
BUSINESS ENVIRONMENT NO. 1 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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COMPANIES HOUSE

BUSINESS ENVIRONMENT NO. 1 LIMITED

COMPANY INFORMATION

DIRECTORS

S Rusk
D Saul
B Klug
C Gershinson
J Jenkins
A Emden
G Hefferman
N Gandy
G Mercer
A Stewart

COMPANY SECRETARY

S Rusk

COMPANY NUMBER

05723408

REGISTERED OFFICE

2nd Floor
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

AUDITORS

BDO LLP
Chartered Accountants and Registered Auditors
Kings Wharf
20-30 Kings Road
Reading
United Kingdom
RG1 3EX

BUSINESS ENVIRONMENT NO 1 LIMITED

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BUSINESS ENVIRONMENT NO. 1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the company is that of an investment holding company

DIRECTORS

The directors who served during the year were

S Rusk
D Saul
B Klug
C Gershinson
J Jenkins
A Emden
G Hefferman
N Gandy
G Mercer
A Stewart

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 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,
- 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.

RESULTS

The loss for the year, after taxation, amounted to £924,460 (2010 - profit £257,473)

BUSINESS ENVIRONMENT NO. 1 LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

PROVISION OF INFORMATION TO AUDITORS

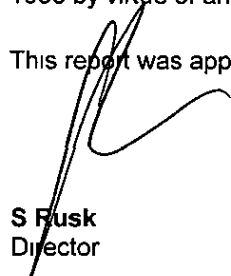
Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are 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 auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, BDO LLP, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 30 April 2007

This report was approved by the board and signed on its behalf



S Fusk
Director

Date 29 November 2012

BUSINESS ENVIRONMENT NO. 1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUSINESS ENVIRONMENT NO. 1 LIMITED

We have audited the financial statements of Business Environment No 1 Limited for the year ended 31 December 2011, 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 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, 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 APB'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 31 December 2011 and of its loss for the year 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 on the company's financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the company's ability to continue as a going concern.

As disclosed in Note 1, the company is reliant on the ability of the Group of which it is a member to secure bank funding in order to continue as a going concern. Some of the Group's bank facilities have expired with the remainder expiring on 28 December 2012. The Group requires funding from its banks on an ongoing basis to enable the Group and its trading subsidiaries to continue to trade on a going concern basis, unless the Group is able to secure alternative funding. As at the date of approval of these financial statements, the main bank facilities of the Group are being renegotiated and legal process is being finalised. However as at the date of the approval of these financial statements, no committed long term bank facilities are in place. The Group's directors are confident that the refinancing will be completed in 2012.

These conditions 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 do not include the adjustments that would be necessary if the company was unable to continue as a going concern.

BUSINESS ENVIRONMENT NO. 1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUSINESS ENVIRONMENT NO. 1 LIMITED

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



Simon Brooker (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor

BDO Reading
United Kingdom

29 November 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

BUSINESS ENVIRONMENT NO. 1 LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
TURNOVER	1,2	-	3,930,398
Administrative expenses		<u>(539,265)</u>	<u>(3,212,059)</u>
OPERATING (LOSS)/PROFIT	3	(539,265)	718,339
Interest receivable and similar income		3,000	-
Interest payable and similar charges	5	<u>(410,205)</u>	<u>(440,271)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(946,470)	278,068
Tax on (loss)/profit on ordinary activities	6	<u>22,010</u>	<u>(20,595)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	14	<u>(924,460)</u>	<u>257,473</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

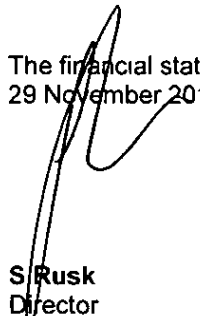
The notes on pages 7 to 14 form part of these financial statements

BUSINESS ENVIRONMENT NO. 1 LIMITED
REGISTERED NUMBER: 05723408

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	7		58,197		64,314
Investments	8		14		14
			<u>58,211</u>		<u>64,328</u>
CURRENT ASSETS					
Debtors amounts falling due after more than one year	9	26,430,105		420,424	
Debtors amounts falling due within one year	9	28,014		33,740	
Cash at bank		77,239		138,667	
		<u>26,535,358</u>		<u>592,831</u>	
CREDITORS amounts falling due within one year	10	(76,002)		(191,851)	
NET CURRENT ASSETS			<u>26,459,356</u>		<u>400,980</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>26,517,567</u>		<u>465,308</u>
CREDITORS amounts falling due after more than one year	11		(27,047,719)		(71,000)
NET (LIABILITIES)/ASSETS			<u>(530,152)</u>		<u>394,308</u>
CAPITAL AND RESERVES					
Called up share capital	13		1		1
Profit and loss account	14		(530,153)		394,307
SHAREHOLDERS' (DEFICIT)/FUNDS	15		<u>(530,152)</u>		<u>394,308</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 November 2012


S. Rusk
 Director

The notes on pages 7 to 14 form part of these financial statements

BUSINESS ENVIRONMENT NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 GOING CONCERN

The financial statements for the company have been prepared on a going concern basis. The company recorded a loss for the year ended 31 December 2011 of £924,460, and had net liabilities of £530,152 at the balance sheet date.

