

**Company Registration No:2608270**

**DEVELOPMENT SECURITIES (NORTH WEST) LIMITED**

**Report and Financial Statements**

**31 December 1997**



# **DEVELOPMENT SECURITIES (NORTH WEST) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 1997**

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# **DEVELOPMENT SECURITIES (NORTH WEST) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 1997**

### **OFFICERS AND PROFESSIONAL ADVISORS**

#### **DIRECTORS**

M H Marx  
N S Corderey  
C J Barwick  
Development Securities Estates PLC

#### **SECRETARY**

S A Lanes FCA

#### **REGISTERED OFFICE**

Portland House  
Stag Place  
London SW1E 5DS

#### **BANKERS**

Barclays Bank PLC  
50 Pall Mall  
London SW1A 1QB

#### **SOLICITORS**

Linklaters & Paines  
1 Silk Street  
London EC2Y 8HQ

#### **AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

# DEVELOPMENT SECURITIES (NORTH WEST) LIMITED

## DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year to 31 December 1997.

## PRINCIPAL ACTIVITY AND REVIEW OF DEVELOPMENTS

The principal activity of the company at present and for the foreseeable future is that of property investment. During the year the company continued to own and manage a commercial property.

## RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 6. The directors do not recommend the payment of a dividend (1996: £nil).

## DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were as follows:

M H Marx  
A E Bodie (resigned 21 May 1997)  
N S Corderey (appointed 21 May 1997)  
Development Securities Estates PLC (appointed 21 May 1997)

C J Barwick was appointed as a director on 16 July 1998.

None of the directors held any interests in the shares of the company or any other Group company during the year except as noted below.

The interests of M H Marx in the 50p ordinary shares of Development Securities PLC, the ultimate parent company, and options granted to him under that company's share option scheme are disclosed in the 1997 Report and Financial Statements of that company.

N S Corderey is entitled to the following options granted by Development Securities PLC:

<i>Date of Grant</i>	<i>Number</i>	<i>Exercise Date</i>	<i>Exercise Price</i>
7 April 1994	10,000 (1)	7 April 1997 to 6 April 2004	322.5p
23 June 1995	3,959 (2)	1 August 2000 to 31 January 2001	122.0p
6 June 1996	15,000 (3)	6 June 1999 to 5 June 2006	190.5p
6 May 1997	3,520 (2)	1 June 2002 to 30 November 2002	196.0p
19 May 1997	15,000 (3)	19 May 2000 to 18 May 2007	250.0p
21 May 1998	15,000 (3)	21 May 2001 to 20 May 2008	328.5p

- (1) Granted under the 1985 Share Option Scheme
- (2) Granted under the Savings Related Option Scheme 1995
- (3) Granted under the Executive Share Option Scheme 1995, with a performance condition that the net assets per ordinary share of the Group are equal to or in excess of the average growth in the All Properties Capital Growth Index during the same period over three consecutive financial years.

# DEVELOPMENT SECURITIES (NORTH WEST) LIMITED

## DIRECTORS' REPORT (continued)

### DIRECTORS AND DIRECTORS' INTERESTS (continued)

C J Barwick is entitled to the following options granted by Development Securities PLC:

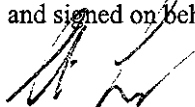
<i>Date of Grant</i>	<i>Number</i>	<i>Exercise Date</i>	<i>Exercise Price</i>
26 May 1998	214,395 (1)	26 May 2001 to 25 May 2008	326.5p

- (1) Granted under the Executive Share Option Scheme 1995, with a performance condition that the net assets per ordinary share of the Group are equal to or in excess of the average growth in the All Properties Capital Growth Index during the same period over three consecutive financial years.

### AUDITORS

A resolution concerning the reappointment of Deloitte & Touche as auditors is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



S A Lanes  
Secretary

23rd October 1998

## **DEVELOPMENT SECURITIES (NORTH WEST) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a 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 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.

## DEVELOPMENT SECURITIES (NORTH WEST) LIMITED

### AUDITORS' REPORT TO THE MEMBERS OF DEVELOPMENT SECURITIES (NORTH WEST) LIMITED

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 9.

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

As described on page 4, 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 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Deloitte & Touche  
Chartered Accountants and Registered Auditors  
Hill House  
1 Little New Street  
London EC4A 3TR

23rd October 1998

# DEVELOPMENT SECURITIES (NORTH WEST) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 1997

	Note	1997 £	1996 £
<b>TURNOVER</b>	1	94,895	120,895
Cost of sales		<u>(150,686)</u>	<u>(76,368)</u>
<b>GROSS (LOSS)/PROFIT</b>		(55,791)	44,527
Administrative expenses		<u>1,026</u>	<u>(1,078)</u>
<b>OPERATING (LOSS)/PROFIT</b>	2	(54,765)	43,449
Interest payable and similar charges	3	<u>(44,308)</u>	<u>(41,115)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION</b>		(99,073)	2,334
<b>PROFIT AND LOSS ACCOUNT BROUGHT FORWARD</b>		<u>329,079</u>	<u>326,745</u>
<b>PROFIT AND LOSS ACCOUNT CARRIED FORWARD</b>		<u>230,006</u>	<u>329,079</u>

All turnover and profits and losses derive from continuing operations.



