

**Company registration number: 2850465**

**DEVELOPMENT SECURITIES (PROJECTS) LIMITED**

**Annual report and financial statements**

**for the year ended 28 February 2013**

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# **DEVELOPMENT SECURITIES (PROJECTS) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013**

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# **DEVELOPMENT SECURITIES (PROJECTS) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013**

### **OFFICERS AND PROFESSIONAL ADVISORS**

#### **DIRECTORS**

M H Marx  
C J Barwick  
M S Weiner  
R C McCubbine  
J S Hesketh  
D P Enticknap  
D A K Trench  
P R Patenall  
L W Martin  
D P Redstone  
M O Shepherd

#### **COMPANY SECRETARY**

H M Ratsey

#### **REGISTERED OFFICE**

Portland House  
Bressenden Place  
London  
SW1E 5DS

#### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

# **DEVELOPMENT SECURITIES (PROJECTS) LIMITED**

## **DIRECTORS' REPORT for the year ended 28 February 2013**

The directors present their annual report and financial statements for the year ended 28 February 2013. The comparative results presented are for the period 1 January 2011 to 29 February 2012.

The company registration number is 02850465.

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The company's principal activity during the year and for the foreseeable future is that of a holding company for a group of companies engaged in property development and trading.

On 6 March 2012, the company entered into an agreement to lend £3,000,000 to Cathedral (Greenwich Beach) Limited, a company incorporated in Great Britain and registered in England and Wales, to acquire a property in London.

The company is a designated member in Purplexed LLP, currently involved in a mixed-use development in Hayes, London.

On 21 February 2013, the company received interim dividends for the year ended 28 February 2013 of £60,000 per ordinary share representing income of £6,000,000 from DS Property Developments Limited.

### **RESULTS AND DIVIDENDS**

The company's profit for the financial year is £8,749,857 (14-month period ended 29 February 2012 £14,739,621 profit).

On 21 February 2013, the directors recommended and paid an interim dividend for the year ended 28 February 2013 of £3.00 per ordinary share at a total cost of £6,000,000 to Development Securities PLC. The directors do not recommend the payment of a final dividend (14-month period ended 29 February 2012 £15,250,000).

### **DIRECTORS**

The following were directors of the company for the year and up to the date of signing the financial statements:

M H Marx  
C J Barwick  
G Prothero (resigned 31 January 2013)  
M S Weiner  
R C McCubbine  
W K Kumar (resigned 30 April 2013)  
J S Hesketh  
D P Enticknap  
D A K Trench  
P R Patenall  
L W Martin  
D P Redstone  
M O Shepherd (appointed 18 February 2013)

# **DEVELOPMENT SECURITIES (PROJECTS) LIMITED**

## **DIRECTORS' REPORT for the year ended 28 February 2013 (continued)**

### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The company maintains directors' and officers' liability insurance, which is reviewed annually and is considered to be adequately insured. Such qualifying third party indemnity provisions remain in place at the date of approving the directors' report.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the company's strategy are subject to a number of risks. The company is a member of the Development Securities PLC group of companies. Further discussion of the risks and uncertainties, in the context of the group as a whole, is provided in the group's annual report which does not form part of this report.

### **KEY PERFORMANCE INDICATORS ("KPIs")**

The directors of Development Securities PLC manage the group's operations on a group basis. For this reason, the company's directors believe that an analysis using KPIs for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the company. The development, performance and position of the group is discussed in the group's annual report which does not form part of this report.

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

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 prepared 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 judgements 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.

## **DEVELOPMENT SECURITIES (PROJECTS) LIMITED**

### **DIRECTORS' REPORT for the year ended 28 February 2013 (continued)**

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

In the case of each director in office at the date the directors' report is approved, the following applies

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

#### **INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the annual general meeting

Approved by the board of directors  
and signed by order of the board



H M Ratsey  
Company Secretary  
25th November 2013

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEVELOPMENT SECURITIES (PROJECTS) LIMITED**

We have audited the financial statements of Development Securities (Projects) Limited for the year ended 28 February 2013 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).

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

As explained more fully in the statement of directors' responsibilities, set out on page 3, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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 annual 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 28 February 2013 and of its profit 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

### **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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEVELOPMENT SECURITIES (PROJECTS) LIMITED (continued)**

### **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



Andrew Paynter (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
25th November 2013



# DEVELOPMENT SECURITIES (PROJECTS) LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 28 February 2013

	Note	Year ended 28 Feb 2013 £	Period from 1 Jan 2011 to 29 Feb 2012 £
<b>TURNOVER</b>	2	321,752	375,000
Cost of sales		<u>(30,000)</u>	<u>(22,500)</u>
<b>GROSS PROFIT</b>		291,752	352,500
Administrative expenses		<u>(13)</u>	<u>(112,697)</u>
<b>OPERATING PROFIT</b>	3	<u>291,739</u>	<u>239,803</u>
Investment income	4	6,000,000	14,500,000
Interest receivable and similar income	7	2,458,118	-
Loss on disposal of investments		<u>-</u>	<u>(182)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		8,749,857	14,739,621
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR/PERIOD</b>	10	<u>8,749,857</u>	<u>14,739,621</u>

