Grant Thornton

Financial statements
Your Space (UK) Limited

For the year ended 31 March 2008

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Company No. 04206312

Company information

Company registration number	04206312
Registered office	23 New Mount Street Manchester M4 4DE
Directors	Mr C R L Phillips Mr R I Harris Mr S Mealey Mr S J Millar
Secretary	Mr S J Millar
Bankers	The Royal Bank of Scotland plc 28 Cavendish Square London W1G 0DB
Solicitors	Halliwells LLP 3 Hardman Square Manchester M3 3EB
Auditor	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 2008.

Principal activity

The principal activity of the company during the year was that of provision of serviced office accommodation. . During the year the company made a profit after taxation of £3,133,477. Included within this is the write off of amounts owed by group undertakings of £16,894, and a write back of amounts due to group undertakings of £2,957,493.

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

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

BY ORDER OF THE BOARD

Mr S J Millar
Secretary
13/07/09

Grant Thornton

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 2008 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 2008 and of its profit 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.

Emphasis of matter - going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures on page 7 of the financial statements concerning the company's ability to continue trading as a going concern. This outlines that the company has continuing support from its parent entity Your Space Plc, and other Group companies.

The Group is currently in negotiations with its bankers to revise their existing facilities, to achieve a more manageable repayment schedule. The board are satisfied that the new terms of the facility will aid cashflow, and are confident that these new terms will be put in place following positive discussions with the Group's bankers. However, should this facility not be agreed, the Group would be required to find alternative sources of funding in the short term.

The Group is currently involved in discussions with a number of interested parties in relation to the disposal or part disposal of the assets of the Group along with the assumption of some of the Group's liabilities. The board consider that the outcome of these discussions will assist the Group in continuing to meet its liabilities as they fall due. However, if the outcome is not as expected, there exists a material uncertainty which casts doubt over the Group's ability to continue as a going concern.

Also the directors have prepared forecasts which support the ability of the Group to pay its debts as they fall due. However, achieving these forecasts is dependent on the construction contracts division generating new contracts. Given the uncertainty in the economy, there is a risk the forecast level of sales and cash may not be achieved.

This position, along with other events set out in the accounting policies, indicate the existence of a material uncertainty which may cast significant doubt about the company and the group's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS, CHARTERED ACCOUNTANTS
LIVERPOOL

13 Jun 2009

Principal accounting policies

Basis of accounting

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

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

Going concern

The directors consider that the financial statements should be prepared on a going concern basis as the company has continuing support from its parent entity Your Space Plc. The directors believe that the parent entity is capable of honouring its agreements to provide sufficient funds to enable the company to continue to meet its liabilities as they fall due.

The Group are currently in negotiations with its bankers to renew their existing facilities. The board are satisfied that the new terms of the facility will aid cashflow, and are confident that these new terms will be achieved following positive discussions with the Group's bankers. However, should this facility not be agreed, the Group would be required to find alternative sources of funding in the short term.

The Group is currently in discussions with a number of interested parties to dispose of certain assets of the Group. The board will utilise the proceeds of any sale in continuing to meet the liabilities of the Group and the company as they fall due. However, if the discussions do not result in the disposal of these assets the group may be unable to pay its debts as they fall due. This creates a material uncertainty which casts significant doubt over the company's ability to continue as a going concern.

The directors have also prepared a cashflow forecast. Reasonable enquires have been made and assumptions taken with regard to cashflow and sensitivities. The board is satisfied that should the lower of these estimates be achieved the Group will generate sufficient working capital to meet all of its liabilities. However, achieving this forecast is dependent upon the construction contracts division generating a sufficient level of new contracts and maintaining occupancy levels within the Group's business centre. Given the uncertainty in the economy, there is a risk the forecast level of sales and cash may not be achieved. In this event the directors would realise cash through the sale of certain properties. However, for the reasons set out above, should these property sales not be forthcoming, the Group might be unable to pay their debts as they fall due. This creates a material uncertainty over the ability of the Group to pay its debts as they fall due which casts significant doubt over the company's ability to continue as a going concern.

It is the opinion of the directors that contracted work and emerging deals for property renovation will materialise, the asset disposals will be achieved, the Group will continue to attract customers to its serviced offices and that the Group will deliver on its forecast. In addition, support from the Group's bankers is anticipated. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements. These financial statements do not include any adjustments that would result if the going concern basis of preparation is inappropriate.

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.

Principal accounting policies

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Turnover is recognised at the point at which the service has been provided.

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:

Leasehold Property	-	15 years straight line
Fixtures, fittings and equipment	-	3 - 4 years straight line

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	2008 £	2007 £
Turnover	1	**1,135,432**	1,100,035
Other operating income / (charges)	2	**2,004,937**	(1,690,655)
Operating profit/(loss)	3	**3,140,369**	(590,620)
Interest receivable		**2,622**	–
Profit/(loss) on ordinary activities before taxation		**3,142,991**	(590,620)
Tax on profit/(loss) on ordinary activities	5	**9,514**	504,318
Profit/(loss) for the financial year	13	**3,133,477**	(1,094,938)

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.

