

# The Office (Kirby) Limited

## REPORT AND FINANCIAL STATEMENTS

Period ended  
31 December 2008



Company Registration No. 6356912

# The Office (Kirby) Limited

## DIRECTORS, OFFICERS AND ADVISORS

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### DIRECTORS

C Green  
P Newborough  
O Olsen

### COMPANY SECRETARY

C Green

### REGISTERED OFFICE

175-185 Grays Inn Road  
London  
WC1X 8UP

### AUDITOR

Baker Tilly UK Audit LLP  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

# The Office (Kirby) Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of The Office (Kirby) Limited for the period ended 31 December 2008.

### PRINCIPAL ACTIVITY

The principal activity of the company is that of provider of office space for rental.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company was incorporated on 30 August 2007 and commenced trading on 10 October 2007. The directors are confident that this building will perform well and achieve high occupancy levels in line with their expectation in a relatively short space of time.

The directors have considered the appropriateness of the going concern basis as detailed on page 8.

### DIVIDENDS

The directors do not recommend the payment of a dividend.

### DIRECTORS

The following directors have held office since incorporation:

C Green  
P Newborough  
O Olsen

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITOR

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



C Green  
Secretary

# The Office (Kirby) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OFFICE (KIRBY) LIMITED

We have audited the financial statements on pages 6 to 13.

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 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 opinion we have formed.

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 Directors' Report 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 Directors' Report 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 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.

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 at 31 December 2008 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OFFICE (KIRBY) LIMITED

### **Emphasis of matter – going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the accounting policies on page 8 of the financial statements concerning the company's ability to continue as a going concern.

As explained on page 8 the ability of the company to continue as a going concern is dependent on the continued support of the parent company and the parent company's bankers and one of its shareholders, and on certain covenants set by the parent company's bankers being met. The company incurred a net loss of £653,125 during the period ended 31 December 2008. These conditions along with the other matters explained on page 8 indicate the existence of an uncertainty which may cast doubt about the ability of the company to continue as a going concern which would have a material and significant consequence. The financial statements do not include any adjustments that would result if the company were unable to continue as a going concern.



BAKER TILLY UK AUDIT LLP  
Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

20/8/09

**The Office (Kirby) Limited**  
**PROFIT AND LOSS ACCOUNT**  
**for the period ended 31 December 2008**

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	<i>Notes</i>	Period ended 31 December 2008 £
TURNOVER	1	169,244
Administrative expenses		(215,346)
Other operating income		156,269
OPERATING PROFIT		<u>110,167</u>
Bank interest receivable		14,348
Interest payable	2	(777,640)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(653,125)</u>
Taxation	4	-
LOSS FOR THE FINANCIAL PERIOD	10	<u><u>(653,125)</u></u>

Turnover and the operating profit for the period arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

**The Office (Kirby) Limited**  
**BALANCE SHEET**  
**31 December 2008**

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	<i>Notes</i>	2008 £
<b>FIXED ASSETS</b>		
Tangible assets	5	8,138,970
<b>CURRENT ASSETS</b>		
Debtors	6	1,042,175
Cash at bank and in hand		67,503
		<u>1,109,678</u>
<b>CREDITORS: Amounts falling due within one year</b>	7	<u>(6,381,032)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(5,271,354)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,867,616</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	8	<u>(3,520,641)</u>
<b>NET LIABILITIES</b>		<u>(653,025)</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	9	100
Profit and loss account	10	(653,125)
<b>EQUITY SHAREHOLDER'S FUNDS</b>	13	<u>(653,025)</u>

The financial statements have been prepared in accordance with the Special Provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statement on pages 6 to 13 were approved by the board and authorised for issue on 20/08/2009



C Green  
Director



# The Office (Kirby) Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and on the going concern basis.

The ability of the company to continue as a going concern is dependent upon the continued support of the company's parent company and the facilities made available to the parent company by its bankers and one of its shareholders.

The directors of the company's immediate parent, The Office Group Holdings Limited, have confirmed that The Office Group Holdings Limited will provide sufficient finance in the period to 30 September 2010 to allow the company to pay its debts as they fall due.

The parent company's bank facilities are based upon certain bank covenants, one of which relies upon a loan to property value ratio, being met. Based upon the valuations of the properties held by the company and its fellow subsidiary undertakings ("the group") at the balance sheet date, as prepared by the directors of those companies, this lending covenant has been met. However, the bank has the ability to request a valuation of the group's properties at their discretion and it is not possible to determine whether the outcome of these valuations will result in a future breach of the loan covenants.

A further covenant requires the group to maintain a bank balance of at least £500,000 at all times. A shareholder of the parent company has confirmed that in the period to 30 September 2010 they will make available to the parent company up to £500,000 of funding, if required, to avoid the parent company breaching bank covenants.

On the basis of current financial projections and facilities available, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, they consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### TANGIBLE FIXED ASSETS

In accordance with Statement of Standard Accounting Practice No.19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. If the deficit is considered permanent it is recognised within the profit and loss account. No depreciation is provided in respect of investment properties. This accounting policy is not in accordance with the requirements of the Companies Act 1985 but the directors consider that it results in the accounts giving a true and fair view as these properties are not held for consumption in the business operations but for investment. Properties in the course of construction are carried at historic cost and are not depreciated.

Other tangible fixed assets are included at historic cost.

Depreciation is provided on all tangible fixed assets, other than investment properties and properties in the course of construction, at the following annual rates in order to write each asset down to its estimated residual value evenly over its estimated useful life as follows:

Fixtures, fittings and equipment	25% on cost
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Property in the course of construction are not depreciated.

# The Office (Kirby) Limited

## ACCOUNTING POLICIES

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### TURNOVER

Turnover represents amounts receivable for rental income and services provided in the year, net of VAT.

