders' deficit**  
*for the year ended 30 June 2004*

	2004 £	2003 £
Loss for the year	(15,018,905)	(23,307,221)
<b>Net reduction in shareholders' funds</b>	<b>(15,018,905)</b>	<b>(23,307,221)</b>
Opening shareholders' (deficit)/funds	(11,436,219)	11,871,002
<b>Closing shareholders' deficit</b>	<b>(26,455,124)</b>	<b>(11,436,219)</b>



## 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

	2004 £	2003 £
<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:

	2004 £	2003 £
UK corporation tax at 30% on company losses before tax	(4,505,672)	(6,992,166)
Investment write down not allowable for tax	4,505,672	6,989,766
Group relief surrendered to other group companies for no consideration	-	2,400
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. (2003: £nil)

There are no employees other than the Directors. (2003: none)

### 5 Investments

	Investment in subsidiary undertakings £
At 1 July 2003	-
Additional investment during the period	2,857,200
	<hr/>
At 30 June 2004	2,857,200
	<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
<b><u>Held by the Company</u></b>		
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**

	2004 £	2003 £
Amounts due from group undertakings	2	2

**7 Creditors**

	2004 £	2003 £
Accruals	8,000	8,000
Amounts due to group undertakings	29,304,326	11,428,221
	<u>29,312,326</u>	<u>11,436,221</u>

**8 Called up share capital**

	2004 £	2003 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
3 ordinary shares of £1 each	3	3
	<u>3</u>	<u>3</u>

**Notes** *(continued)*

**9 Reserves**

	Share premium account £	Profit and loss account £
At 1 July 2003	11,870,999	(23,307,221)
Loss for the year	-	(15,018,905)
	<hr/>	<hr/>
<b>At 30 June 2004</b>	<b>11,870,999</b>	<b>(38,326,126)</b>
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**10 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, 25 City Road, London EC1Y 1BQ.