

**MWB Business Exchange Cannon  
Centre Limited**

Directors' report and financial statements

Registered number 05687458

31 December 2009

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## **Directors' report and financial statements**

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## Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2009

### Principal activities

The principal activity of the Company is that of licensing and servicing business accommodation

### Results and dividends

The results for the year ended 31 December 2009 are set out on page 4. The Directors recommended the payment of a final dividend of £1,600,000, which was approved by shareholders in General Meeting and paid on 27 November 2009 (2008 £1,900,000)

### Directors and Directors' interests

The Directors who held office during the year and to the date of this report were as follows

R Aspland-Robinson  
K Pankhania  
J Singh  
J R Spencer

None of the Directors had any interest in the share capital of the Company

The interests of J Singh in the share capital of the ultimate holding company, MWB Group Holdings Plc, are disclosed in the financial statements of that company. R Aspland-Robinson holds 1,882,385 ordinary shares in MWB Group Holdings Plc

### Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information 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 to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### Auditors

A resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the Board



J Bartlett  
Secretary

MWB Business Exchange Cannon Centre Limited, registered number 5687458

179 Great Portland Street  
London W1W 5LS

30 March 2010

## **Statement of Directors' responsibilities in respect of the Directors' report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



## **Independent auditors' report to the members of MWB Business Exchange Cannon Centre Limited**

We have audited the financial statements of MWB Business Exchange Cannon Centre Limited for the year ended 31 December 2009 set out on pages 4 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **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 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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.

### **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.

**Shaun Kirby (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
*Chartered Accountants*  
8 Salisbury Square  
London EC4Y 8BB  
30 March 2010

**Profit and loss account**  
*for the year ended 31 December 2009*

	<i>Note</i>	<b>Year ended 31 December 2009 £</b>	<b>Year ended 31 December 2008 £</b>
<b>Turnover</b>	<i>2</i>	<b>4,249,036</b>	<b>4,932,520</b>
Cost of sales		<b>(2,877,870)</b>	<b>(3,128,107)</b>
<b>Gross profit</b>		<b>1,371,166</b>	<b>1,804,413</b>
Administrative expenses		<b>(2,333)</b>	<b>(2,809)</b>
<b>Profit on ordinary activities</b>		<b>1,368,833</b>	<b>1,801,604</b>
Finance charges	<i>3</i>	<b>(6,237)</b>	<b>(5,071)</b>
<b>Profit on ordinary activities before taxation</b>	<i>4</i>	<b>1,362,596</b>	<b>1,796,533</b>
Tax on profit on ordinary activities	<i>6</i>	<b>-</b>	<b>-</b>
<b>Profit for the year</b>	<i>13</i>	<b>1,362,596</b>	<b>1,796,533</b>

All amounts relate to continuing activities

There is no difference between profit disclosed above and that prepared on the historical cost basis

There are no recognised gains and losses other than the profit for the year

The notes on pages 7 to 12 form part of these financial statements

**Balance sheet**  
*At 31 December 2009*

	<i>Note</i>	<b>31 December 2009</b> £	<b>31 December 2008</b> £
<b>Fixed assets</b>			
Tangible assets	7	2,261,164	2,530,105
<b>Current assets</b>			
Cash at bank		1,865	24,093
Debtors	8	465,080	502,824
		466,945	526,917
Creditors amounts falling due within one year	9	(2,460,170)	(2,367,924)
<b>Net current liabilities</b>		(1,993,225)	(1,841,007)
<b>Total assets less current liabilities</b>		267,939	689,098
Creditors amounts falling due after more than one year	10	(30,614)	(214,369)
<b>Net assets</b>		237,325	474,729
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Profit and loss account	13	237,324	474,728
<b>Equity shareholders' funds</b>		237,325	474,729

These financial statements were approved by the Board of Directors on 30 March 2010 and were signed on its behalf by