### CAPITALISATION OF FINANCE COSTS

Finance costs directly attributable to the construction of tangible fixed assets incurred up to the time that identifiable major capital projects are ready for service, are capitalised as part of the cost of the assets.

# The Office (Kirby) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 2008

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### 1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss on ordinary activities before taxation was made in the United Kingdom and derived from its principal activity.

Turnover in the period was derived from tenants occupying the building upon purchase by the company. The building was subsequently vacated to allow refurbishment to take place.

2	INTEREST PAYABLE	Period ended 31 December 2008 £
	Interest payable on bank loan	308,474
	Interest payable on loan stock	469,166
		<u>777,640</u>

3	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	Period ended 31 December 2008 £
	Loss on ordinary activities before taxation is stated after charging:	
	Auditor's remuneration	6,875
		<u></u>

### DIRECTORS' EMOLUMENTS

The company's directors are employed under contracts of service with one of the company's fellow subsidiaries. These costs are recharged to the company within the management charge of £63,234 which also includes recharged administration costs borne by the fellow subsidiary on behalf of the company. Consequently, it is not possible to identify separately the amount relating to directors' emoluments. Directors' emoluments are disclosed in the consolidated accounts of The Office Group Holdings Limited.

4	TAXATION	Period ended 31 December 2008 £
	Current tax:	
	UK corporation tax on losses of the period	-
	Total current tax	<u>-</u>
	Deferred taxation:	
	Origination and reversal of timing differences	-
	Total deferred tax	<u>-</u>
	Tax on loss on ordinary activities	<u>-</u>

**The Office (Kirby) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 31 December 2008

4 TAXATION (continued)

Period ended  
31 December  
2008  
£

Factors affecting tax charge for period:

The tax assessed for the period varies from the standard rate of corporation tax (28.5%) as explained below:

Loss on ordinary activities before tax	(653,125)
Loss on ordinary activities multiplied by standard rate of corporation tax of 28.5%	(186,141)
Effects of:	
Income not taxable	(44,537)
Capital allowances for period in excess of depreciation	(245)
Tax losses carried forward	92,256
Group relief not paid for	76,289
Transfer pricing adjustment	63,301
Other timing differences	(923)
Current tax charge for the period	-

A deferred tax asset in respect of tax losses in the period of £121,623 has not been recognised in the financial statements due to the uncertainty as to the timing of future profits.

The unprovided deferred tax at 31 December 2008 that would be realisable on the sale of the revalued assets in the group amounts to £359,944.

5 TANGIBLE FIXED ASSETS

	Property in the course of construction £	Fixtures, fittings & equipment £	Total £
<b>COST</b>			
Additions	8,137,043	1,927	8,138,970
At 31 December 2008	8,137,043	1,927	8,138,970
<b>DEPRECIATION</b>			
Charge for year	-	-	-
At 31 December 2008	-	-	-
<b>NET BOOK VALUE</b>			
At 31 December 2008	8,137,043	1,927	8,138,970

During the year, £65,307 of finance costs directly attributable to the financing of freehold property developments were capitalised at the weighted average cost of the related borrowings. The total capitalised finance costs at 31 December 2008 was £65,307.

The property in the course of construction is used as security against a bank loan held by The Office Group Holdings Ltd, the company's parent undertaking.

**The Office (Kirby) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period ended 31 December 2008**

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6	DEBTORS	2008 £
	Amounts owed by group undertakings	1,004,296
	Trade debtors	3,415
	Other debtors	10,925
	Prepayments	23,539
		<u>1,042,175</u>
7	CREDITORS: Amounts falling due within one year	2008 £
	Trade creditors	58,486
	Amounts owed to group undertakings	6,029,461
	Accruals	293,085
		<u>6,381,032</u>
8	CREDITORS: Amounts falling due after more than one year	2008 £
	Unsecured loan notes	<u>3,520,641</u>
	Repayable between two and five years	<u>3,520,641</u>
9	SHARE CAPITAL	2008 £
	Authorised: 2,000 ordinary shares of 50p each	<u>1,000</u>
	Allotted, issued and fully paid: 200 ordinary shares of 50p each	<u>100</u>
	100 ordinary £1 shares were issued in the year at par in order to provide the company's initial share capital. On 13 October 2007 the shares were subdivided into 200 ordinary shares of 50p each.	
10	PROFIT AND LOSS ACCOUNT	2008 £
	Loss for the financial period	(653,125)
	31 December	<u>(653,125)</u>

**The Office (Kirby) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period ended 31 December 2008**

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**11 RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption conferred by Financial Reporting Standard No. 8, not to disclose transactions with fellow group companies. Other than the transactions with group companies, there were no related party transactions during the year.

**12 CAPITAL COMMITMENTS** 2008  
£

Capital expenditure contracted for but not provided in the financial statements 2,811,000

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**13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS** 2008  
£

New share capital subscribed	100
Loss for the financial period	(653,125)
Closing shareholder's funds	<u>(653,025)</u>

**14 CONTINGENT LIABILITIES**

All assets of The Office (Kirby) Limited have been pledged as security for a group bank loan held by The Office Group Holdings Limited.

At 31 December 2008 the group bank loan was £22,536,555.

**15 PARENT COMPANIES**

The Office Group Holdings Limited owns 100% of the issued ordinary share capital of the company and is therefore its immediate parent company. Copies of the financial statements of The Office Group Holdings Limited can be obtained from 175-185 Gray's Inn Road, London WC1X 8UP.

The ultimate parent company is Bridges Community Ventures Limited. Copies of that company's financial statements can be obtained from 1 Craven Hill, London, W2 3EN.

Both the immediate and ultimate parent companies are registered in England and Wales.