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**REGISTRARS COPY**

**BASEPOINT DEVELOPMENTS LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28TH FEBRUARY 2005**



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**BASEPOINT DEVELOPMENTS LIMITED**

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for the year ended 28th February 2005**

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**BASEPOINT DEVELOPMENTS LIMITED**

**COMPANY INFORMATION**  
**for the year ended 28th February 2005**

**DIRECTORS:**

R.J. Cleaver  
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:**

Tenon Audit Limited  
Registered Auditor  
Highfield Court  
Tollgate  
Chandlers Ford  
Eastleigh  
SO53 3TY

## **BASEPOINT DEVELOPMENTS LIMITED**

### **REPORT OF THE DIRECTORS for the year ended 28th February 2005**

The directors present their report with the financial statements of the company for the year ended 28th February 2005.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of developing managed business enterprise centres.

#### **REVIEW OF BUSINESS**

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

The operating profit for the year amounted to £184,859 (2004 £774,857). Net interest received has added £823 (2004 £357), leaving a profit on ordinary activities of £185,682 (2004 £775,214). The directors consider the state of the company's affairs to be satisfactory.

#### **DIVIDENDS**

Dividends of £250,000 (2004: £400,000) were paid during the year.

#### **DIRECTORS**

The directors during the year under review were:

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

The directors holding office at 28th February 2005 did not hold any beneficial interest in the issued share capital of the company at 1st March 2004 or 28th February 2005.

The directors interests in the shares of the holding company are disclosed in the holding company's financial statements.

#### **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 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;
- follow applicable accounting standards, 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 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.

**BASEPOINT DEVELOPMENTS LIMITED**

**REPORT OF THE DIRECTORS  
for the year ended 28th February 2005**

**AUDITORS**

On 28 February 2005 our auditors, Blueprint Audit Limited, changed their name to Tenon Audit Limited and have signed the audit report in their new name. Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'T.D. Boakes', is positioned above the printed name.

T.D. Boakes - Secretary

26th May 2005

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

We have audited the financial statements of Basepoint Developments Limited for the year ended 28th February 2005 on pages five to eleven. These financial statements have been prepared under the historical cost convention and 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company 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.

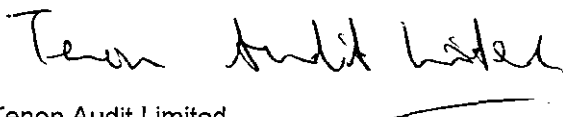
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 28th February 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Tenon Audit Limited  
Registered Auditor  
Highfield Court  
Tollgate  
Chandlers Ford  
Eastleigh  
SO53 3TY

26th May 2005

**BASEPOINT DEVELOPMENTS LIMITED**

**PROFIT AND LOSS ACCOUNT**  
for the year ended 28th February 2005

	Notes	Year Ended 28.2.05 £	Period 18.2.03 to 29.2.04 £
<b>TURNOVER</b>	2	979,747	1,382,501
Administrative expenses		<u>794,888</u>	<u>607,644</u>
<b>OPERATING PROFIT</b>	4	184,859	774,857
Interest receivable and similar income		<u>1,245</u>	<u>594</u>
		186,104	775,451
Interest payable and similar charges		<u>422</u>	<u>237</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		185,682	775,214
Tax on profit on ordinary activities	5	<u>(55,231)</u>	<u>214,286</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		240,913	560,928
Dividends	6	<u>250,000</u>	<u>400,000</u>
<b>(RETAINED PROFIT/(LOSS) FOR THE YEAR</b>		<u>(9,087)</u>	<u>160,928</u>

**CONTINUING OPERATIONS**

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

**TOTAL RECOGNISED GAINS AND LOSSES**

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

**BASEPOINT DEVELOPMENTS LIMITED**

**BALANCE SHEET**  
**28th February 2005**

	Notes	2005 £	2004 £
<b>CURRENT ASSETS</b>			
Stocks		1,038	21,407
Debtors	7	543,179	707,804
Cash at bank		<u>76,998</u>	<u>57,152</u>
		621,215	786,363
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>469,373</u>	<u>625,434</u>
<b>NET CURRENT ASSETS</b>		<u>151,842</u>	<u>160,929</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>151,842</u>	<u>160,929</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1	1
Profit and loss account	10	<u>151,841</u>	<u>160,928</u>
<b>SHAREHOLDERS' FUNDS</b>	14	<u>151,842</u>	<u>160,929</u>

**ON BEHALF OF THE BOARD:**

R.J. Cleaver - Director

T.D. Boakes - Director

Approved by the Board on 26th May 2005

The notes form part of these financial statements

# BASEPOINT DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 28th February 2005

### 1. ACCOUNTING POLICIES

#### Accounting convention

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

#### Financial Reporting Standard Number 1 - Cashflow Statements

The company has taken advantage of the exemption in FRS 1 from the requirement to produce a cashflow statement on the grounds that the company's parent undertaking prepares a consolidated cashflow as part of its financial statements.