# DEVELOPMENT SECURITIES (NORTH WEST) LIMITED

## BALANCE SHEET 31 December 1997

	Note	1997 £	1996 £
<b>FIXED ASSETS</b>			
Investment property	5	<u>1,750,000</u>	<u>1,750,000</u>
<b>CURRENT ASSETS</b>			
Debtors	6	109,271	138,096
Cash		<u>18,596</u>	<u>4,432</u>
		127,867	142,528
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(978,975)</u>	<u>(676,196)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(851,108)</u>	<u>(533,668)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>898,892</u>	<u>1,216,332</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	2	2
Revaluation reserve	9	668,884	887,251
Profit and loss account		<u>230,006</u>	<u>329,079</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>898,892</u>	<u>1,216,332</u>

These financial statements were approved by the Board of Directors on 23rd October 1998.

Signed on behalf of the Board of Directors

  
M H Marx  
Director

# DEVELOPMENT SECURITIES (NORTH WEST) LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 December 1997

	1997 £	1996 £
(Loss)/profit for the financial year	(99,073)	2,334
Deficit on revaluation of investment property	<u>(218,367)</u>	<u>(150,000)</u>
Total recognised losses for the financial year	<u>(317,440)</u>	<u>(147,666)</u>

There are no gains or losses or movements in shareholders' funds for the current and preceding financial year other than as stated above.

# DEVELOPMENT SECURITIES (NORTH WEST) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 1997

### 1 ACCOUNTING POLICIES

#### Basis of accounting

These financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of the investment property portfolio.

#### Investment Properties

- (i) Investment properties are revalued each year by independent professional valuers on the basis of an open market valuation. Surpluses and deficits arising are transferred directly to the revaluation reserve unless the deficit is considered to be permanent, whereupon it is charged to the profit and loss account.
- (ii) Profits or losses on disposal of investment properties are calculated by reference to book value.
- (iii) In the light of the policy on revaluation, no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. This treatment, as regards certain of the company's investment portfolio, may be a departure from the requirements of the Companies Act concerning depreciation and fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### Turnover

Turnover comprises rental income which all arose in the United Kingdom and is stated net of Value Added Tax.

### 2 OPERATING (LOSS)/PROFIT

None of the directors received any emoluments from the company during the year (1996: £nil).

The auditors' remuneration for the current and preceding financial year has been borne by Development Securities Estates PLC, a fellow subsidiary undertaking.

The company does not have any employees (1996: nil).

### 3 INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Interest payable on bank loan	<u>44,308</u>	<u>41,115</u>

# DEVELOPMENT SECURITIES (NORTH WEST) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 1997

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

Tax losses in the year will be surrendered to group companies for nil consideration.

No provision for deferred tax has been provided as the revaluation surplus does not constitute a timing difference and tax has therefore not been quantified.

### 5 TANGIBLE FIXED ASSETS

	Investment Property £
At 1 January 1997	1,750,000
Additions	218,367
Revaluation deficit	<u>(218,367)</u>
At 31 December 1997	<u>1,750,000</u>
At cost	<u>862,749</u>

The investment property was valued externally as at 31 December 1997 by External Valuers Gooch & Wagstaff, Chartered Surveyors, on the basis of Open Market Value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

### 6 DEBTORS

	1997 £	1996 £
Amounts due to group undertakings	34,623	34,623
Trade debtors	74,646	103,471
Unpaid share capital	<u>2</u>	<u>2</u>
	<u>109,271</u>	<u>138,096</u>

# DEVELOPMENT SECURITIES (NORTH WEST) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 1997

### 7 CREDITORS: amounts falling due within one year

	1997 £	1996 £
Bank loan	465,000	465,000
Trade creditors	2,993	1,312
Amounts due from ultimate parent company	384,070	62,195
Amount due from related undertakings	94,879	94,879
Corporation tax	3,882	3,882
Other taxation	-	5,062
Accruals and deferred income	<u>28,151</u>	<u>43,866</u>
	<u>978,975</u>	<u>676,196</u>

The loan is secured by a charge over the investment property and bears interest at 2.5% above three month LIBOR. The loan is payable in full in May 1998.

### 8 CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and nil paid:		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 9 REVALUATION RESERVE

	£
At 1 January 1997	887,251
Revaluation deficit during year	<u>(218,367)</u>
At 31 December 1997	<u>668,884</u>

### 10 CASH FLOW STATEMENT

The ultimate parent company, Development Securities PLC, has prepared a consolidated cash flow statement in accordance with Financial Reporting Standard No. 1, thus exempting this company from the requirement to prepare a cash flow statement.

# **DEVELOPMENT SECURITIES (NORTH WEST) LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 December 1997**

### **11 CONSOLIDATED FINANCIAL STATEMENTS**

The financial statements present information about the company as an individual undertaking and consolidated financial statements are not prepared as the company is itself a wholly owned subsidiary of a company registered in England and Wales.

### **12 ULTIMATE PARENT COMPANY**

The ultimate parent and controlling company is Development Securities PLC, a company registered in England and Wales. Copies of the Report and Financial Statements of Development Securities PLC can be obtained from Portland House, Stag Place, London SW1E 5DS.

### **13 RELATED PARTY DISCLOSURE**

The company is a wholly owned subsidiary undertaking and, in accordance with the exemption provided by Financial Reporting Standard No. 8, "Related Party Disclosures," transactions with other undertakings within the Development Securities PLC Group have not been disclosed within these financial statements.