Grant Thornton

Financial Statements
Office Space Limited

For the year ended 31 March 2011

Registered number: 05566617

Company Information

Directors	Mr S J Robertson Mr S Berry-Jones Mr D Cummins
Company number	05566617
Registered office	One Stanhope Gate London W1K 1AF
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Broadfield Court Sheffield South Yorkshire S8 0XF
Bankers	Barclays Bank Plc PO Box 674 121 Queen Street Cardiff CF10 2XY

Contents

Directors' report
For the year ended 31 March 2011

The directors present their report and the financial statements for the year ended 31 March 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 judgments 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 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

Principal activities and business review

The company is principally engaged in the provision of serviced office accommodation

The company continues to offer tenants and prospective tenants a flexible accommodation solution based primarily on short term licence agreements, but including now also traditional lease agreements, as a means to maximise rental income Due to the difficult economic conditions, the company has failed to achieve occupancy levels and rental income sufficient to cover operating expenses and this has resulted in an operating loss for the year

The company remains reliant on external bank borrowings and loans from group undertakings, including a subsidiary of the ultimate controlling party which provides financing to meet bank interest payments and to cover operating losses, which enables the company to continue in business

Results and dividends

The loss for the year, after taxation, amounted to £444,141 (2010 - loss £732,831)

The directors have not recommended a dividend

Directors' report
For the year ended 31 March 2011

Directors

The directors who served during the year were

Mr S J Robertson
Mr S Berry-Jones
Mr D Cummins was appointed as a director on 15 July 2011
Mr J V Goncalves Rosa retired as a director on 15 July 2011

Financial risk management objectives and policies

The company used financial instruments other than derivatives comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations The main risks arising from the company's financial instruments are liquidity risk and interest rate 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

Interest rate risk
The company finances its operations through a mixture of intercompany accounts and bank borrowings The company's exposure to interest rate fluctuations is managed by the use of both fixed and floating facilities

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review above As described therein, the current economic environment remains difficult and is expected to continue to be so for the foreseeable future Whilst the appointment of external agents had resulted in increased interest in the rental space being offered by the company and new licence and lease agreements were signed for the rental of additional space during the year and in recent months, it is expected that the company will continue to incur losses in the current financial period The directors have sought confirmation from the group undertakings which support the company, including the subsidiary of the ultimate controlling party, as to the continuing availability of financing to remain in business Whilst the group undertakings were unwilling to guarantee their unconditional financial support for the company, confirmations have been received that they are prepared to support the company by not requiring the payments of amounts due under their respective loan agreements The subsidiary of the ultimate controlling party also continues to provide the company with the financing to enable it to cover operating losses and bank interest payments as they fall due, the latter as required by the bank to continue with its loan

Having made their enquiries and considered the uncertainties described above, the directors have concluded that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Directors' report

For the year ended 31 March 2011

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 20 December 2011 and signed on its behalf

Mr G May
Secretary

Grant Thornton

Independent auditor's report to the members of Office Space Limited

We have audited the financial statements of Office Space Limited for the year ended 31 March 2011, which comprise the profit and loss account, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable 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 Statement of directors' responsibilities, 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

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss 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

Emphasis of matter - going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the company's ability to continue as a going concern The company incurred a net loss of £444,141 during the year ended 31 March 2011 and, at that date, the company's current liabilities exceeded its total assets by £5,197,202 These conditions, along with the other matters explained in note 3 to the financial statements, indicate the existence of a a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

Opinion on other matter 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

Grant Thornton

Independent auditor's report to the members of Office Space Limited

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

Gt Thn UK LLP

Michael Redfern (Senior statutory auditor)

for and on behalf of
Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

Sheffield

20 December 2011

Profit and loss account

For the year ended 31 March 2011

	Note	2011 £	2010 £
Turnover	1,2	**271,319**	201,252
Cost of sales		**(123,219)**	(192,584)
Gross profit		**148,100**	8,668
Other operating charges	4	**(268,849)**	(237,713)
Operating loss	5	**(120,749)**	(229,045)
Interest payable and similar charges	8	**(540,433)**	(503,786)
Loss on ordinary activities before taxation		**(661,182)**	(732,831)
Tax on loss on ordinary activities	9	**217,041**	-
Loss for the financial year	19	**(444,141)**	(732,831)

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 8 to 15 form part of these financial statements