#### Turnover

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

#### Development in progress

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

#### Deferred tax

Deferred taxation is provided in full on timing differences which represent a liability at the Balance Sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

#### 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.

### 2. TURNOVER

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

### 3. STAFF COSTS

	Year Ended 28.2.05 £	Period 18.2.03 to 29.2.04 £
Wages and salaries	310,449	356,570
Social security costs	<u>41,975</u>	<u>45,640</u>
	<u>352,424</u>	<u>402,210</u>

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

	Year Ended 28.2.05	Period 18.2.03 to 29.2.04
Directors	<u>4</u>	<u>4</u>

**BASEPOINT DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 28th February 2005

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	Year Ended 28.2.05 £	Period 18.2.03 to 29.2.04 £
Auditors remuneration	<u>1,500</u>	<u>2,000</u>
Directors' emoluments and other benefits etc	<u>310,449</u>	<u>356,570</u>

**5. TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit on ordinary activities for the year was as follows:

	Year Ended 28.2.05 £	Period 18.2.03 to 29.2.04 £
Current tax:		
UK corporation tax	3,800	214,286
Prior year adj	<u>(59,031)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>(55,231)</u>	<u>214,286</u>

**Factors affecting the tax (credit)/charge**

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

	Year Ended 28.2.05 £	Period 18.2.03 to 29.2.04 £
Profit on ordinary activities before tax	<u>185,682</u>	<u>775,214</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	55,705	232,564
Effects of:		
Group relief received, not paid for	(49,705)	(18,278)
Small companies rate relief	(2,200)	-
Over provision of corporation tax in prior year	<u>(59,031)</u>	<u>-</u>
Current tax (credit)/charge	<u>(55,231)</u>	<u>214,286</u>

**BASEPOINT DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 28th February 2005

**6. DIVIDENDS**

	Year Ended 28.2.05 £	Period 18.2.03 to 29.2.04 £
Equity shares: Interim	<u>250,000</u>	<u>400,000</u>

**7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2005 £	2004 £
Trade debtors	79,443	37,832
Other debtors	<u>463,736</u>	<u>669,972</u>
	<u>543,179</u>	<u>707,804</u>

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2005 £	2004 £
Trade creditors	43,812	5,036
Taxation and social security	3,802	214,286
Other creditors	<u>421,759</u>	<u>406,112</u>
	<u>469,373</u>	<u>625,434</u>

**9. CALLED UP SHARE CAPITAL**

Authorised: Number:	Class:	Nominal value:	2005 £	2004 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2005 £	2004 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

**10. RESERVES**

	Profit and loss account £
At 1st March 2004	160,928
Deficit for the year	<u>(9,087)</u>
At 28th February 2005	<u>151,841</u>

**BASEPOINT DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 28th February 2005**

**11. ULTIMATE PARENT COMPANY**

The directors regard Basepoint plc, a company registered in England and Wales as the ultimate holding company. Consolidated accounts are available from its Registered Office at 9 Charlecote Mews, Staple Gardens, Winchester, SO23 8SR.

**12. CONTINGENT LIABILITIES**

The company is part of a multi-lateral guarantee over certain borrowings of its parent and fellow subsidiaries. At the year end, the amount covered under the guarantee amounted to £10,367,262 .

**13. RELATED PARTY DISCLOSURES**

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.

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 year ended 28th February 2005 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 year to 28th February 2005, as described, amounted to £1,404,098 (2004: £5.388m)

Balances at 28th February 2005

Amount due from Basepoint Limited Partnership £nil

No amounts have been written off or otherwise provided for.

BASEPOINT DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 28th February 2005

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the financial year	240,913	560,928
Dividends	<u>(250,000)</u>	<u>(400,000)</u>
	(9,087)	160,928
Share capital issued in year	<u>-</u>	<u>1</u>
<b>Net (reduction)/addition to shareholders' funds</b>	(9,087)	160,929
Opening shareholders' funds	<u>160,929</u>	<u>-</u>
<b>Closing shareholders' funds</b>	<u>151,842</u>	<u>160,929</u>
Equity interests	<u>151,842</u>	<u>160,929</u>