

Company Registration No. 04590957

Bizspace Southern Limited

Report and Financial Statements

For the year ended 31 December 2013

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Bizspace Southern Limited

Report and Financial Statements 2013

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Bizspace Southern Limited

Report and Financial Statements 2013

Officers and professional advisers

Directors

G Evans
M Megan
H Wright

Secretary

G Evans

Registered office

Sovereign House
1 Albert Place
Finchley
N3 1QB

Bankers

Royal Bank Of Scotland
PO Box 412
62/63 Threadneedle Street
London
RC2R 8LA

Solicitors

Shoosmiths
Lock House
Castle Meadow Road
Nottingham
NG2 1AG

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham
United Kingdom

Bizspace Southern Limited

Directors' report

The directors present their annual report on the affairs of the company together with the financial statements and auditor's report for the year ended 31 December 2013. This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' regime under part 15 of the Companies Act 2006.

Principal activity

The principal activity of the company is the provision of managed workspace.

The method of valuation for the investment properties used was the EBITDA model rather than the RICS red book. As a result the accounts have been qualified on that basis.

Going concern

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. The current banking facility expired on 31st December 2014 however, from 1st January 2015 the group has negotiated a 12 month on-demand facility in order to ensure the continued operation of the business prior to seeking a new investor to take the business forward. With this funding in place the directors believe that the bank is committed to making the properties available to the business for the duration of the facility and with this support, the directors have projected a positive cash flow for the next 12 months and believe that the business will be able to settle all debts as they fall due.

As a result the directors are satisfied that the company remains a going concern and have prepared the accounts on that basis.

Results and dividends

Profit for the year ended 31 December 2013 was £87k (2012: £1,812k loss).

The directors did not recommend payment of a dividend in either the current or prior year.

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 financial statements with the exception of P Gubb who resigned on 1st September 2013.

Directors' interests

None of the directors had any interests in the share capital of the company during the current or preceding year.

Charitable and political contributions

The company did not make any charitable and political donations in the current year (2012: £nil).

Bizspace Southern Limited

Directors' report (continued)

Auditor

Each of the persons who is a director of the company at the date of approval of this report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Deloitte LLP have expressed their willingness to continue as auditor and a resolution to reappoint them has been passed.

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

G Evans
Secretary



12 February 2015

Bizspace Southern 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 accounting estimates that are reasonable and prudent; 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 Southern Limited

We have audited the financial statements of Bizspace Southern Limited for the year ended 31 December 2013 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable in law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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 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

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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on combined financial statements

With respect to the investment properties within the Company having an estimated open market value of £1,551,000 at 31 December 2013, the audit evidence available to us was limited. SSAP 19 requires that investment properties are recorded at their open market value, which is typically determined in accordance with RICS Red Book methodology and the directors have used an EBITDA based business valuation model instead. We were unable to obtain sufficient appropriate audit evidence in respect of what the investment property valuations would have been using the RICS Red Book methodology at the 31 December 2013. In these circumstances, we are unable to quantify the effect of the departure. Our opinion for the year ended 31 December 2012 was also modified in this respect for investment properties with a valuation of £1,559,000 as at 31 December 2012.

Qualified opinion on financial statements

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit 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

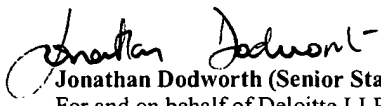
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Bizspace Southern Limited (continued)

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Jonathan Dodworth (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Birmingham, United Kingdom

12 February 2015

Bizspace Southern Limited

Profit and loss account For the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Turnover	1	404	371
Cost of sales		(260)	(269)
Gross profit		<u>144</u>	<u>102</u>
Administrative expenses	3	(57)	(1,914)
Profit/(loss) on ordinary activities before taxation		<u>87</u>	<u>(1,812)</u>
Tax on profit on ordinary activities	4	7	-
Profit/(loss) on ordinary activities after taxation	10	<u>94</u>	<u>(1,812)</u>

The trading in both the current and prior year is derived from continuing activities.

