

Company Registration No 06786519 (England and Wales)

**ESQUIRE REALTY (GEFFEN) LTD**  
**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

FRIDAY



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28/09/2012  
COMPANIES HOUSE

# ESQUIRE REALTY (GEFFEN) LTD

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# **ESQUIRE REALTY (GEFFEN) LTD**

## **INDEPENDENT AUDITORS' REPORT TO ESQUIRE REALTY (GEFFEN) LTD**

### **UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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We have examined the abbreviated accounts set out on pages 2 to 6, together with the financial statements of Esquire Realty (Geffen) Ltd for the year ended 31 December 2011 prepared under section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

#### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

**Shilpa Chheda (Senior Statutory Auditor)**  
**for and on behalf of KLSA LLP**  
**Chartered Accountants**  
**Statutory Auditor**  
**28-30 St. John's Square**  
**London**  
**EC1M 4DN**

**25 September 2012**

# ESQUIRE REALTY (GEFFEN) LTD

## ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
<b>Fixed assets</b>					
Tangible assets	2	2,580,000		6,031,000	
Investments	2	535		535	
		<u>2,580,535</u>		<u>6,031,535</u>	
<b>Current assets</b>					
Debtors		704,230		766,341	
Cash at bank and in hand		93		26,611	
		<u>704,323</u>		<u>792,952</u>	
<b>Creditors' amounts falling due within one year</b>		<u>(996,517)</u>		<u>(746,546)</u>	
<b>Net current (liabilities)/assets</b>		<u>(292,194)</u>		<u>46,406</u>	
<b>Total assets less current liabilities</b>		<u>2,288,341</u>		<u>6,077,941</u>	
<b>Creditors amounts falling due after more than one year</b>	3	<u>(3,150,000)</u>		<u>(3,550,000)</u>	
		<u>(861,659)</u>		<u>2,527,941</u>	
<b>Capital and reserves</b>					
Called up share capital	4	1		1	
Revaluation reserve		-		2,619,829	
Profit and loss account		<u>(861,660)</u>		<u>(91,889)</u>	
<b>Shareholders' funds</b>		<u>(861,659)</u>		<u>2,527,941</u>	

These abbreviated accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

Approved by the Board for issue on 25 September 2012

  
Mr David Manson  
Director

Company Registration No 06786519

# **ESQUIRE REALTY (GEFFEN) LTD**

## **NOTES TO THE ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

#### **1.2 Turnover**

Turnover represents rent receivable

#### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Freehold	Nil
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With respect to the freehold land and buildings, the buildings are maintained to such a standard that their residual value is not less than their cost or valuation, hence no depreciation is charged as it is not material

#### **1.4 Investments**

Fixed asset investments are stated at cost less provision for diminution in value

#### **1.5 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Esquire Realty Holdings Limited, a company incorporated in Guernsey, and is included in the consolidated accounts of that company

# ESQUIRE REALTY (GEFFEN) LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

### 1 Accounting policies

(continued)

#### 1.6 Going concern

In assessing the company's ability to continue as a going concern, the directors have considered the financial position and performance of both the company and the largest group of which the company is a member and for which consolidated financial statements are prepared. The largest such group is Esquire Consolidated Group Limited, which made a loss of £94m (this is after £71.3m relating to impairment of fixed assets and £7.7m relating to exceptional costs) for the year ended 31 December 2011, had a net current liability of £34m and negative shareholders funds of £101m as at 31 December 2011.

Having due regard to the net current liability and negative shareholders funds of Esquire Consolidated Group Limited, these financial statements have been prepared on the going concern basis, which assumes that the company and its fellow subsidiaries will continue to have sufficient funds to meet its cash requirements and its liabilities as they fall due for the next twelve months from approval of these financial statements.

The directors believe that, based on its current five year forecasts, which incorporates new banking facilities, additional funds introduced by loan stock holders of ultimate parent company and acquisition of new properties, the group will have sufficient funds to meet its cash requirements for the foreseeable future whilst maintaining compliance with the envisaged financial covenants within the new banking arrangement.

