

BASEPOINT DEVELOPMENTS LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE PERIOD
1 MARCH 2005 TO 31 MARCH 2006



BASEPOINT DEVELOPMENTS LIMITED

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for the period 1 March 2005 to 31 March 2006**

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BASEPOINT DEVELOPMENTS LIMITED

COMPANY INFORMATION
for the period 1 March 2005 to 31 March 2006

DIRECTORS: R.J. Cleaver - resigned 4.7.06
T.D. Boakes
P.A. Stansfield
G.N. Smith

SECRETARY: T.D. Boakes

REGISTERED OFFICE: 9 Charlecote Mews
Staple Gardens
Winchester
Hampshire
SO23 8SR

REGISTERED NUMBER: 4668825

AUDITORS: Horwath Clark Whitehill LLP
Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

BASEPOINT DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS for the period 1 March 2005 to 31 March 2006

The directors present their report with the financial statements of the company for the period 1 March 2005 to 31 March 2006.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of developing managed business enterprise centres (MBEC).

REVIEW OF BUSINESS

The results for the period and financial position of the company are as shown in the annexed financial statements.

The operating profit for the year amounted to £212,157 (2005 £184,859). Net interest paid has deducted £6,170 (2005: net interest received added £823), leaving a profit on ordinary activities of £205,987 (2005 £185,682). The directors consider the state of the company's affairs to be satisfactory.

DIVIDENDS

No dividends will be distributed for the period ended 31 March 2006.

DIRECTORS

The directors during the period under review were:

R.J. Cleaver	- resigned 4.7.06
T.D. Boakes	
P.A. Stansfield	
G.N. Smith	

The directors holding office at 31 March 2006 did not hold any beneficial interest in the issued share capital of the company at 1 March 2005 or 31 March 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 of the company 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;
- 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

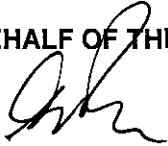
BASEPOINT DEVELOPMENTS LIMITED

**REPORT OF THE DIRECTORS
for the period 1 March 2005 to 31 March 2006**

AUDITORS

The auditors, Howarth Clark Whitehill LLP, who were appointed during the period, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



T.D. Boakes - Secretary

19 September 2006

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
BASEPOINT DEVELOPMENTS LIMITED**

We have audited the financial statements of Basepoint Developments Limited for the period ended 31 March 2006 on pages five to twelve. 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 auditors' 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

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Report of the Directors 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 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 audit opinion

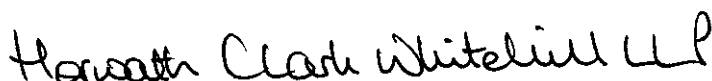
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 2006 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



Horwath Clark Whitehill LLP
Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

19 September 2006

BASEPOINT DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT
for the period 1 March 2005 to 31 March 2006

	Notes	Period 1.3.05 to 31.3.06 £	Year Ended 28.2.05 £
TURNOVER	2	527,944	979,747
Administrative expenses		<u>315,787</u>	<u>794,888</u>
OPERATING PROFIT	4	212,157	184,859
Interest receivable and similar income		<u>411</u>	<u>1,245</u>
		212,568	186,104
Interest payable and similar charges	5	<u>6,581</u>	<u>422</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		205,987	185,682
Tax on profit on ordinary activities	6	<u>(3,800)</u>	<u>(55,231)</u>
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		<u>209,787</u>	<u>240,913</u>
RETAINED PROFIT FOR THE PERIOD		209,787	240,913
Retained profit brought forward		<u>151,841</u>	<u>160,928</u>
		361,628	401,841
Dividends		<u>-</u>	<u>(250,000)</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>361,628</u></u>	<u><u>151,841</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current period or previous year.

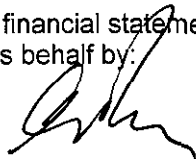
The notes form part of these financial statements

BASEPOINT DEVELOPMENTS LIMITED

BALANCE SHEET
31 March 2006

	Notes	2006 £	2005 £
CURRENT ASSETS			
Stocks	8	104,798	1,038
Debtors	9	3,793,557	543,179
Cash at bank		-	76,998
		<u>3,898,355</u>	<u>621,215</u>
CREDITORS			
Amounts falling due within one year	10	<u>3,536,726</u>	<u>469,373</u>
NET CURRENT ASSETS		<u>361,629</u>	<u>151,842</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>361,629</u>	<u>151,842</u>
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account		<u>361,628</u>	<u>151,841</u>
SHAREHOLDERS' FUNDS	16	<u>361,629</u>	<u>151,842</u>

The financial statements were approved by the Board of Directors on 19 September 2006 and were signed on its behalf by:



T.D. Boakes - Director

BASEPOINT DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the period 1 March 2005 to 31 March 2006

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover comprises net amounts derived from the provision of services, excluding value added tax.

