

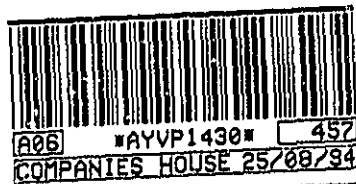
SERVITE DEVELOPMENT SERVICES LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

31ST MARCH, 1994



s h i p l e y s

chartered accountants

14-16 Regent Street, London SW1Y 4PS

SERVITE DEVELOPMENT SERVICES LIMITED

Directors

D.H. Piper (Chairman)
F.P. Higgins
A.J. Johnson
M.F. Shirley

Secretaries and Registered Office

W.H.R. Watson and B. Sneddon
2, Bridge Avenue,
London W6 9JP.

REPORT OF THE DIRECTORS

The directors submit their annual report together with the audited financial statements of the company for the year ended 31st March, 1994.

ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company owns an office block for commercial letting and is developing other residential property. From 1st April, 1994 the company has commenced the supply of fuel and power to its parent company.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £43,766, which when added to the loss brought forward of £33,014 leaves a loss to be carried forward of £76,780.

No dividend is proposed.

FIXED ASSETS

The significant changes in tangible fixed assets during the year are detailed in the notes to these financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year are named above.

None of the directors had any beneficial interest in the issued share capital of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period. The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

SERVITE DEVELOPMENT SERVICES LIMITED

REPORT OF THE DIRECTORS - CONTINUED

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The directors are responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Shipley Blackburn merged their practice with Knill, Padgham & Grande and now practise under the name of Shipleys. Accordingly they have signed their report in that name. A resolution to re-appoint Shipleys as auditors will be proposed at the Annual General Meeting.

By Order of the Board



W.H.R. Watson

Secretary

7th July, 1994



Chartered Accountants

16 Regent Street London SW1Y 4PS

Telephone 01-839 3311 Telex 910 1000 6602

AUDITORS' REPORT TO THE MEMBERS OF SERVITE DEVELOPMENT SERVICES LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the company's affairs as at 31st March, 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

SHIPLEYS

Chartered Accountants,
Registered Auditors.

7th July, 1994

SERVITE DEVELOPMENT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 1994

	Notes	£	1994 £	£	1993 £
TURNOVER	1a		1,007,028		-
COST OF SALES					
Construction costs		985,350		650,684	
Less: Work in progress		-		(650,684)	
			<u>985,350</u>		<u>-</u>
GROSS PROFIT			21,678		-
Other income			85,000		-
Administrative expenses			(150,444)		(31,644)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2		(43,766)		(31,644)
Taxation	4		-		-
LOSS FOR THE FINANCIAL YEAR			<u>(43,766)</u>		<u>(31,644)</u>
ACCUMULATED LOSS BROUGHT FORWARD			(33,014)		(1,370)
ACCUMULATED LOSS CARRIED FORWARD			<u>£(76,780)</u>		<u>£(33,014)</u>

The notes on pages 7 to 9 form part of these financial statements.

SERVITE DEVELOPMENT SERVICES LIMITED

BALANCE SHEET

31ST MARCH, 1994

	Notes	£	1994 £	£	1993 £
FIXED ASSETS					
Tangible assets	5		3,520,395		3,500,391
CURRENT ASSETS					
Work in progress	6	-		104,800	
Debtors and prepayments	7	-		63,763	
Cash at bank and in hand		2,000,465		820	
		<u>2,000,465</u>		<u>169,383</u>	
CREDITORS: Amounts falling due within one year	8	(2,006,951)		(136,050)	
NET CURRENT (LIABILITIES)/ASSETS			(6,486)		33,333
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,513,909</u>		<u>3,533,724</u>
CREDITORS: Amounts falling due after more than one year	9		(3,590,687)		(3,566,736)
			<u>£(76,778)</u>		<u>£(33,012)</u>
CAPITAL AND RESERVES					
Called up share capital	10		² (76,780)		² (33,014)
Profit and loss account			<u>£(76,778)</u>		<u>£(33,012)</u>

Approved by the Board on 7th July, 1994

D.H. Piper)

Directors

F.P. .iggins)

The notes on pages 7 to 9 form part of these financial statements.