A detailed trading forecast has been prepared. The directors are confident that the company will trade profitably, and generate sufficient reserves going forward to support itself. However, in the event of the company requiring the support of the Group, the directors of Business Environment Holding Limited, the ultimate owner of the issued share capital of the company, have confirmed that the Group has undertaken to continue to provide such financial support as the company requires for its continued operations for a period of not less than twelve months from the date of the approval of these financial statements.

The company is reliant on the ability of the Group of which it is a member to secure bank funding in order to continue as a going concern. Some of the Group's bank facilities have expired with the remainder expiring on 28 December 2012. The Group requires funding from its banks on an ongoing basis to enable the Group and its trading subsidiaries to continue to trade on a going concern basis, unless the Group is able to secure alternative funding. As at the date of approval of these financial statements, the main bank facilities of the Group are being renegotiated and legal process is being finalised. The Group's directors are currently reviewing draft loan documentation. In addition, a major bank has agreed to join the Group's syndicate of senior debt providers and has credit approval to commit £30m of funding. The directors believe that this is a major achievement considering the current economic climate and banks' attitudes generally to lending to new customers. However, as at the date of the approval of these financial statements, no committed long term bank facilities are in place. The Group's directors are confident that the refinancing will be completed in 2012.

As a result of the above, the directors consider it appropriate to prepare the financial statements on a going concern basis. However, as at the date of approval of these financial statements, the Group's main bank facilities had expired and were in the process of being renegotiated. Until the legal processes are completed and the documents signed, there remains material uncertainty over the ability of the Group to secure bank facilities on an ongoing basis. However, if the refinancing is concluded as expected, as agreed by the banks and documented in the draft security documents, then the Group will continue as a going concern. These circumstances indicate the existence of a material uncertainty which may cast significant doubt over 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.

BUSINESS ENVIRONMENT NO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES (continued)

1.3 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.4 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

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

Land and buildings	-	2% straight line
Plant & machinery	-	12.5% straight line
Motor vehicles	-	20% straight line
Fixtures & fittings	-	12.5% straight line
Office equipment	-	12.5% straight line
Computer equipment	-	33.33% straight line

1.6 INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment

1.7 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

1.8 DIVIDENDS

Dividends payable by the company are recorded as a liability following a dividend declaration by the Board. Interim dividends are recognised when paid

2 TURNOVER

All turnover arose within the United Kingdom

BUSINESS ENVIRONMENT NO. 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

3 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging

	2011 £	2010 £
Depreciation of tangible fixed assets - owned by the company	6,117	15,822

During the year, no director received any emoluments (2010 - £NIL)

4. DIRECTORS' REMUNERATION

	2011 £	2010 £
Directors' emoluments	-	739,693
Directors' pension	-	4,436
Total	-	744,129

The directors' wages and salaries comprise charges from Business Environment Human Resources Limited, a related company

5 INTEREST PAYABLE

	2011 £	2010 £
On bank loans and overdrafts	409,673	439,562
On finance leases and hire purchase contracts	532	709
	410,205	440,271

6. TAXATION

	2011 £	2010 £
ANALYSIS OF TAX (CREDIT)/CHARGE IN THE YEAR		
DEFERRED TAX		
Origination and reversal of timing differences	(22,285)	19,727
Effect of increased tax rate on opening liability	275	868
TOTAL DEFERRED TAX (see note 12)	(22,010)	20,595
TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	(22,010)	20,595

BUSINESS ENVIRONMENT NO. 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

6. TAXATION (continued)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 26.5% (2010 - 28%)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate was to be reduced from 28% to 24% between 2011 and 2014. A number of further changes were announced in the 2011 and 2012 Budgets, so that the main rate of corporation tax was reduced to 26% from 1 April 2011, to 24% from 1 April 2012 and with further reductions planned to reduce it to 22% by 1 April 2014.

For the purposes of deferred tax, the rate change from 26% to 24% had not been substantively enacted by the balance sheet date. The deferred tax is therefore provided for at a rate of 25%, which was the most recent rate to be substantively enacted before the balance sheet date, although it is recognised that this rate is not going to apply for any year.

It is not yet possible to quantify the full effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charges and deferred tax assets accordingly.

7. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Total £
COST			
At 1 January 2011 and 31 December 2011	39,658	127,602	167,260
DEPRECIATION			
At 1 January 2011	-	102,946	102,946
Charge for the year	-	6,117	6,117
At 31 December 2011	-	109,063	109,063
NET BOOK VALUE			
At 31 December 2011	39,658	18,539	58,197
At 31 December 2010	39,658	24,656	64,314

BUSINESS ENVIRONMENT NO. 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

8. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2011 and 31 December 2011	14
NET BOOK VALUE	
At 31 December 2011	14
At 31 December 2010	14

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Business Environment Basingstoke Limited	Ordinary	100%
Business Environment City Limited	Ordinary	100%
Business Environment CityPoint Limited	Ordinary	100%
Business Environment Wembley Limited	Ordinary	100%
Business Environment Wembley No 1 Limited	Ordinary	100%
Business Environment Milton Keynes Limited	Ordinary	100%
Business Environment Minories Limited	Ordinary	100%
Business Environment Reading Limited	Ordinary	100%
Business Environment SoanePoint Limited	Ordinary	100%
Business Environment Threadneedle Street Limited	Ordinary	100%
Business Environment Groveland Limited	Ordinary	100%
Business Environment Rex Limited	Ordinary	100%
Business Environment Watling Limited	Ordinary	100%
Business Environment Spare Limited	Ordinary	100%

BUSINESS ENVIRONMENT NO 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

9. DEBTORS

	2011	2010
	£	£
DUE AFTER MORE THAN ONE YEAR		
Amounts owed by group undertakings	26,430,105	234,424
Other debtors	-	186,000
	<u>26,430,105</u>	<u>420,424</u>
	2011	2010
	£	£
DUE WITHIN ONE YEAR		
Trade debtors	2,242	-
Other debtors	51	30,029
Deferred tax asset (see note 12)	25,721	3,711
	<u>28,014</u>	<u>33,740</u>

**10 CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011	2010
	£	£
Bank loans and overdrafts	-	2,450
Trade creditors	2,242	-
Other creditors	-	3
Accruals and deferred income	73,760	189,398
	<u>76,002</u>	<u>191,851</u>

Bank loans and overdrafts include other bank loans totalling £Nil (2010 £2,450) that are secured on items of plant and machinery

**11. CREDITORS
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2011	2010
	£	£
Amounts owed to group undertakings	27,047,719	-
Other creditors	-	71,000
	<u>27,047,719</u>	<u>71,000</u>

Bank loans totalling £Nil (2010 £2,450) are secured on items of plant and machinery

BUSINESS ENVIRONMENT NO 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

12 DEFERRED TAX ASSET

	2011 £	2010 £
At beginning of year	3,711	24,306
Released during/(charged for) year	22,010	(20,595)
At end of year	<u>25,721</u>	<u>3,711</u>

The deferred tax asset is made up as follows

	2011 £	2010 £
Accelerated capital allowances	1,734	3,711
Tax losses carried forward	23,987	-
	<u>25,721</u>	<u>3,711</u>

13. SHARE CAPITAL

	2011 £	2010 £
ALLOTTED, CALLED UP AND FULLY PAID		
1 Ordinary shares share of £1	<u>1</u>	<u>1</u>

14 RESERVES

	Profit and loss account £
At 1 January 2011	394,307
Loss for the year	(924,460)
At 31 December 2011	<u>(530,153)</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	394,308	136,835
(Loss)/profit for the year	(924,460)	257,473
Closing shareholders' (deficit)/funds	<u>(530,152)</u>	<u>394,308</u>

BUSINESS ENVIRONMENT NO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

16 OTHER FINANCIAL COMMITMENTS

The company has cross-guaranteed group bank borrowings totalling £110,129,000 (2010 £110,129,000)

17. RELATED PARTY TRANSACTIONS

The company is a 100% subsidiary of Business Environment Holding Limited and as such has taken advantage of the exemption conferred by FRS 8 not to disclose transactions with other wholly owned undertakings in the group. During the period the company entered into transactions with companies that are under common ownership and control. The value of these transactions, amounts outstanding at the balance sheet date and the relevant companies involved are disclosed as follows

	2011 Transaction value £	2011 £	2010 Transaction value £	2010 £
BE Residential Developments Limited	-	-	-	(71,000)
BE Gordon House Limited	-	-	-	30,000
Titan Facilities Management Limited	-	-	-	156,000

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is considered to be Business Environment Holding Limited, which heads the largest group for which consolidated accounts are prepared. The smallest group for which consolidated accounts are prepared is headed by Business Environment Limited.

The consolidated accounts of both companies are available to the public and may be obtained from Companies House. No other group accounts include the results of the company.