Grant Thornton

Financial statements
Office Space Limited

For the Year Ended 31 March 2009

Company No. 5566617

Officers and professional advisers

Company registration number	5566617
Registered office	One Stanhope Gate London W1K 1AF
Directors	Mr S J Robertson Mr S Berry-Jones Mr J V Goncalves Rosa
Secretary	Mr G May
Bankers	Barclays Bank Plc PO Box 674 121 Queen Street CARDIFF CF10 2XY
Solicitors	S J Berwin LLP 10 Queen Street LONDON EC4R 1BE
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor 2 Broadfield Court SHEFFIELD S8 0XF

Contents

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2009

Principal activities

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

Business review, principal risks and uncertainties

The company continues to offer tenants and prospective tenants a flexible accommodation solution based on short term licence agreements as a means to maximise rental income Due to the difficult economic conditions, the company has failed to achieve occupancy level and rental income sufficient to cover operating expenses and this has resulted in an operating loss for the year In an effort to increase rental income, the directors have appointed external letting agents to market the property and indicated that they are willing to consider traditional lease agreements

In the interim, 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 amounted to £1,402,209 The directors have not recommended a dividend

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

The directors who served the company during the year were as follows

Mr S J Robertson
Mr S Berry-Jones
Mr L G Tamberlin

Mr J V Goncalves Rosa was appointed as a director on 8 July 2009
Mr L G Tamberlin retired as a director on 8 July 2009

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 is difficult and is expected to remain so for the foreseeable future 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 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' responsibilities

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to 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 that 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 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of anv relevant audit information and to establish that the auditor is aware of that information

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487 (2) of the Companies Act 2006 unless the company receives notice under section 488 (1) of the Companies Act 2006

BY ORDER OF THE BOARD

Mr G May
Secretary
12 May 2010

GrantThornton

Report of the independent auditor to the members of Office Space Limited

We have audited the financial statements of Office Space Limited for the year ended 31 March 2009 which comprise the accounting policies, profit and loss account, balance sheet and notes 1 to 20 These financial statements have been prepared under the accounting policies set out therein

This report is made solelv 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 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

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities

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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements

In addition we report to you if, in our opinion, 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 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

Report of the independent auditor to the members of Office Space Limited (continued)

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 2009 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

Emphasis of matter - Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern The company incurred a net loss of £1,402,209 during the year ended 31 March 2009 and, at that date, the company's current liabilities exceeded its total assets by £4,020,230 These conditions, along with the other matters explained in note 1 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

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

SHEFFIELD
12 May 2010

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention

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

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 condition required by the bank to continue its loan

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

Cash flow statement

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

Turnover

The turnover shown in the profit and loss accounts represents amounts invoiced for services provided during the year, exclusive of Value Added Tax

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost or revaluation of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Equipment - 25%

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

Finance costs on fixed asset additions are capitalised during the period 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

Investment properties

Investment properties are shown at their open market value The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation 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, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties Investment properties are held for their investment potential and not for use by the company and so their 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

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Rental income

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

Profit and loss account

	Note	2009 £	2008 £
Turnover	2	**179,753**	246,220
Cost of sales		**(173,545)**	(283,261)
Gross profit/(loss)		**6,208**	(37,041)
Other operating charges	3	**(891,703)**	(1,649,199)
Operating loss	4	**(885,495)**	(1,686,240)
Attributable to			
Operating (loss)/profit before exceptional items		**(232,760)**	57,759
Exceptional items	4	**(652,735)**	(1,743,999)
		(885,495)	(1,686,240)
Interest receivable		**–**	686
Interest payable and similar charges	7	**(516,714)**	(512,666)
Loss on ordinary activities before taxation		**(1,402,209)**	(2,198,220)
Tax on loss on ordinary activities	8	**–**	138,337
Loss for the financial year	17	**(1,402,209)**	(2,059,883)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

Balance sheet

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	9	**2,809,369**	3,475,581
Current assets			
Stocks	10	**332**	868
Debtors	11	**127,109**	113,581
Cash at bank		**7,305**	13,093
		134,746	127,542
Creditors: amounts falling due within one year	12	**(6,964,345)**	(6,221,144)
Net current liabilities		**(6,829,599)**	(6,093,602)
Total assets less current liabilities		**(4,020,230)**	(2,618,021)
Capital and reserves			
Called-up equity share capital	16	**2**	2
Profit and loss account	17	**(4,020,232)**	(2,618,023)
Deficit	18	**(4,020,230)**	(2,618,021)

These financial statements were approved by the directors and authorised for issue on 12 May 2010, and are signed on their behalf by

Mr JV Goncalves Rosa
Director

Company Registration Number 5566617

Notes to the financial statements

1 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 Report of the directors As described therein, the current economic environment is difficult and is expected to remain so for the foreseeable future 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 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

2 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	2009 £	2008 £
United Kingdom	**179,753**	246,220

3 Other operating charges

	2009 £	2008 £
Administrative expenses	**238,968**	(94,800)
Exceptional administrative expenses	**652,735**	1,743,999
	891,703	1,649,199

4 Operating loss

Operating loss is stated after charging/(crediting)

