
BUSINESS ENVIRONMENT NO. 1 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012



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

REGISTERED NUMBER

05723408

REGISTERED OFFICE

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

INDEPENDENT AUDITORS

haysmacintyre
Chartered Accountants & Registered Auditors
26 Red Lion Square
London
WC1R 4AG

BUSINESS ENVIRONMENT NO. 1 LIMITED

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BUSINESS ENVIRONMENT NO. 1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

The loss after taxation for the year was £1,931,494 (2011 - £924,460) The directors expect the company to return to profit in the next year

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks The directors have set out below the principal risks facing the business The directors are of the opinion that a risk management process is adopted which involves the formal review of all the risks identified below Where possible, processes are in place to monitor and mitigate such risks

Economic downturn

The economic cycle affects all businesses The majority of the group's client base is small to medium companies that feel a negative impact early in the economic downturn Consequently, we are aware of the market very quickly and can make the necessary adjustments to marketing, pricing and costs as soon as possible In addition, the group's income is mixed between short term variable and long term fixed income This diversified income reduces risk

The group's main cost is interest on its senior debt By leaving the majority of this debt on a floating rate, this cost is variable and tends to move in line with the economic cycle That is, when the market has a downturn, interest rates normally fall and so the group's cost also reduces thereby mirroring the effect on the turnover

Financing risks

The group owns most of its properties and so is subject to a financing risk with its banks As at the end of December 2013 the owned properties were refinanced for a further five years thereby removing this risk in the medium term Therefore the risks of financing are clearly identifiable by management and are being appropriately dealt with

Competition

The market, especially in central London, has become increasingly competitive Management constantly monitors the opening of new competing centres, their service offering and pricing We can then adjust our marketing and offering accordingly to remain competitive

Changes to legislation

The main changes to legislation that affect the group are with regards to empty property rates and the proposed changes to capital allowances At present, any proposed changes to the former would be in the group's interest The changes to the capital allowances provisions could impact the taxable benefit of future large refurbishments However, at present, no such large refurbishments are planned

People

Part of the group's successes can be attributed to the team and senior management working at each centre and head office We continue to develop, engage and support our staff to ensure retention and continued motivation With regards to senior management, we are seeking to provide part ownership in the group to promote loyalty and continued dedication

BUSINESS ENVIRONMENT NO. 1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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 accounting 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 £1,931,494 (2011 - loss £924,460)

BUSINESS ENVIRONMENT NO 1 LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

haysmacintyre were appointed as auditors during the period and have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the Annual General Meeting

This report was approved by the board on 3 March 2014 and signed on its behalf



S Rusk
Director

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 2012, set out on pages 6 to 15. 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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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.

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



Neil Gillam (Senior Statutory Auditor)
for and on behalf of haysmacintyre, Statutory Auditor

26 Red Lion Square
London
WC1R 4AG

3 March 2014

BUSINESS ENVIRONMENT NO 1 LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
Administrative expenses		(192,949)	(58,875)
OPERATING LOSS	2	(192,949)	(58,875)
Interest receivable and similar income		-	3,000
Interest payable and similar charges	4	(1,717,703)	(890,595)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,910,652)	(946,470)
Tax on loss on ordinary activities	5	(20,842)	22,010
LOSS FOR THE FINANCIAL YEAR	13	(1,931,494)	(924,460)

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 8 to 15 form part of these financial statements

BUSINESS ENVIRONMENT NO. 1 LIMITED
REGISTERED NUMBER: 05723408

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	6		12,968		58,197
Investments	7		14		14
			<u>12,982</u>		<u>58,211</u>
CURRENT ASSETS					
Debtors amounts falling due after more than one year	8	19,660,974		26,430,105	
Debtors amounts falling due within one year	8	10,568		28,014	
Cash at bank		12,411		77,239	
		<u>19,683,953</u>		<u>26,535,358</u>	
CREDITORS: amounts falling due within one year	9	(879,832)		(76,002)	
NET CURRENT ASSETS			<u>18,804,121</u>		<u>26,459,356</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>18,817,103</u>		<u>26,517,567</u>
CREDITORS: amounts falling due after more than one year	10		(21,278,749)		(27,047,719)
NET LIABILITIES			<u>(2,461,646)</u>		<u>(530,152)</u>
CAPITAL AND RESERVES					
Called up share capital	12		1		1
Profit and loss account	13		(2,461,647)		(530,153)
SHAREHOLDERS' DEFICIT	14		<u>(2,461,646)</u>		<u>(530,152)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 March 2014

S Rusk
Director

The notes on pages 8 to 15 form part of these financial statements

BUSINESS ENVIRONMENT NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012 of £1,931,494 (2011: £924,460), and had net liabilities of £2,461,646 (2011: £530,152) at the balance sheet date.