Bizspace Southern Limited

Statement of total recognised gains and losses For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Profit/(loss) for the financial year		87	(1,812)
Unrealised deficit on revaluation on investment properties	5	(8)	(480)
Total recognised gains/(losses) for the year		<u>79</u>	<u>(2,292)</u>

Bizspace Southern Limited

Balance sheet At 31 December 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Tangible fixed assets	5	1,551	1,559
Fixed asset investments	6	-	-
		<u>1,551</u>	<u>1,559</u>
Current assets			
Debtors: amounts falling due within one year	7	4,542	3,373
Deferred tax asset	4	7	-
		<u>4,549</u>	<u>3,373</u>
Creditors: amounts falling due within one year	8	<u>(2,075)</u>	<u>(993)</u>
Net current assets		<u>2,474</u>	<u>2,380</u>
Total assets less current liabilities; being net assets		<u>4,025</u>	<u>3,939</u>
Capital and reserves			
Called up share capital	9	1	1
Share premium account	10	1,249	1,249
Profit and loss deficit	10	(215)	(309)
Revaluation reserve surplus	10	78	86
Other reserve	10	2,912	2,912
Shareholder's funds	10	<u>4,025</u>	<u>3,939</u>

The financial statements of Bizspace Southern Limited, registered number 04590957 were approved by the Board of Directors and authorised for issue on *12 February* 2015.

Signed on behalf of the Board of Directors



G Evans
Director

Bizspace Southern Limited

Notes to the accounts Year ended 31 December 2013

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 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. The current banking facility expired on 31st December 2014 however, from 1st January 2015 the Group has negotiated a 12 month on-demand facility in order to ensure the continued operation of the business prior to seeking a new investor to take the business forward. With this funding in place the directors believe that the bank is committed to making the properties available to the business for the duration of the facility and with this support, the directors have projected a positive cashflow for the next 12 months and believe that the business will be able to settle all debts as they fall due.

As a result the directors are satisfied that the company remains a going concern and have prepared the accounts on that basis.

Accounting convention

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable United Kingdom and accounting standards.

Turnover

Turnover consists of rental income and other sums receivable from occupiers of investment properties (including insurance charges, service charges, other recoverable costs and supplies of utilities) together with fees and other sundry income net of VAT. Revenue is recognised over the term of the licence/lease agreement and all income is derived in the UK.

Investment properties

Investment properties are revalued annually to open market value. An EBITDA based business valuation model has been used to perform the valuation at 31 December 2013. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, with the exception of a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the Profit and loss account.

Bizspace Southern Limited

Notes to the accounts (continued) Year ended 31 December 2013

1. Accounting policies (continued)

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.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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.

Cash flow statement

Under Financial Reporting Standard 1, Bizspace Southern Limited is exempt from the requirement to prepare a cash flow statement since it meets the minimum of two of the three conditions to classify it as a small entity and therefore qualifies for the exemption.

2. Information regarding directors and employees

	2013 No.	2012 No.
Average number of persons employed (excluding directors)	4	4
	2013 £'000	2012 £'000
Staff costs during the year		
Wages and salaries	24	16
Social security costs	1	1
	25	17

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.

Bizspace Southern Limited

Notes to the accounts (continued) Year ended 31 December 2013

3. Operating profit

Included within administration expenses is an amount of £nil (2012: £1,900,287) relating to the write down of an intercompany receivable which was no longer considered to be fully recoverable.

The fee for audit services provided to Bizspace Southern Limited is £4,750 (2012: £4,750) and is borne by Bizspace Ltd. No fees for non-audit services were incurred by or on behalf of the company.

4. Tax on profit on ordinary activities

	2013 £'000	2012 £'000
UK corporation tax	-	-

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 23.25% (2012: 24.5%). The actual tax charge for the current and the previous financial year varies from the standard rate for the reasons set out below:

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	87	(1,812)
Tax on ordinary activities at standard rate of 23.25% (2012: 24%)	20	(444)
Expenses not deductible	-	466
Capital allowances in excess of depreciation	-	(1)
Group relief	(20)	(21)
Current tax for year	-	-
Deferred tax		
Movement in deferred tax in the period:		
As at the beginning of the period	-	-
Credit to the profit and loss account	(7)	-
As at end of the period	(7)	-
Accelerated capital allowances	(1)	-
Unutilised losses	(6)	-
Total recognised deferred tax	(7)	-

A reduction in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012, and further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. The impact of the rate reduction has been reflected in the calculation of the UK deferred tax asset not recognised at 31 December 2013.

