

Financial Statements Office Space Limited

For the period ended 30 September 2012



Registered number: 05566617

Office Space Limited

Company Information

Registered number	05566617
Registered office	One Stanhope Gate LONDON W1K 1AF
Directors	Mr S J Robertson Mr D Cummins
Company secretary	Mr G May
Independent 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

Office Space Limited

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Directors' Report

For the period ended 30 September 2012

The directors present their report and the financial statements for the period ended 30 September 2012

Principal activities and business review

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

The company offers tenants and prospective tenants a flexible accommodation solution based primarily on short term licence agreements as well as traditional lease agreements, as a means to maximise rental income

Going concern and post balance sheet events

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 period of £278,737

The company has remained 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. This has resulted in current liabilities exceeding its total assets by £8,118,477

These circumstances create material uncertainties over future trading results and cash flows

On 20 August 2013 the company sold the investment property to a third party for £1,030,000 and ceased to trade from this date. The fixed assets have been revalued to this amount during the period

The company has commenced discussions with its bankers and the ultimate controlling party to agree a settlement of its liabilities

The directors have concluded that the combination of these circumstances represent a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern. The accounts have therefore been prepared on the break up basis

Estimated costs to wind up the company including redundancy costs are £139,000. These costs have not been recognised as a liability in the financial statements as there was not a contracted obligation at the balance sheet date

Results and dividends

The loss for the period, after taxation, amounted to £2,921,275 (2011 - loss £444,141)

The directors have not recommended a dividend

Directors

The directors who served during the period were

Mr S J Robertson

Mr S Berry-Jones (resigned 20 August 2013)

Mr D Cummins (appointed 15 July 2011)

Mr J V G Rosa (resigned 15 July 2011)

Directors' Report

For the period ended 30 September 2012

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.

Directors' responsibilities statement

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 accounting 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.

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.

Office Space Limited

Directors' Report

For the period ended 30 September 2012

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 and signed on its behalf



Mr G May

Secretary

Date 7 September 2013



Independent Auditor's Report to the Members of Office Space Limited

We have audited the financial statements of Office Space Limited for the period ended 30 September 2012, 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 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 (APB'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 30 September 2012 and of its loss for the period 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 2 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £2,921,275 during the period ended 30 September 2012 and, at that date, the company's current liabilities exceeded its total assets by £8,118,477. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements have therefore been prepared on a break up basis.

Opinion on other matter prescribed by the Companies Act 2006

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



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

Grant Thornton UK LLP

Donna Steel (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Sheffield

12 September 2013

Profit and Loss Account

For the period ended 30 September 2012

	Note	18 months ended 30 September 2012 £	12 months ended 31 March 2011 £
Turnover	1,3	490,625	271,319
Cost of sales		(274,950)	(123,219)
Gross profit		215,675	148,100
Administrative expenses		(494,412)	(268,849)
Operating loss	4	(278,737)	(120,749)
Exceptional items	7	(1,743,468)	-
Loss on ordinary activities before interest		(2,022,205)	(120,749)
Interest payable and similar charges	8	(868,212)	(540,433)
Loss on ordinary activities before taxation		(2,890,417)	(661,182)
Tax on loss on ordinary activities	9	(30,858)	217,041
Loss for the financial period		(2,921,275)	(444,141)

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

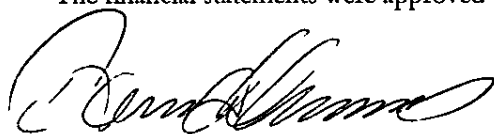
The notes on pages 8 to 15 form part of these financial statements

Balance Sheet

As at 30 September 2012

	Note	30 September 2012		31 March 2011	
		£	£	£	£
Fixed assets					
Tangible assets	10		1,030,000		2,792,681
Current assets					
Stocks	11	344		291	
Debtors	12	26,758		24,803	
Cash at bank		42,192		15,376	
		<u>69,294</u>		<u>40,470</u>	
Creditors' amounts falling due within one year	13	<u>(9,217,771)</u>		<u>(8,030,353)</u>	
Net current liabilities			<u>(9,148,477)</u>		<u>(7,989,883)</u>
Net liabilities			<u>(8,118,477)</u>		<u>(5,197,202)</u>
Capital and reserves					
Called up share capital	14		2		2
Profit and loss account	15		<u>(8,118,479)</u>		<u>(5,197,204)</u>
Shareholders' deficit	16		<u>(8,118,477)</u>		<u>(5,197,202)</u>

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



Mr D Cummins

Director

Date 7 September 2013

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

Notes to the Financial Statements

For the period ended 30 September 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the break up basis and in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The principal accounting policies are set out below

1.2 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

1.3 Turnover

Turnover comprises rental income, which is recognised over the period that an office unit is on hire, and income for services supplied during the year, exclusive of Value Added Tax and trade discounts

1.4 Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No 19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company

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 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

1.5 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
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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

Notes to the Financial Statements

For the period ended 30 September 2012

2. Going concern and post balance sheet events

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 period of £278,737

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Estimated costs to wind up the company including redundancy costs are £139,000. These costs have not been recognised as a liability in the financial statements as there was not a contracted obligation at the balance sheet date

3. Turnover

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

All turnover arose within the United Kingdom

4. Operating loss

The operating loss is stated after charging

	18 months ended 30 September 2012 £	12 months ended 31 March 2011 £
Depreciation of tangible fixed assets		
- owned by the company	32,587	26,997
Auditor's remuneration - audit of the financial statements	7,350	4,000
Auditor's remuneration - taxation services	2,300	1,300