**J R Spencer**  
*Director*



**K Pankhania**  
*Director*

The notes on pages 7 to 12 form part of these financial statements

**Reconciliation of movements in shareholders' funds**  
*for the year ended 31 December 2009*

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
<b>Profit for the year</b>	<b>1,362,596</b>	<b>1,796,533</b>
<b>Dividend paid</b>	<b>(1,600,000)</b>	<b>(1,900,000)</b>
Opening shareholders' funds	474,729	578,196
<b>Closing shareholders' funds</b>	<b>237,325</b>	<b>474,729</b>

The notes on pages 7 to 12 form part of these financial statements



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

#### *Basis of preparation*

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

Under FRS 1 (Revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of MWB Business Exchange Plc, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties)

The Company has received an assurance from MWB Business Exchange Plc that it will provide such funds as are necessary for the Company to meet its liabilities as they fall due

#### *Tangible fixed assets*

Operational properties are included in the balance sheet at their depreciated historic cost at the balance sheet date on the basis of historic cost and straight line depreciation. Impairment of operational properties to below their depreciated historical cost is charged directly to the profit and loss account

Additions include costs of a capital nature and certain refurbishment expenditure. Interest and other net outgoings directly attributable to operational properties in the course of development are treated as part of the cost of the properties. All other costs associated with operational properties are written off as incurred

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal annual instalments over their estimated useful economic lives as follows

#### Short leasehold improvements

Machinery and electrical	The shorter of 20 years and the term of the lease
Ceilings, floors and partitions	The shorter of 15 years and the term of the lease
Front of house	The shorter of 7 years and the term of the lease

Fixtures and equipment	5 to 10 years
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Operational properties in the course of development and freehold land are not depreciated. Depreciation of properties commences once a centre is available for use

#### *Leased assets*

The Company had no finance leases in either 2009 or the previous accounting period

Operating lease charges are written off to the profit and loss account on a straight line basis over the lease term

## Notes (continued)

### Taxation

The charge for taxation is based on the result for the year, which takes account of taxation deferred because of timing differences between the treatment of certain items for taxation purposes and the treatment under the Company's accounting policies

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation

In accordance with FRS 19, deferred tax is provided in respect of all timing differences that have originated, but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise required by FRS 19. Deferred tax is measured on a non-discounted basis

### 2 Turnover

The turnover of the Company is stated net of value added tax and is derived from licensing and servicing business accommodation in the United Kingdom

### 3 Finance charges

	Year ended 31 December 2009	Year ended 31 December 2008
	£	£
Finance charges arose as follows		
Bank charges	6,237	5,071
	<u>          </u>	<u>          </u>

### 4 Profit on ordinary activities before taxation

	Year ended 31 December 2009	Year ended 31 December 2008
	£	£
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation - fixed assets owned	293,175	274,628
Loss on disposal of fixed assets	-	1,900
Rent payable on operating lease	1,194,729	1,070,476
	<u>          </u>	<u>          </u>

Audit fees borne by a parent company were as follows

	Year ended 31 December 2009	Year ended 31 December 2008
	£	£
Fees for the audit of the Company	600	600
	<u>          </u>	<u>          </u>

Fees for the audit of the Company represent the amount receivable by the Company's auditors

Fees paid to the Company's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the Company are not disclosed in the financial statements since the financial statements of the ultimate parent undertaking, MWB Group Holdings Plc, are required to disclose non-audit fees on a consolidated basis

**Notes** *(continued)*

**5 Directors and employees**

Payroll costs for the period relate to recharges from other group companies in respect of 8 (2008 8) employees

The aggregate payroll costs of these people are as follows

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Wages and salaries	199,304	268,632
Social security costs	18,302	27,839
Pension	963	-
	<u>218,569</u>	<u>296,471</u>

None of the Directors received any emoluments from the Company (2008 £nil)

**6 Tax on profit on ordinary activities**

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
UK corporation tax at 28% (2008 28.5%)	-	-