Balance sheet

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	6	**88,526**	22,228
Current assets			
Debtors	7	**1,297,996**	2,034,909
Cash at bank and in hand		**13,828**	124,132
		1,311,824	2,159,041
Creditors: amounts falling due within one year	9	**923,366**	4,837,762
Net current assets/(liabilities)		**388,458**	(2,678,721)
Total assets less current liabilities		**476,984**	(2,656,493)
Capital and reserves			
Called-up equity share capital	12	**1**	1
Profit and loss account	13	**476,983**	(2,656,494)
Shareholders' funds/(deficit)	14	**476,984**	(2,656,493)

These financial statements were approved by the directors and authorised for issue on 13/03/09, and are signed on their behalf by:

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Mr S J Millar

Notes to the financial statements

1 Turnover

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

	2008	2007
	£	£
United Kingdom	**1,135,432**	1,100,035

2 Other operating (income) / charges

	2008	2007
	£	£
Distribution costs	**3,586**	4,301
Administrative expenses	**(2,008,523)**	1,686,354
	(2,004,937)	1,690,655

Included within administrative expenses is £2,940,599 in relation to a write off of amounts owed to group undertakings.

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2008	2007
	£	£
Depreciation of owned fixed assets	**11,948**	6,058
Operating lease costs:		
Land and buildings	**357,662**	535,097
Write off of amounts owed to group undertakings	**(2,940,599)**	-

The group audit fee has been met by the parent company, Your Space Plc.

4 Directors and employees

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

	2008 No	2007 No
Number of administrative staff	**12**	13

The aggregate payroll costs of the above were:

	2008 £	2007 £
Wages and salaries	**186,719**	203,400
Social security costs	**18,008**	18,156
	204,727	221,556

Directors remuneration was paid through the parent company, Your Space Plc.

5 Taxation on ordinary activities

(a) Analysis of charge in the year

	2008 £	2007 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2007 - 19%)	-	11,400
Total current tax	-	11,400
Deferred tax:		
Origination and reversal of timing differences	**9,514**	492,918
Tax on profit/(loss) on ordinary activities	**9,514**	504,318

5 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2007 - 19%).

	2008	2007
	£	£
Profit/(loss) on ordinary activities before taxation	**3,142,991**	(590,620)
Profit/(loss) on ordinary activities by rate of tax	**942,897**	(112,218)
Expenses not deductible for tax purposes	**1,565**	235
Capital allowances for period in excess of depreciation	**(3,558)**	(3,330)
Utilisation of tax losses	**-**	(301,087)
Effects of gains	**-**	427,800
Income not taxable	**(879,172)**	-
Effects of group relief	**(61,732)**	-
Total current tax (note 5(a))	**-**	11,400

6 Tangible fixed assets

	Leasehold property	**Fixtures, fittings and equipment**	**Total**
	£	**£**	**£**
Cost			
At 1 April 2007	–	376,078	376,078
Additions	78,246	–	78,246
At 31 March 2008	78,246	376,078	454,324
Depreciation			
At 1 April 2007	–	353,850	353,850
Charge for the year	5,216	6,732	11,948
At 31 March 2008	5,216	360,582	365,798
Net book value			
At 31 March 2008	**73,030**	**15,496**	**88,526**
At 31 March 2007	–	22,228	22,228

7 Debtors

	2008	2007
	£	£
Trade debtors	**196,505**	183,105
Amounts owed by group undertakings	**902,838**	1,647,522
Other debtors	**–**	59,328
Prepayments and accrued income	**186,085**	122,872
Deferred taxation (note 8)	**12,568**	22,082
	1,297,996	2,034,909

8 Deferred taxation

The deferred tax included in the balance sheet is as follows:

	2008	2007
	£	£
Included in debtors (note 7)	**12,568**	22,082

The movement in the deferred taxation account during the year was:

	2008	2007
	£	£
Balance brought forward	**22,082**	515,000
Profit and loss account movement arising during the year	**(9,514)**	(492,918)
Balance carried forward	**12,568**	22,082

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

	2008	2007
	£	£
Excess of depreciation over taxation allowances	**12,568**	22,082

9 Creditors: amounts falling due within one year

	2008	2007
	£	£
Trade creditors	**85,894**	48,507
Amounts owed to group undertakings	**14,247**	3,900,969
Corporation tax	**–**	11,400
Other taxation	**40,489**	–
Other creditors	**103,686**	138,675
Accruals and deferred income	**679,050**	738,211
	923,366	4,837,762

10 Leasing commitments

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & buildings 2008 £	2007 £
Operating leases which expire:		
After more than 5 years	**535,097**	535,097

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 and are publicly available.

12 Share capital

Authorised share capital:

	2008 £	2007 £
1,000 Ordinary shares of £1 each	**1,000**	1,000

Allotted, called up and fully paid:

	2008 No	£	2007 No	£
Ordinary shares of £1 each	**1**	**1**	1	1

13 Profit and loss account

	2008 £	2007 £
Balance brought forward	**(2,656,494)**	(1,561,556)
Profit/(loss) for the financial year	**3,133,477**	(1,094,938)
Balance carried forward	**476,983**	(2,656,494)

14 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit/(Loss) for the financial year	**3,133,477**	(1,094,938)
Opening shareholders' deficit	**(2,656,493)**	(1,561,555)
Closing shareholders' funds/(deficit)	**476,984**	(2,656,493)

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 2008 or 31 March 2007.

17 Capital commitments

The directors have confirmed that there were no capital commitments at 31 March 2008 or 31 March 2007.

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.