All amounts relate to continuing activities

There is no material difference between the profit on ordinary activities before taxation and the profit for the year/period stated above and their historical cost equivalents

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statements of total recognised gains and losses is presented

# DEVELOPMENT SECURITIES (PROJECTS) LIMITED

## BALANCE SHEET as at 28 February 2013

	Note	28 Feb 2013 £	29 Feb 2012 £
<b>FIXED ASSETS</b>			
Investments	6	<u>4,848,597</u>	<u>4,848,597</u>
<b>CURRENT ASSETS</b>			
Debtors	7	16,675,942	50,707,193
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	<u>(15,877,773)</u>	<u>(52,658,881)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>798,169</u>	<u>(1,951,688)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,646,766</u>	<u>2,896,909</u>
<b>NET ASSETS</b>		<u>5,646,766</u>	<u>2,896,909</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	2,000,000	2,000,000
Profit and loss account	10	<u>3,646,766</u>	<u>896,909</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	10	<u>5,646,766</u>	<u>2,896,909</u>

These financial statements on pages 7 to 14 were approved by the board of directors on 25th November 2013

Signed on behalf of the board of directors



M O Shepherd  
Director

# DEVELOPMENT SECURITIES (PROJECTS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 28 February 2013

### 1 ACCOUNTING POLICIES

#### **Basis of preparation**

These financial statements are prepared in accordance with the Companies Act 2006, and in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The accounting policies adopted are consistent with the previous period.

#### **Going concern**

The directors have prepared the financial statements on the going concern basis, on the grounds that the company can meet its liabilities as they fall due.

#### **Consolidated financial statements**

The financial statements present information about the company as an individual undertaking and not as a group. Under the exemption provided by Financial Reporting Standard number 2, consolidated financial statements are not prepared as the company is itself a wholly owned subsidiary of Development Securities PLC, a company registered in England and Wales which prepares consolidated financial statements in which the results of the company and its subsidiaries are included and which are publicly available.

#### **Cash flow statement and related party disclosures**

The company is a wholly-owned subsidiary of Development Securities PLC and is included in the consolidated financial statements of Development Securities PLC, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard number 1 "Cash flow statements" (revised 1996). The company is also exempt under the terms of Financial Reporting Standard number 8 "Related party disclosures" from disclosing related party transactions with wholly-owned entities that are part of the Development Securities PLC group.

#### **Turnover**

Development management fee income and asset management fee income, which excludes value added tax, are recognised as services are provided.

#### **Taxation**

Current tax, including United Kingdom corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **Investments in subsidiaries**

The shares in subsidiaries shown in the balance sheet of the company are included at cost less any deficits arising from diminutions in value considered to be permanent, which are charged to the profit and loss account.

# DEVELOPMENT SECURITIES (PROJECTS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 28 February 2013 (continued)

### 2 TURNOVER

	Year ended 28 Feb 2013 £	Period from 1 Jan 2011 to 29 Feb 2012 £
Development management fees	150,000	137,500
Asset management fees	171,752	-
Miscellaneous income	-	237,500
	<u>321,752</u>	<u>375,000</u>

All turnover is attributable to continuing activities undertaken in the United Kingdom. The miscellaneous income in the prior period relates to a one-off introduction fee that the company received.

### 3 OPERATING PROFIT

Auditors' remuneration of £2,500 (14-month period ended 29 February 2012 £2,500) has been borne by Development Securities PLC, the ultimate parent company.

None of the directors received any emoluments in respect of qualifying services provided to the company during the year (14-month period ended 29 February 2012 £nil). Directors are remunerated by Development Securities PLC.

The company does not have any employees (14-month period ended 29 February 2012 none).

### 4 INVESTMENT INCOME

	Year ended 28 Feb 2013 £	Period from 1 Jan 2011 to 29 Feb 2012 £
Investment income	<u>6,000,000</u>	<u>14,500,00</u>

Investment income relates to dividends received from subsidiary undertakings during the year/period.