	2009	2008
	£	£
Depreciation of owned fixed assets	21,648	20,734
Profit on disposal of fixed assets	–	(209)
Auditor's remuneration		
Audit fees	4,300	4,200
Impairment of Property	652,735	1,743,999

5 Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2009	2008
	No	No
Directors	1	1
Sales and administration	1	1
	2	2

The aggregate payroll costs of the above were

	2009	2008
	£	£
Wages and salaries	141,731	145,998
Social security costs	16,130	16,632
	157,861	162,630

6 Directors

Remuneration in respect of directors was as follows

	2009	2008
	£	£
Emoluments receivable	125,000	118,750

7 Interest payable and similar charges

	2009	2008
	£	£
Interest payable on bank borrowing	516,714	512,666

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2009 £	2008 £
Current tax		
UK Corporation tax based on the results for the year at 28% (2008 - 30%)	-	(138,337)
Total current tax	-	(138,337)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 30%)

	2009 £	2008 £
Loss on ordinary activities before taxation	**(1,402,209)**	(2,198,220)
Loss on ordinary activities by rate of tax	**(392,619)**	(659,466)
Expenses not deductible for tax purposes	**182,793**	529,209
Capital allowances for period in excess of depreciation	**(29,923)**	(52,542)
Non taxable credit	-	(112,500)
Unused tax losses carried forward	**239,749**	332,799
Other	-	(37,500)
Group relief receivable	-	(138,337)
Total current tax (note 8(a))	-	(138,337)

9 Tangible fixed assets

	Investment Properties £	Equipment £	Total £
Cost			
At 1 April 2008	3,400,000	96,791	3,496,791
Additions	2,735	5,436	8,171
Deficit on revaluation	(652,735)	–	(652,735)
At 31 March 2009	2,750,000	102,227	2,852,227
Depreciation			
At 1 April 2008	–	21,210	21,210
Charge for the year	–	21,648	21,648
At 31 March 2009	–	42,858	42,858
Net book value			
At 31 March 2009	**2,750,000**	**59,369**	**2,809,369**
At 31 March 2008	3,400,000	75,581	3,475,581

9 Tangible fixed assets (continued)

Investment properties include finance costs capitalised of £214,026 (2008 £211,291)

Investment properties were revalued as at 31 March 2009 by DTZ The basis of valuation was existing use basis The deficit has been included in the profit and loss account for the year

The opening amount for investment properties represents amounts previously treated as assets in the course of construction

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

	Investment Properties £
Cost	5,146,734
Net Book amount at 31 March 2009	5,146,734
Net Book amount at 31 March 2008	5,143,999

10 Stocks

	2009 £	2008 £
Raw materials	**332**	868

11 Debtors

	2009 £	2008 £
Trade debtors	**12,547**	5,028
Other debtors	**–**	912
Prepayments and accrued income	**114,562**	107,641
	127,109	113,581

12 Creditors: amounts falling due within one year

	2009	2008
	£	£
Bank loans	**1,949,270**	1,933,445
Trade creditors	**133,722**	232,669
Amounts owed to group undertakings	**4,370,110**	3,792,514
Other taxation and social security	**11,532**	5,359
Accruals and deferred income	**499,711**	257,157
	6,964,345	6,221,144

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

13 Derivatives

There were no derivatives held in the accounts at 31 March 2009 or at 31 March 2008

14 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 2009 none of the rental thresholds had been met

15 Related party transactions

The company was a wholly owned subsidiary of Shieldmarker Ltd for the period and as such is exempt under FRS8 from disclosing transactions with companies in the group headed up by that company

Stephen Robertson, a director of the company, acted as a director of TDR Capital and Elliott Group Limited

Loans of £1,761,494 (2008 £1,600,350) and £2,608,617 (2008 £2,192,164) have been advanced by Elliott Group Limited (successor to Wraith plc) 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 Storage units were rented from Elliott Group Limited at a cost of £3,742 (2008 £38,257)

16 Share capital

Authorised share capital

	2009	2008
	£	£
500,000 Ordinary shares of £1 each	**500,000**	500,000

16 Share capital (continued)

Allotted, called up and fully paid

	2009 No	£	2008 No	£
2 Ordinary shares of £1 each	2	2	2	2

17 Reserves

	Profit and loss account £
At 1 April 2008	(2,618,023)
Loss for the year	(1,402,209)
At 31 March 2009	(4,020,232)

18 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Loss for the financial year	(1,402,209)	(2,059,883)
Opening shareholders' deficit	(2,618,021)	(558,138)
Closing shareholders' deficit	(4,020,230)	(2,618,021)

19 Post balance sheet events

On 26 August 2009, Shieldmarker Limited transferred its shareholding in the company to Algeco/Scotsman Holding Sarl

On 15 September 2009 the company entered into a loan agreement with The Royal Bank of Scotland plc to refinance the loan taken out to assist with the construction of the Chepstow office development The company continues to meet interest payments due to the bank, a condition subsequently required by the bank to continue the loan

20 Ultimate parent company

During the period covered by the financial statements, the company's immediate parent company and controlling related party was Shieldmarker Limited 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 2008 and 2009 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