Balance sheet
As at 31 March 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	10		**2,792,681**		2,791,091
Current assets					
Stocks	11	**291**		148	
Debtors	12	**24,803**		19,536	
Cash at bank		**15,376**		56,739	
		40,470		76,423	
Creditors. amounts falling due within one year	13	**(8,030,353)**		(7,620,575)	
Net current liabilities			**(7,989,883)**		(7,544,152)
Total assets less current liabilities			**(5,197,202)**		(4,753,061)
Capital and reserves					
Called up share capital	18		**2**		2
Profit and loss account	19		**(5,197,204)**		(4,753,063)
Shareholders' deficit	20		**(5,197,202)**		(4,753,061)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

Mr D Cummins
Director

Date 20 December 2011

The notes on pages 8 to 15 form part of these financial statements

Notes to the financial statements
For the year ended 31 March 2011

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, except that they have been modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards

Comfort has been obtained from the group undertakings which have entered into loan agreements with the company that, so far as the ownership of the company and its property does not change, they will continue to support the company by not requiring the payment of any amounts due under the loan agreements for the twelve months from the date of approval of these financial statements The company continues to meet interest payments due on its bank borrowings, a requirement of the bank to continue its loan Further details are given in note 3

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

1 2 Cash flow statement

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

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Equipment	-	25% straight line

Assets under construction are not depreciated until they are brought into use

Finance costs on fixed asset additions are capitalised during the perios of construction and written off as part of total costs

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

Notes to the financial statements
For the year ended 31 March 2011

1. Accounting policies (continued)

1.5 Investment property

The investment property is shown at its open market value The surplus or deficit arising from the annual revaluation is transferred to the investment valuation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year

This is in accordance with SSAP 19 which does not require the depreciation of investment properties The investment property is held for its investment potential and not for use by the company and so its current value is of prime importance The departure from the provisions of the Act is required in order to give a true and fair view

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.7 Rental income

Rental income is recognised over the period that an office unit is on hire

2. Turnover

The whole of the turnover is attributable to the one principal activity of the company

All turnover arose within the United Kingdom

Notes to the financial statements

For the year ended 31 March 2011

3. Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review in the directors' report As described therein, the current economic environment remains difficult and is expected to continue to be so for the foreseeable future Whilst the appointment of external agents had resulted in increased interest in the rental space being offered by the company and new licence and lease agreements were signed for the rental of additional space during the year and in recent months, it is expected that the company will continue to incur losses in the current financial period The directors have sought confirmation from the group undertakings which support the company, including the subsidiary of the ultimate controlling party, as to the continuing availability of financing to remain in business Whilst the group undertakings were unwilling to guarantee their unconditional financial support for the company, confirmations have been received that they are prepared to support the company by not requiring the payments of amounts due under their respective loan agreements The subsidiary of the ultimate controlling party also continues to provide the company with the financing to enable it to cover operating losses and bank interest payments as they fall due, the latter as required by the bank to continue with its loan

Having made their enquiries and considered the uncertainties described above, the directors have concluded that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

4. Other operating charges

	2011	2010
	£	£
Admistrative expenses	**268,849**	237,713

5. Operating loss

The operating loss is stated after charging

	2011	2010
	£	£
Depreciation of tangible fixed assets		
- owned by the company	**26,997**	22,408
Auditors' remuneration - audit of the financial statements	**4,000**	4,000
Auditors' remuneration - taxation services	**1,300**	1,300

Notes to the financial statements

For the year ended 31 March 2011

6. Staff costs

Staff costs, including directors' remuneration, were as follows

	2011	2010
	£	£
Wages and salaries	145,195	142,201
Social security costs	15,533	16,667
	160,728	158,868

The average monthly number of paid employees, including the directors, during the year was as follows

	2011	2010
	No	No
Directors	1	1
Sales and Administration	1	1
	2	2

7. Directors' remuneration

	2011	2010
	£	£
Emoluments	125,000	125,000

8. Interest payable

	2011	2010
	£	£
Interest payable on borrowing	540,433	503,786

9. Taxation

	2011	2010
	£	£
Group taxation relief on prior year losses	(217,041)	-
Tax on loss on ordinary activities	(217,041)	-

Notes to the financial statements
For the year ended 31 March 2011

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - lower than) the standard rate of corporation tax in the UK of 28% (2010 - 28%) The differences are explained below

	2011 £	2010 £
Loss on ordinary activities before tax	**(661,182)**	(732,831)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	**(185,131)**	(205,193)
Effects of.		
Expenses not deductible for tax purposes	**50**	175
Depreciation for year in excess of capital allowances	**7,559**	6,274
Group taxation relief on prior year losses	**(217,041)**	-
Unrelieved tax losses carried forward	**177,522**	198,744
Current tax credit for the year (see note above)	**(217,041)**	-