The tax charge arising on the profit on ordinary activities has been reduced from the amount that would arise from applying the prevailing corporation tax rate as follows

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
UK corporation tax at 28% (2008 28.5%) on Company profits before tax	(381,527)	(512,012)
Sundry permanent differences	(639)	(2,145)
Excess of capital allowances claimed over depreciation charged	(30,691)	(5,348)
Group relief surrendered by other group companies for no consideration	412,857	519,505
	<u>-</u>	<u>-</u>

## Notes (continued)

### 7 Tangible fixed assets

	Short leasehold improvements	Fixtures and equipment	Total
<i>Cost</i>			
At 1 January 2009	2,514,159	2,441,589	4,955,748
Additions	12,902	11,332	24,234
Retirements	-	(1,785,976)	(1,785,976)
<b>At 31 December 2009</b>	<b>2,527,061</b>	<b>666,945</b>	<b>3,194,006</b>
<i>Depreciation</i>			
At 1 January 2009	(389,377)	(2,036,266)	(2,425,643)
Charge for the year	(196,256)	(96,919)	(293,175)
Retirements	-	1,785,976	1,785,976
<b>At 31 December 2009</b>	<b>(585,633)</b>	<b>(347,209)</b>	<b>(932,842)</b>
<i>Net book value</i>			
<b>At 31 December 2009</b>	<b>1,941,428</b>	<b>319,736</b>	<b>2,261,164</b>
<i>Net book value</i>			
At 31 December 2008	2,124,782	405,323	2,530,105

Fully depreciated assets acquired before 2004 have been retired

### 8 Debtors

	31 December 2009 £	31 December 2008 £
Trade debtors	14,207	97,024
Prepayments and accrued income	450,873	405,800
	<b>465,080</b>	<b>502,824</b>

**Notes (continued)**

**9 Creditors: amounts falling due within one year**

	31 December 2009 £	31 December 2008 £
Trade creditors	15,002	39,764
Client deposits	512,501	609,077
Amounts due to group undertakings	1,626,796	1,350,914
Accruals and deferred income	38,519	38,672
Other taxes and social security	83,596	145,741
Rent free provision	183,756	183,756
	<u>2,460,170</u>	<u>2,367,924</u>

**10 Creditors: amount falling due after more than one year**

	31 December 2009 £	31 December 2008 £
Rent free provision	<u>30,614</u>	<u>214,369</u>

**11 Deferred Taxation**

	Amount provided 31 December 2009 £	Amount unprovided 31 December 2009 £	Amount provided 31 December 2008 £	Amount unprovided 31 December 2008 £
Accelerated capital allowances	-	127,610	-	11,053

The above deferred tax asset has not been recognised because the Company's future trading performance is uncertain

**12 Called up share capital**

	31 December 2009 £	31 December 2008 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

## Notes (continued)

### 13 Reserves

	Profit and loss account £
At 1 January 2009	474,728
Profit for the year	1,362,596
Dividend to equity shareholders	(1,600,000)
	<hr/>
At 31 December 2009	237,324
	<hr/>

### 14 Operating lease commitments

The Company had the following annual commitments under non-cancellable operating leases expiring within

	31 December 2009 £	31 December 2008 £
More than 5 years	1,408,650	1,408,650
	<hr/>	<hr/>

### 15 Immediate and ultimate parent companies

The immediate parent company is MWB Business Exchange Centres Limited and the ultimate parent company is MWB Group Holdings Plc. Both companies are registered in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by MWB Group Holdings Plc. The smallest group in which the results are consolidated is that headed by MWB Business Exchange Plc. The consolidated financial statements of both companies are available to the public and may be obtained from the MWB Group Holdings Plc company secretary, City Group PLC, 30 City Road, London EC1Y 2AG and the MWB Business Exchange Plc company secretary, Filex Services Limited, 179 Great Portland Street, London W1W 5LS.