SERVITE DEVELOPMENT SERVICES LIMITED
OTHER PRIMARY FINANCIAL STATEMENTS

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST MARCH, 1994

The retained loss for the year was the only recognised gain or loss in the year.

HISTORICAL COST PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 1994

All assets are stated in the financial statements at historical cost. Therefore, no adjustments are required to the reported profit which is stated on an unmodified historical cost basis.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31ST MARCH, 1994

	1994 £	1993 £
At 1st April, 1993	(33,012)	(1,368)
Loss for the year	(43,766)	(31,644)
At 31st March, 1994	<u>£(76,778)</u>	<u>£(33,012)</u>

SERVITE DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 1994

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with the following accounting policies:

a. Turnover

Turnover represents amounts receivable for the provision of building services.

b. Depreciation of tangible fixed assets

Depreciation of tangible fixed assets is provided at annual rates calculated to write off the cost less estimated residual value, over the estimated useful life as follows:

Freehold property - 2% per annum
Freehold land is not depreciated

c. Cash flow statement

The company is a small company as defined by sections 246 and 247 of the Companies Act 1985. It has therefore taken advantage of the exemption conferred by Financial Reporting Standard Number 1 not to prepare a cash flow statement.

d. Work in progress

Work in progress is valued at the lower of cost and net realisable value after taking into account payments on account.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	1994 £	1993 £
This is stated after charging:		
Depreciation	55,451	27,348
Auditors' remuneration - audit work	2,750	2,000
- other work	-	1,824

3. STAFF NUMBERS AND COSTS

The directors, who were the only employees of the company, received no remuneration during the year under review.

4. TAXATION

No charge for taxation arises on the results for the year.

SERVITE DEVELOPMENT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

31ST MARCH, 1994

5. TANGIBLE FIXED ASSETS

	Freehold Property £
Cost	
At 1st April, 1993	3,527,739
Additions in the period	75,455
	<u>3,603,194</u>
At 31st March, 1994	
Depreciation	
At 1st April, 1993	27,348
Charge for the year	55,451
	<u>82,799</u>
At 31st March, 1994	
Net Book Value	
At 31st March, 1994	<u>£3,520,395</u>
At 31st March, 1993	<u>£3,500,391</u>

6. WORK IN PROGRESS

	1994 £	1993 £
Construction cost	-	650,684
Less: payments on account	-	545,884
	<u>£ -</u>	<u>£104,800</u>

7. DEBTORS AND PREPAYMENTS

Other debtors	<u>£ -</u>	<u>£63,763</u>
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8. CREDITORS: Amounts falling due within one year

Group company	2,000,000	-
Other taxation and social security	1,261	-
Accruals	5,690	136,050
	<u>£2,006,951</u>	<u>£136,050</u>

SERVITE DEVELOPMENT SERVICES LIMITED
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 31ST MARCH, 1994

9. CREDITORS: Amounts falling due after more than one year	1994	1993
Amount due to parent undertaking	<u>£3,590,687</u>	<u>£3,566,736</u>

The balance due to the parent undertaking is secured by a legal charge over the freehold property. The balance is subject to an interest charge of £85,000 for the year to 31st March, 1994 (waived for the year to 31st March, 1993).

The parent undertaking has indicated that it would give at least twelve months notice if repayment was required.

10. SHARE CAPITAL	1994	1993
Authorised		
100 Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>£2</u>	<u>£2</u>

11. ULTIMATE PARENT UNDERTAKING

In the opinion of the directors the ultimate parent undertaking is Servite Houses which is incorporated in the U.K. and registered in England under the Industrial and Provident Societies Acts.



**SERVITE
HOUSES**

ss/pc

2 Bridge Avenue
London W6 9JP

Tel 081-563 7090
Fax 081-563 7099

24th August 1994

The Registrar of Companies,
Companies House,
Crown Way,
Cardiff CF4 3UZ

Dear Sirs,

COMPANY NAME: - SERVITE DEVELOPMENT SERVICES LIMITED
REGISTRATION NO:02585612

Please find enclosed a copy of the signed audited accounts of
the above company for the year ended 31st March 1994.

If you have any queries do not hesitate to contact me.

Yours faithfully,

S. Saifullah

Mrs. S. Saifullah
Chief Accountant

encl.