Long term contracts

Contracts for the procurement or project management of enterprise centres are considered to be long term contracts. Turnover is determined by reference to the anticipated fee derived from the contract and is credited to turnover on a straight line basis from the commencement of the contract through to the projected date of practical completion. Operating profit includes attributable profit on long term contracts completed and amounts recoverable on contracts uncompleted. Procurement fees contingent on centres achieving target occupancy rates are not recognised until the target is met.

Developments in progress

Developments in progress at the year end are valued at cost.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. STAFF COSTS

	Period 1.3.05 to 31.3.06 £	Year Ended 28.2.05 £
Wages and salaries	(3,289)	310,449
Social security costs	<u>(7,139)</u>	<u>41,975</u>
	<u>(10,428)</u>	<u>352,424</u>

The average monthly number of employees during the period was as follows:

	Period 1.3.05 to 31.3.06	Year Ended 28.2.05
Directors	<u>4</u>	<u>4</u>

BASEPOINT DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the period 1 March 2005 to 31 March 2006

4. OPERATING PROFIT

The operating profit is stated after charging:

	Period 1.3.05 to 31.3.06 £	Year Ended 28.2.05 £
Auditors' remuneration	<u>2,500</u>	<u>1,500</u>
Directors' emoluments	<u>(3,289)</u>	<u>310,449</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 1.3.05 to 31.3.06 £	Year Ended 28.2.05 £
Bank interest	<u>6,581</u>	<u>422</u>

6. TAXATION

Analysis of the tax credit

The tax credit on the profit on ordinary activities for the period was as follows:

	Period 1.3.05 to 31.3.06 £	Year Ended 28.2.05 £
Current tax:		
UK corporation tax	-	3,800
Prior year adjustment	<u>(3,800)</u>	<u>(59,031)</u>
Tax on profit on ordinary activities	<u>(3,800)</u>	<u>(55,231)</u>

UK corporation tax has been charged at 30%

BASEPOINT DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the period 1 March 2005 to 31 March 2006

6. TAXATION - continued

Factors affecting the tax credit

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.3.05 to 31.3.06 £	Year Ended 28.2.05 £
Profit on ordinary activities before tax	<u>205,987</u>	<u>185,682</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 30%)	61,796	55,705
Effects of:		
Group relief received, not paid for	(61,796)	(49,705)
Marginal rates of Corporation Tax	-	(2,200)
Overprovision in prior year	<u>(3,800)</u>	<u>(59,031)</u>
Current tax credit	<u>(3,800)</u>	<u>(55,231)</u>

There is no tax charge for the period. This is because the company will make qualifying donations to its charitable parent company to cover excess profits not covered by losses arising within the group.

7. DIVIDENDS

	Period 1.3.05 to 31.3.06 £	Year Ended 28.2.05 £
Equity shares: Interim	<u>-</u>	<u>250,000</u>

8. STOCKS

	2006 £	2005 £
Stock	<u>104,798</u>	<u>1,038</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Trade debtors	222,404	79,443
Amounts owed by group undertakings	3,536,749	22,583
Other debtors	1,011	1
Amounts due from Basepoint Limited		
Partnership	-	441,152
Prepayments	<u>33,393</u>	<u>-</u>
	<u>3,793,557</u>	<u>543,179</u>

BASEPOINT DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 March 2005 to 31 March 2006

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Bank loans and overdrafts (see note 11)	154,291	-
Trade creditors	4,343	43,812
Amounts owed to group undertakings	3,287,393	-
Tax	-	3,800
VAT	4,084	2
Accrued expenses	<u>86,615</u>	<u>421,759</u>
	<u>3,536,726</u>	<u>469,373</u>

11. LOANS

An analysis of the maturity of loans is given below:

	2006 £	2005 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>154,291</u>	<u>-</u>

12. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2006 £	2005 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2006 £	2005 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

13. ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of Basepoint Plc.

The directors regard The ACT Foundation, a UK registered charity and a company limited by guarantee as the ultimate parent company.

The largest and smallest group in which the results of the company are consolidated is that headed by The ACT Foundation. The consolidated accounts of this company are available from its Registered Office at The Gate House, 2 Park Street, Windsor, Berkshire, SL4 1LU.

14. CONTINGENT LIABILITIES

The company is part of a multi-lateral guarantee over certain borrowings of its parent and fellow subsidiaries. At the period end, the amount covered under the guarantee amounted to £44,480,218.