The current five year forecast is based on a number of financing and growth scenarios and, as discussed below, the financing have been secured to provide the group with sufficient funds for the next twelve months. The forecast assumes that growth will be achieved through realistic fee increases and occupancy levels. The directors believe that these are reasonable assumptions based on the group's previous history and current performance.

The new banking facilities, loan stock conversion and acquisition of new properties have taken place after the year end, and details are outlined below.

1 In July 2012, Esquire Consolidated Group Limited and its subsidiaries entered into a senior facilities agreement with its current group bankers and all its existing bank term loans and overdraft facilities including hedging instruments were refinanced and restructured. The new banking terms provide the Group with favourable interest terms compared to the facilities in place at the year end and additional credit facilities to support the Group's five year plan. The new facilities maturity date is July 2017.

2 In addition, the Convertible Unsecured Loan Stocks ("CULS") issued by the ultimate parent company, Esquire Group Investment (Holdings) Limited ("EGIHL") and its subsidiary, Esquire Consolidated Investment (Holdings) Limited, ("ECIHL") were capitalised with the relevant CULS holders ultimately receiving an equity interest at EGIHL level. Furthermore, certain of the CULS holders have advanced new money amounting to £7m alongside the bank senior lenders.

3 At the same time, the group has acquired four property holding companies from PSPI, whose properties were previously let to the group. This has resulted in the ownership of a further 28 freehold properties further increasing the Group's ownership of its own facilities.

On the above basis, the directors have a reasonable expectation that the group and company will be able to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis in preparing the financial statements.

# ESQUIRE REALTY (GEFFEN) LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

### 1 Accounting policies (continued)

#### 1.7 Un-provided deferred tax

The freehold properties have been valued on an existing use value basis. No provision has been made for deferred tax on revaluation of properties as it is not the directors' intention to sell those properties. Un-provided deferred tax amounting to £nil (2010 - £1 10 million) would become payable should these properties be sold.

### 2 Fixed assets

	Tangible assets £	Investments £	Total £
<b>Cost</b>			
At 1 January 2011	6,031,000	2,273,819	8,304,819
Revaluation	(3,451,000)	-	(3,451,000)
At 1 January 2011 & at 31 December 2011	2,580,000	2,273,819	4,853,819
<b>Depreciation</b>			
At 1 January 2011 & at 31 December 2011	-	2,273,284	2,273,284
<b>Net book value</b>			
At 31 December 2011	2,580,000	535	2,580,535
At 31 December 2010	6,031,000	535	6,031,535

Investment represents the ordinary shares held in wholly owned subsidiary, Codesurge Limited, a company incorporated in England and Wales. The subsidiary is dormant during the year under review.

### 3 Creditors: amounts falling due after more than one year

#### Analysis of loans repayable in more than five years

	2011 £	2010 £
Total amounts repayable by instalments which are due in more than five years	3,150,000	2,000,000

The aggregate amount of creditors for which security has been given amounted to £3,150,000 (2010 - £2,000,000).

The bank loan is secured by way of legal charge over the freehold property and buildings of the company, debentures and subordination agreements over third parties, directors, shareholders and inter company loans and cross guarantees by group companies.

# ESQUIRE REALTY (GEFFEN) LTD

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

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<b>4</b>	<b>Share capital</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	<b>Allotted, called up and fully paid</b>		
	1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

### **5 Ultimate parent company**

In the opinion of the director, the ultimate controlling party is Esquire Group Investment (Holdings) Limited, a company incorporated in the British Virgin Islands. The immediate parent company is Esquire Realty Investments (Mezzanine) Limited, a company incorporated in British Virgin Islands.

The smallest group for which Esquire Realty (Geffen) Limited is a member for which group financial statements are prepared is Esquire Realty Holdings Limited. The largest such group is Esquire Consolidated Group Limited, whose consolidated financial statements can be obtained from PO Box 175, Frances House, Sir William Place, St Peter Port, Guernsey, GY1 4HQ.