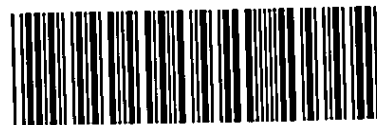


**Your Space (UK) Limited**  
Financial statements  
For the year ended 31 March 2007

**Grant Thornton** 

THURSDAY



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COMPANIES HOUSE

**Company No. 04206312**

## Company information

<b>Company registration number</b>	04206312
<b>Registered office</b>	23 New Mount Street Manchester M4 4DE
<b>Directors</b>	Mr C R L Phillips Mr R I Harris Mr S Mealey Mr S J Millar
<b>Secretary</b>	Mr S J Millar
<b>Bankers</b>	The Royal Bank of Scotland plc 28 Cavendish Square London W1G 0DB
<b>Solicitors</b>	Halliwells LLP St James' Court Brown Street Manchester M2 2JF
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1st Floor Royal Liver Building Liverpool L3 1PS

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2007

### Principal activity

The principal activity of the company during the year was that of provision of serviced accommodation

### Results and dividends

The loss for the year, after taxation, amounted to £1,094,938. The directors have not recommended a dividend.

### Financial risk management objectives and policies

The company uses various financial instruments these include cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risks arising from the company's financial instruments are liquidity risk and credit risk.

#### Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved through intercompany support.

#### Credit risk

The company's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

### Directors

The directors who served the company during the year were as follows:

Mr C R L Phillips  
Mr R I Harris  
Mr S Mealey  
Mr S J Millar

### Directors' responsibilities

The directors are responsible for preparing the report of the directors 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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,
- 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 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

Grant Thornton UK LLP offer themselves for reappointment in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



Mr S J Millar  
Director  
29 January 2008

## Report of the independent auditor to the members of Your Space (UK) Limited

We have audited the financial statements of Your Space (UK) Limited for the year ended 31 March 2007 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 18. 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 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 auditor**

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

## Report of the independent auditor to the members of Your Space (UK) Limited (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

*Grant Thornton UK LLP*

GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

LIVERPOOL

21 January 2008

## Principal accounting policies

### Basis of accounting

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

Notwithstanding the losses incurred and the negative net current liabilities, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis, due to direct support from the parent

The principal accounting policies are set out below. The policies have remained unchanged from the previous year.

### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

### Fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings and equipment	- 25%-33% Straight Line
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### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting policies. Recognition of deferred tax assets is to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. The company has not adopted a policy of discounting deferred tax assets and liabilities.



### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## Profit and loss account

	Note	2007 £	2006 £
Turnover	1	1,100,035	1,225,210
Other operating charges	2	1,690,655	1,465,499
<b>Loss on ordinary activities before taxation</b>		<b>(590,620)</b>	<b>(240,289)</b>
Tax on loss on ordinary activities	5	504,318	(515,000)
<b>(Loss)/profit for the financial year</b>	13	<b><u>(1,094,938)</u></b>	<b><u>274,711</u></b>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The accompanying accounting policies and notes form part of these financial statements

## Balance sheet

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	6	<u>22,228</u>	<u>22,756</u>
<b>Current assets</b>			
Debtors	7	2,034,909	1,819,769
Cash at bank and in hand		<u>124,132</u>	<u>102,882</u>
		2,159,041	1,922,651
<b>Creditors: amounts falling due within one year</b>	9	<u>4,837,762</u>	<u>3,506,962</u>
<b>Net current liabilities</b>		<u>(2,678,721)</u>	<u>(1,584,311)</u>
<b>Total assets less current liabilities</b>		<u>(2,656,493)</u>	<u>(1,561,555)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	12	1	1
Profit and loss account	13	<u>(2,656,494)</u>	<u>(1,561,556)</u>
<b>Deficit</b>	14	<u>(2,656,493)</u>	<u>(1,561,555)</u>

These financial statements were approved by the directors and authorised for issue on 29 January 2008, and are signed on their behalf by



Mr S J Millar  
Director

The accompanying accounting policies and notes form part of these financial statements

## Notes to the financial statements

### 1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company  
An analysis of turnover is given below

	2007 £	2006 £
United Kingdom	<u>1,100,035</u>	<u>1,225,210</u>

### 2 Other operating charges

	2007 £	2006 £
Distribution costs	4,301	12,468
Administrative expenses	<u>1,686,354</u>	<u>1,453,031</u>
	<u>1,690,655</u>	<u>1,465,499</u>

### 3 Operating loss

Operating loss is stated after charging

	2007 £	2006 £
Depreciation of owned fixed assets	6,058	5,805
Operating lease costs		
Rent	<u>535,097</u>	<u>757,943</u>

The group audit fee has been met by the parent company

**4 Directors and employees**

The average number of staff employed by the company during the financial year amounted to

	<b>2007</b>	<b>2006</b>
	<b>No</b>	<b>No</b>
Number of administrative staff	<u>13</u>	<u>5</u>

The aggregate payroll costs of the above were

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Wages and salaries	203,400	125,686
Social security costs	18,156	7,067
	<u>221,556</u>	<u>132,753</u>

No directors received any remuneration in respect of their services to the company.