# DEVELOPMENT SECURITIES (PROJECTS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 28 February 2013 (continued)

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

#### Tax charge

There is no tax charge in the current year (14-month period ended 29 February 2012 £nil)

The tax assessed for the period is lower than (14-month period ended 29 February 2012 lower than) the standard rate of corporation tax in the United Kingdom of 24 2% (14-month period ended 29 February 2012 26 5%) The differences are explained below

#### Factors affecting the current tax charge for the year/period

	Year ended 28 Feb 2013 £	Period from 1 Jan 2011 to 29 Feb 2012 £
Profit on ordinary activities before taxation	8,749,857	14,739,621
Profit on ordinary activities multiplied by the standard rate in the United Kingdom 24 2% (14-month period ended 29 February 2012 26 5%)	2,117,465	3,906,000
Effect of		
Investment income not taxable	(1,452,000)	(3,842,500)
Group relief claimed for nil consideration	(665,465)	(63,500)
Current tax charge for the year/period	-	-

As announced in the March 2012 Budget, the main rate of UK corporation tax was reduced to 24% from 1 April 2012 and 23% from 1 April 2013 The reductions were substantively enacted at the balance sheet date and, therefore recognised in these financial statements

Further reductions to the UK corporation tax rate were announced in the March 2013 Budget The changes, which are expected to be enacted separately each year, propose to reduce the rate to 21% from 1 April 2014, followed by a further 1% reduction to 20% by 1 April 2015 The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements

# DEVELOPMENT SECURITIES (PROJECTS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 28 February 2013 (continued)

### 6 INVESTMENTS

	Shares in subsidiary undertakings £
At 1 March 2012 and 28 February 2013	<u>4,848,597</u>

The above represents a direct 100% holding in the ordinary shares and voting rights of

	28 Feb 2013 £	29 Feb 2012 £
Development Securities (Greenwich) Limited	100	100
D S Property Developments Limited	174,001	174,001
Elvington Properties Limited	-	-
Development Securities (Curzon Park) Limited	1	1
Birmingham International Park Limited	4,674,480	4,674,480
Birmingham International Park (2000) Limited	2	2
Blue Living (Pincent's Hill) Limited	1	1
Cambridge Business Park Limited	1	1
Capital Business Parks Developments Limited	1	1
Capital Business Parks Frimley Limited	1	1
Capital Business Parks Globeside Limited	1	1
Development Securities (10 St Bride Street) Limited	1	1
Development Securities (Bond Street) Limited	1	1
Development Securities (Hammersmith) Limited	1	1
Development Securities (No 42) Limited	1	1
Development Securities (Paddington) Limited	1	1
Development Securities (Southampton C) Limited	1	1
Development Securities Properties (Wales) Limited	1	1
The Royals Business Park Limited	1	1
	<u>4,848,597</u>	<u>4,848,597</u>

The above companies are engaged in property development and trading and are incorporated in Great Britain and registered in England and Wales

The directors believe that the carrying value of the investments is supported by their underlying net assets

# DEVELOPMENT SECURITIES (PROJECTS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 28 February 2013 (continued)

### 7 DEBTORS

	28 Feb 2013 £	29 Feb 2012 £
Trade debtors	30,000	30,000
Amounts owed by related parties	12,958,128	7,500,000
Amounts owed by group undertakings	3,499,999	43,028,590
Other debtors	166,982	148,603
Prepayments and accrued income	20,833	-
	<u>16,675,942</u>	<u>50,707,193</u>

Included within amounts owed by related parties are funding arrangements entered into by the entity with joint venture partners. Interest earned during the year amounted to £2,458,118 (14-month period ended 29 February 2012: £nil).

There is neither a set date nor terms for repayment of the outstanding amounts owed by group undertakings and interest is not charged on these balances.

### 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 Feb 2013 £	29 Feb 2012 £
VAT payable	22,247	6,000
Other creditors	11	-
Amounts owed to ultimate parent undertaking	15,847,089	52,652,787
Amounts owed to group undertakings	93	94
Accruals and deferred income	8,333	-
	<u>15,877,773</u>	<u>52,658,881</u>

The amounts owed to ultimate parent undertaking and amounts owed to group undertakings do not bear interest and there are no fixed terms for their repayment.

### 9 CALLED UP SHARE CAPITAL

	28 Feb 2013 £	29 Feb 2012 £
<b>Authorised:</b>		
2,000,000 ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>
<b>Allotted and fully paid:</b>		
2,000,000 ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

## DEVELOPMENT SECURITIES (PROJECTS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 28 February 2013 (continued)

#### 10 RECONCILIATION OF TOTAL SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
At 1 March 2012	2,000,000	896,909	2,896,909
Profit for the financial year	-	8,749,857	8,749,857
Dividends paid	-	(6,000,000)	(6 000,000)
At 28 February 2013	<u>2,000,000</u>	<u>3,646,766</u>	<u>5,646,766</u>

On 21 February 2013, the directors recommended and paid an interim dividend for the year ended 28 February 2013 of £3 00 per ordinary share at a total cost of £6,000,000 to Development Securities PLC

#### 11 ULTIMATE PARENT UNDERTAKING

The ultimate parent, controlling party and parent company of the smallest and largest group of which Development Securities (Projects) Limited is a member and for which consolidated financial statements are produced is Development Securities PLC, a company incorporated in Great Britain and registered in England and Wales

Copies of the Development Securities PLC annual report and consolidated financial statements can be obtained from Portland House, Bressenden Place, London SW1E 5DS