Bizspace Southern Limited

Notes to the accounts (continued) Year ended 31 December 2013

5. Tangible fixed assets

	Land and buildings £'000	Investment properties £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 January 2013	248	1,559	16	1,823
Additions	-	-	-	-
Revaluation	-	(8)	-	(8)
Disposals	-	-	-	-
At 31 December 2013	248	1,551	16	1,815
Accumulated depreciation				
At 1 January 2013	248	-	16	264
Depreciation	-	-	-	-
Revaluation	-	-	-	-
At 31 December 2013	248	-	16	264
Net book value				
At 31 December 2013	-	1,551	-	1,551
At 31 December 2012	-	1,559	-	1,559

Freehold property is valued in accordance with the accounting policies set out in note 1. The two properties owned by Bizspace Southern Ltd were valued at £1,551k (2012: £1,559k). These have been revalued using a discounted cash flow model based on the future net income and sales value of each property. This was performed by the directors of the parent entity as of 31 December 2013.

6. Fixed asset investments

	Investment £
Investment in Bizspace Limited Partnership	
Cost	
At 1 January 2013 and 31 December 2013	36

Bizspace Southern Limited has a 0.036% interest in Bizspace Limited Partnership, a partnership governed by the law of England and Wales. Bizspace Limited Partnership's head office is Sovereign House, 1 Albert Place, Finchley, London, N3 1QB.

Bizspace Southern Limited has taken advantage of the exemption in Regulation 7 of the Partnerships (Accounts) Regulations 2008 from the requirements for preparation, delivery and publication of accounts, in relation to its membership of Bizspace Limited Partnership.

Bizspace Southern Limited

Notes to the accounts (continued) Year ended 31 December 2013

7. Debtors

	2013 £'000	2012 £'000
Amounts owed by group undertakings	4,522	3,328
Trade debtors	2	22
Prepayments	18	23
	<u>4,542</u>	<u>3,373</u>

All debtors fall due within one year.

8. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	19	-
Amounts owed to group undertakings	1,954	867
Other taxes and social security	18	33
Accruals and deferred income	17	12
Other creditors	67	81
	<u>2,075</u>	<u>993</u>

9. Share capital

	2013 £	2012 £
Called up, allotted and fully paid:		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

10. Reconciliation of movements in reserves and shareholder's funds

	Issued share capital £'000	Share premium account £'000	Profit and loss account £'000	Revaluation reserve £'000	Other reserve £'000	Total 2013 £'000	Total 2012 £'000
Opening shareholder's funds	1	1,249	(309)	86	2,912	3,939	6,231
Revaluation of investment properties	-	-	-	(8)	-	(8)	(480)
Profit for the year	-	-	94	-	-	94	(1,812)
Net change to shareholder's funds	-	-	94	(8)	-	86	(2,292)
Closing shareholder's funds	<u>1</u>	<u>1,249</u>	<u>(215)</u>	<u>78</u>	<u>2,912</u>	<u>4,025</u>	<u>3,939</u>

Bizspace Southern Limited

Notes to the accounts (continued) Year ended 31 December 2013

11. Related party transactions

During the year the following were considered to be related parties of the company:

- The directors
- HXRUK II Limited and its subsidiaries

All balances held at the year-end date with other HXRUK II Limited group companies are detailed in note 7 and note 8.

12. Ultimate parent company and controlling party

HXRUK II Limited is the controlling party and ultimate parent of the company and is registered in Jersey. Bizspace Investments Limited is the immediate parent company and owns 100% of the share capital of Bizspace Southern Limited. 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. Highcross Bugatti Limited is the smallest group for which group accounts have been prepared and disclosed. HXRUK II Limited is the largest group for which group accounts have been prepared.