**5 Taxation on ordinary activities**

(a) Analysis of charge in the year

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Current tax		
UK Corporation tax based on the results for the year at 19% (2006 - 30%)	11,400	-
Total current tax	<u>11,400</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	492,918	(515,000)
Tax on loss on ordinary activities	<u>504,318</u>	<u>(515,000)</u>

**5 Taxation on ordinary activities (continued)**

**(b) Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2006 - 30%)

	2007 £	2006 £
Loss on ordinary activities before taxation	<u>(590,620)</u>	<u>(240,289)</u>
Loss on ordinary activities by rate of tax	(112,218)	(72,087)
Expenses not deductible for tax purposes	235	95
Capital allowances for period in excess of depreciation	(3,330)	(7,110)
Utilisation of tax losses	(301,087)	-
Unrelieved tax losses	-	79,102
Effects of gains	427,800	-
Total current tax (note 5(a))	<u>11,400</u>	<u>-</u>

**6 Tangible fixed assets**

	<b>Fixtures, fittings and equipment £</b>
Cost	
At 1 April 2006	370,548
Additions	5,530
At 31 March 2007	<u>376,078</u>
Depreciation	
At 1 April 2006	347,792
Charge for the year	6,058
At 31 March 2007	<u>353,850</u>
Net book value	
At 31 March 2007	<u>22,228</u>
At 31 March 2006	<u>22,756</u>

**7 Debtors**

	2007 £	2006 £
Trade debtors	183,105	249,526
Amounts owed by group undertakings	1,647,522	1,038,683
Other debtors	59,328	—
Prepayments and accrued income	122,872	16,560
Deferred taxation (note 8)	22,082	515,000
	<u>2,034,909</u>	<u>1,819,769</u>

**8 Deferred taxation**

The deferred tax included in the Balance sheet is as follows

	2007 £	2006 £
Included in debtors (note 7)	<u>22,082</u>	<u>515,000</u>

The movement in the deferred taxation account during the year was

	2007 £	2006 £
Balance brought forward	515,000	—
Profit and loss account movement arising during the year	(492,918)	515,000
Balance carried forward	<u>22,082</u>	<u>515,000</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Excess of depreciation over taxation allowances	22,082	20,000
Tax losses available	—	495,000
	<u>22,082</u>	<u>515,000</u>

**9 Creditors: amounts falling due within one year**

	2007 £	2006 £
Trade creditors	48,507	74,165
Amounts owed to group undertakings	3,900,969	2,718,465
Corporation tax	11,400	—
Other taxation and social security	—	34,632
Other creditors	138,675	145,957
Accruals and deferred income	738,211	533,743
	<u>4,837,762</u>	<u>3,506,962</u>

**10 Leasing commitments**

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as set out below

	<b>Land &amp; buildings</b>	
	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Operating leases which expire		
Within 1 year	-	757,943
After more than 5 years	535,097	-
	<u>535,097</u>	<u>757,943</u>

**11 Related party transactions**

As a wholly-owned subsidiary of Your Space Plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Your Space Plc on the grounds that consolidated financial statements are prepared

**12 Share capital**

Authorised share capital

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid

	<b>2007</b>		<b>2006</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**13 Profit and loss account**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Balance brought forward	(1,561,556)	(1,836,267)
(Loss)/profit for the financial year	(1,094,938)	274,711
Balance carried forward	<u>(2,656,494)</u>	<u>(1,561,556)</u>

**14 Reconciliation of movements in shareholders' funds**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
(Loss)/Profit for the financial year	(1,094,938)	274,711
Opening shareholders' deficit	(1,561,555)	(1,836,266)
Closing shareholders' deficit	<u>(2,656,493)</u>	<u>(1,561,555)</u>



**15 Pensions**

The company has not operated, or contributed to any pension scheme on behalf of its employees

**16 Contingencies**

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 March 2007 or 31 March 2006

**17 Capital commitments**

The directors have confirmed that there were no capital commitments at 31 March 2007 or 31 March 2006

**18 Ultimate parent company**

The ultimate parent company is Your Space Plc, a company registered in England and Wales

Your Space Plc prepares consolidated financial statements and copies of these may be obtained from that company's registered office, 23 New Mount Street, Manchester, M4 4DE