Tax losses carried forward consist of property losses of £174,057 (2010 £174,057), non-trade loan relationship deficit of £337,715 (2010 £696,893) and management expenses of £683,535 (2010 £621,021)

10. Tangible fixed assets

	Investment property £	Equipment £	Total £
Cost			
At 1 April 2010	**2,750,000**	**106,357**	**2,856,357**
Additions	-	**28,587**	**28,587**
At 31 March 2011	**2,750,000**	**134,944**	**2,884,944**
Depreciation			
At 1 April 2010	-	**65,266**	**65,266**
Charge for the year	-	**26,997**	**26,997**
At 31 March 2011	-	**92,263**	**92,263**
Net book value			
At 31 March 2011	**2,750,000**	**42,681**	**2,792,681**
At 31 March 2010	2,750,000	41,091	2,791,091

Notes to the financial statements
For the year ended 31 March 2011

10. Tangible fixed assets (continued)

The figure stated above in respect of the investment property includes £2,750,000 in respect of a valuation carried out as at 31 December 2010 by DTZ The basis of valuation was existing use basis The directors do not consider the value at 31 March 2011 to have changed materially since 31 December 2010

Investment property includes finance costs capitalised of £215,335 (2010 £214,026)

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts

	Investment property £
Cost	**5,146,734**
Net book amount at 31 March 2011	**5,146,734**
Net book amount at 31 March 2010	**5,146,734**

11. Stocks

	2011 £	2010 £
Raw materials	**291**	148

12. Debtors

	2011 £	2010 £
Due after more than one year		
Trade debtors	**21,127**	14,359
Prepayments and accrued income	**3,676**	5,177
	24,803	19,536

Notes to the financial statements

For the year ended 31 March 2011

13. Creditors:
Amounts falling due within one year

	2011	2010
	£	£
Bank loans	**1,933,358**	1,933,358
Trade creditors	**9,750**	44,843
Amounts owed to group undertakings	**4,774,564**	4,847,245
Social security and other taxes	**17,018**	11,303
Accruals and deferred income	**1,295,663**	783,826
	8,030,353	7,620,575

Bank borrowings are secured by a first legal charge over the property and its associated assets, a debenture over the company's whole assets and a charge over collateral warranties

14. Derivatives

There were no derivatives held in the accounts at 31 March 2011 or at 31 March 2010

15. Contingent liabilities

Under an agreement dated 2 August 2007 between Estuary Holdings Limited, Office Space Limited and Elliott Group Limited certain amounts are payable to Estuary Holdings Limited when certain rental income thresholds are exceeded The total amount payable under this agreement is £375,000 As at 31 March 2011 none of the rental thresholds had been met

16. Disclosure of limitation of auditor's liability

The company has entered into a proportionate liability agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 March 2011 The proportionate liability agreement follows the terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Audit Liability Agreements, and was approved by the members on 20 December 2011

17. Related party transactions

The company was a wholly owned subsidiary of Algeco/Scotsman Holding Sarl for the period and as such is exempt under FRS 8 from disclosing transactions with companies in the group headed up by that company

Loans of £1,724,722 (2010 £1,941,763) and £3,049,842 (2010 £2,905,482) have been advanced by Elliott Group Limited and TDR Capital Nominees Limited, a subsidiary of the ultimate controlling related party, respectively to fund the construction of the Chepstow office development and for working capital purposes on which interest is charged at an arms length rate

Notes to the financial statements
For the year ended 31 March 2011

18. Share capital

	2011 £	2010 £
Authorised		
500,000 Ordinary shares of £1 each	**500,000**	500,000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	**2**	2

19. Reserves

	Profit and loss account £
At 1 April 2010	(4,753,063)
Loss for the year	(444,141)
At 31 March 2011	(5,197,204)

20. Reconciliation of movement in shareholders' deficit

	2011 £	2010 £
Opening shareholders' deficit	**(4,753,061)**	(4,020,230)
Loss for the year	**(444,141)**	(732,831)
Closing shareholders' deficit	**(5,197,202)**	(4,753,061)

21. Ultimate parent company

At 31 March 2011, the directors considered the company's immediate parent company and controlling related party to be Algeco/Scotsman Holding Sarl due to its 100% shareholding in the company Algeco/Scotsman Holding Sarl is the parent company of the largest group of undertakings to consolidate these financial statements at 31 December 2010 and 2011 The consolidated financial statements of Algeco/Scotsman Holding Sarl are available from 20, rue Eugène Ruppert, L-2453, Luxembourg

The ultimate controlling party is TDR Capital LLP, an undertaking incorporated in England