Notes to the Financial Statements

For the period ended 30 September 2012

5. Staff costs

Staff costs, including directors' remuneration, were as follows

	18 months ended 30 September 2012 £	12 months ended 31 March 2011 £
Wages and salaries	237,428	145,195
Social security costs	28,352	15,533
	<u>265,780</u>	<u>160,728</u>

The average monthly number of paid employees, including the director, during the period was as follows

	18 months ended 30 September 2012 No.	12 months ended 31 March 2011 No.
Director	1	1
Sales and administration	2	1
	<u>3</u>	<u>2</u>

6. Directors' remuneration

	18 months ended 30 September 2012 £	12 months ended 31 March 2011 £
Emoluments	<u>187,500</u>	<u>125,000</u>

7. Exceptional items

	18 months ended 30 September 2012 £	12 months ended 31 March 2011 £
Impairment of investment property	1,720,000	-
Impairment of office equipment	23,468	-
	<u>1,743,468</u>	<u>-</u>

Notes to the Financial Statements

For the period ended 30 September 2012

8. Interest payable

	18 months ended 30 September 2012 £	12 months ended 31 March 2011 £
On bank loans	130,818	48,401
On loans from group undertakings	737,394	492,032
	<u>868,212</u>	<u>540,433</u>

9. Taxation

	18 months ended 30 September 2012 £	12 months ended 31 March 2011 £
Group taxation relief on prior year losses	30,858	(217,041)
Tax on loss on ordinary activities	<u>30,858</u>	<u>(217,041)</u>

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 25 33% (2011 - 28%) The differences are explained below

	18 months ended 30 September 2012 £	12 months ended 31 March 2011 £
Loss on ordinary activities before tax	<u>(2,890,417)</u>	<u>(661,182)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25 33% (2011 - 28%)	(732,143)	(185,131)
Effects of:		
Expenses not deductible for tax purposes	441,620	50
Difference between depreciation and capital allowances for the year	(24,128)	7,559
Group taxation relief on prior year losses	30,858	(217,041)
Unrelieved tax losses carried forward	193,579	33,102
Other short term timing differences	121,072	144,420
Current tax credit for the year (see note above)	<u>30,858</u>	<u>(217,041)</u>

Tax losses carried forward consist of property losses of £174,057 (2011 £174,057), non-trade loan relationship deficit of £716,365 (2011 £337,715) and management expenses of £1,177,947 (2011 £683,535)

Notes to the Financial Statements

For the period ended 30 September 2012

10. Tangible fixed assets

	Investment property £	Equipment £	Total £
Cost			
At 1 April 2011	2,750,000	134,944	2,884,944
Additions	-	13,374	13,374
Impairment charge	(1,720,000)	(23,468)	(1,743,468)
At 30 September 2012	<u>1,030,000</u>	<u>124,850</u>	<u>1,154,850</u>
Depreciation			
At 1 April 2011	-	92,263	92,263
Charge for the period	-	32,587	32,587
At 30 September 2012	<u>-</u>	<u>124,850</u>	<u>124,850</u>
Net book value			
At 30 September 2012	<u>1,030,000</u>	<u>-</u>	<u>1,030,000</u>
At 31 March 2011	<u>2,750,000</u>	<u>42,681</u>	<u>2,792,681</u>

The figure stated above in respect of the investment property is based on the post period end sales price agreed. The deficit has been included in the profit and loss account for the year.

Investment property includes finance costs capitalised of £nil (2011 £215,335)

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 and net book amount at 31 March 2011	5,146,734
Impairment charge	(4,116,734)
Net book amount at 30 September 2012	<u>1,030,000</u>

11. Stocks

	30 September 2012 £	31 March 2011 £
Raw materials	<u>344</u>	<u>291</u>

Notes to the Financial Statements

For the period ended 30 September 2012

12. Debtors

	30 September 2012	31 March 2011
	£	£
Trade debtors	19,511	21,127
Prepayments and accrued income	7,247	3,676
	<u>26,758</u>	<u>24,803</u>

**13. Creditors:
Amounts falling due within one year**

	30 September 2012	31 March 2011
	£	£
Bank loans	1,933,358	1,933,358
Trade creditors	4,638	9,750
Amounts owed to group undertakings	5,102,039	4,774,564
Social security and other taxes	21,855	17,018
Other creditors	125,000	-
Accruals and deferred income	2,030,881	1,295,663
	<u>9,217,771</u>	<u>8,030,353</u>

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. Share capital

	30 September 2012	31 March 2011
	£	£
Authorised		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Notes to the Financial Statements

For the period ended 30 September 2012

15. Reserves

	Profit and loss account £
At 1 April 2011	(5,197,204)
Loss for the period	(2,921,275)
At 30 September 2012	<u>(8,118,479)</u>

16. Reconciliation of movement in shareholders' deficit

	30 September 2012 £	31 March 2011 £
Opening shareholders' deficit	(5,197,202)	(4,753,061)
Loss for the period/year	(2,921,275)	(444,141)
Closing shareholders' deficit	<u>(8,118,477)</u>	<u>(5,197,202)</u>

17. Derivatives

There were no derivatives held in the accounts at 30 September 2012 or at 31 March 2011

18. 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 30 September 2012. 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 written resolution.

19. 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 wholly owned companies in the group headed up by that company.

Loans of £1,755,580 (2011 £1,724,722) and £3,346,459 (2011 £3,049,842) 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 period ended 30 September 2012

20. Ultimate parent company

The directors consider 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 2011 and 2012. 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.