A detailed trading forecast has been prepared. The directors are confident the company will trade profitably, and generate sufficient reserves going forward to support themselves. 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 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 approval of the subsidiaries' 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 trading as a going concern. The Group's bank facilities have expired. 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. As at the date of the approval of these financial statements, the main bank facilities of the Group have been renegotiated, legal process has been finalised and committed long term bank facilities are in place.

As a result of the above, the directors consider it appropriate to prepare the financial statements on a going concern basis.

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 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

BUSINESS ENVIRONMENT NO. 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1. ACCOUNTING POLICIES (continued)**1.5 INVESTMENTS**

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

1.6 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

1.7 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. OPERATING LOSS

The operating loss is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets - owned by the company	<u>5,571</u>	<u>6,117</u>

3. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2011 - £NIL)

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
On bank loans and overdrafts	1,371,956	409,673
Facility fees	345,747	480,390
On finance leases and hire purchase contracts	-	532
	<u>1,717,703</u>	<u>890,595</u>

BUSINESS ENVIRONMENT NO 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

5. TAXATION

	2012 £	2011 £
ANALYSIS OF TAX CREDIT IN THE YEAR		
DEFERRED TAX		
Origination and reversal of timing differences	18,784	(22,285)
Effect of increased tax rate on opening liability	2,058	275
TOTAL DEFERRED TAX (see note 11)	<u>20,842</u>	<u>(22,010)</u>
TAX ON LOSS ON ORDINARY ACTIVITIES	<u>20,842</u>	<u>(22,010)</u>

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 24.5% (2011 - 26.5%)

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 from 26% to 24% from 1 April 2012, to 23% from 1 April 2013 and with further reductions planned to reduce it to 21% from 1 April 2014. A further announcement in the 2013 Budget on 20 March 2013 confirmed that the main rate of corporation tax would be reduced to 20% from 1 April 2015.

For the purposes of deferred tax, the rate change from 24% to 23% had been substantively enacted by the balance sheet date. The deferred tax is therefore provided for at a rate of 23%.

Although not applied in calculating the deferred tax, the full effect of the announced further 2% rate reduction will reduce the company's future current tax charges and deferred tax assets accordingly.

BUSINESS ENVIRONMENT NO. 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

6 TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Total £
COST			
At 1 January 2012	39,658	127,602	167,260
Disposals	(39,658)	(83,038)	(122,696)
At 31 December 2012	-	44,564	44,564
DEPRECIATION			
At 1 January 2012	-	109,063	109,063
Charge for the year	-	5,571	5,571
On disposals	-	(83,038)	(83,038)
At 31 December 2012	-	31,596	31,596
NET BOOK VALUE			
At 31 December 2012	-	12,968	12,968
At 31 December 2011	39,658	18,539	58,197

BUSINESS ENVIRONMENT NO. 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

7. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2012 and 31 December 2012	<u>14</u>
NET BOOK VALUE	
At 31 December 2012	<u>14</u>
At 31 December 2011	<u>14</u>

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 2012**

8. DEBTORS

	2012 £	2011 £
DUE AFTER MORE THAN ONE YEAR		
Amounts owed by group undertakings	19,660,974	26,430,105
	2012 £	2011 £
DUE WITHIN ONE YEAR		
Trade debtors	-	2,242
Other debtors	5,689	51
Deferred tax asset (see note 11)	4,879	25,721
	10,568	28,014

**9 CREDITORS.
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012 £	2011 £
Bank loans and overdrafts	5	-
Trade creditors	10,129	2,242
Other creditors	3	-
Accruals and deferred income	869,695	73,760
	879,832	76,002

**10. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2012 £	2011 £
Amounts owed to group undertakings	21,278,749	27,047,719

BUSINESS ENVIRONMENT NO. 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

11. DEFERRED TAX ASSET

	2012	2011
	£	£
At beginning of year	25,721	3,711
(Charge for)/released during year	(20,842)	22,010
At end of year	4,879	25,721

The deferred tax asset is made up as follows

	2012	2011
	£	£
Accelerated capital allowances	4,879	1,734
Tax losses carried forward	-	23,987
	4,879	25,721

12. SHARE CAPITAL

	2012	2011
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
1 Ordinary shares share of £1	1	1

13. RESERVES

	Profit and loss account £
At 1 January 2012	(530,153)
Loss for the year	(1,931,494)
At 31 December 2012	(2,461,647)

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2012	2011
	£	£
Opening shareholders' (deficit)/funds	(530,152)	394,308
Loss for the year	(1,931,494)	(924,460)
Closing shareholders' deficit	(2,461,646)	(530,152)

BUSINESS ENVIRONMENT NO. 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

15. OTHER FINANCIAL COMMITMENTS

The company has cross-guaranteed group bank borrowings totalling £110,129,000 (2011 £110,129,000)

The company is part of a multilateral guarantee with other group members as security for a group overdraft facility of £510,000

16. 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

17. 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.