BASEPOINT DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the period 1 March 2005 to 31 March 2006

15. RELATED PARTY DISCLOSURES

During the period, the following transactions with related parties occurred:

	Services and recharges received		Services and recharges paid		Due (to) / from related party	
	2006	2005	2006	2005	31/03/06	31/03/05
	£	£	£	£	£	£
<u>Parent undertaking</u>						
Basepoint plc	-	-	155,713	276,364	-	-
<u>Fellow subsidiary undertakings</u>						
Basepoint Centres Limited	-	2,196	921	1,123	-	-
<u>Centres managed by the parent undertaking</u>						
<u>Basepoint plc</u>						
Kent County Council (Northfleet)	65,600	-	-	2,261	-	-
Thurrock Council (Tilbury)	360	-	-	-	-	-
<u>SEEDA</u>						
(Gosport Enterprise Centre)	55,331	558,432	2,658	-	-	(2,658)
<u>Other related parties</u>						
Basepoint Limited Partnership (a partnership in which a fellow subsidiary is a general partner)	151,289	885,546	6,544	4,523	13,136	-

At the period end the following intercompany balances existed:

	Amounts due (to) / from Basepoint Developments Limited	
	2006	2005
	£	£
<u>Parent undertaking</u> Basepoint plc	(3,287,393)	441,153
<u>Fellow subsidiary undertakings</u>		
Basepoint Centres Limited	3,498,091	22,583
Broadmarsh Business and Innovation Centre Limited	38,658	-

Basepoint Plc and its subsidiary companies (Basepoint) is an investor in a Limited Partnership (Partnership) with the Trustees of the Kodak Pension Plan. The Partnership was established to specifically develop and operate centres similar to the established centres operated by Basepoint.

BASEPOINT DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the period 1 March 2005 to 31 March 2006

The Partnership is operated by Basepoint Properties Limited under a management agreement which allows day to day operating decisions to be made but which requires all substantive decisions to be approved by the Operator of the Partnership, LaSalle Investment Management Limited. All transactions between Basepoint and the Partnership are at arms length.

During the period ended 31st March 2006 Basepoint Developments Limited entered into the under-mentioned related party transactions with the Partnership.

MBEC Development Activity

Basepoint is required to procure new centres for the Partnership which includes supervision of the construction process. Basepoint initially bears pre-development costs which typically include site investigation and planning. These costs are transferred to the Partnership if the Partnership agrees to proceed with the development. During the construction phase Basepoint may incur some costs relating to the development and these are also passed on to the Partnership at cost. Basepoint Developments Limited receives project management fees for supervising the development activities and at practical completion is eligible to receive a fee for the procurement of the completed development. This fee can subsequently be increased when occupancy of a centre exceeds a target level.

The value of development activity transactions between Basepoint Developments Limited and the Partnership during the period to 31st March 2006, as described, amounted to £nil (2005: £1.404m).

Balances at 31st March 2006

Amount due from Basepoint Limited Partnership £nil

No amounts have been written off or otherwise provided for.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial period	209,787	240,913
Dividends	-	(250,000)
Share capital issued in year		
Net addition/(reduction) to shareholders' funds	209,787	(9,087)
Opening shareholders' funds	<u>151,842</u>	<u>160,929</u>
Closing shareholders' funds	<u>361,629</u>	<u>151,842</u>
Equity interests	<u>361,629</u>	<u>151,842</u>

BASEPOINT DEVELOPMENTS LIMITED

**PROFIT AND LOSS ACCOUNT
for the period 1 March 2005 to 31 March 2006**

	Period 1.3.05 to 31.3.06		Year Ended 28.2.05	
	£	£	£	£
Turnover				
Management fees	527,944		540,657	
Procurement fees	<u>-</u>		<u>439,090</u>	
		527,944		979,747
Other income				
Deposit account interest		<u>411</u>		<u>1,245</u>
		528,355		980,992
Expenditure				
Directors' salaries	-		310,449	
Directors' bonuses	(3,289)		-	
Directors' social security	(7,139)		41,975	
Project management costs	316,081		301,488	
Accountancy	1,685		3,300	
Accounts transaction processing	10,884		6,079	
Aborted project costs	(5,000)		130,097	
Legal and professional fees	35		-	
Registrars and brokers fees	30		-	
Auditors' remuneration	<u>2,500</u>		<u>1,500</u>	
		<u>315,787</u>		<u>794,888</u>
		212,568		186,104
Finance costs				
Bank interest		<u>6,581</u>		<u>422</u>
NET PROFIT		<u><u>205,987</u></u>		<u><u>185,682</u></u>

This page does not form part of the statutory financial statements