

Company Registration No: 2969815

D S (DEVELOPMENT CO-ORDINATION) LIMITED

Report and Financial Statements

31 December 1998



D S (DEVELOPMENT CO-ORDINATION) LIMITED

REPORT AND FINANCIAL STATEMENTS 1998

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REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M H Marx
R H Pearse
C J Barwick
Development Securities Estates PLC

SECRETARY

S A Lanes FCA

REGISTERED OFFICE

Portland House
Stag Place
London SW1E 5DS

SOLICITORS

Linklaters & Paines
1 Silk Street
London EC2Y 8HQ

AUDITORS

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

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 1998.

PRINCIPAL ACTIVITY AND REVIEW OF DEVELOPMENTS

The principal activity of the company at present and for the foreseeable future is the provision of project management services. The future prospects of the company as part of the Development Securities PLC group are set out in the 1998 Report and Financial Statements of the Development Securities PLC, the ultimate parent company.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 6. The directors recommend the payment of a final dividend of £2,750 per share, amounting to £275,000 (1997: £275,000).

DIRECTORS AND DIRECTORS' INTERESTS

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

M H Marx
R H Pearse
Development Securities Estates PLC
C J Barwick (appointed 16 July 1998)

The interests of M H Marx and C J Barwick in the 50p ordinary shares of Development Securities PLC, the ultimate parent company, and the options granted to them under that company's share option scheme, are disclosed in the 1998 Report and Financial Statements of that company. The options outstanding under the Development Securities PLC options schemes to the ensuing director are exercisable as follows:

	<i>Date of Grant</i>	<i>Number</i>	<i>Exercise Dates</i>	<i>Price</i>
R H Pearse	27 June 1995	100,000 ⁽¹⁾	27 June 1998 to 26 June 2005	168.0p
	6 May 1997	7,040 ⁽²⁾	1 June 2002 to 30 November 2002	196.0p
	21 May 1998	20,000 ⁽¹⁾	21 May 2001 to 20 May 2008	328.5p
	7 June 1999	920 ⁽²⁾	1 July 2002 to 31 December 2002	210.5p

- (1) Granted under the Executive Share Option Scheme 1995, with a performance condition that the net assets per ordinary share of the Development Securities PLC 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.
- (2) Granted under the Savings Related Option Scheme 1995.

PAYMENT POLICY

Amounts due to suppliers are settled promptly by Development Securities PLC on behalf of the company within their terms of payment, except in cases of dispute. The number of days' outstanding for the Development Securities PLC group at 31 December 1998 was 19 days (1997: 25 days).

DIRECTORS' REPORT (continued)

YEAR 2000

The Board of Development Securities PLC, the ultimate parent company, has taken formal steps to address the potential system problems associated with the Year 2000. As part of the group's normal review of information technology requirements, new, upgraded hardware and software packages have been acquired and installed, having received reasonable assurance of their millennium compliance. The incremental cost of ensuring Year 2000 compliance is not considered significant.

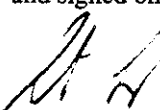
The group has written to all its tenants with full repairing and insuring leases, appraising them of the potential problems associated with Year 2000. In addition, the group has requested feedback from managing agents and major tenants, seeking confirmation of their approach to dealing with these issues. A programme of authentication is also taking place through managing agents and service contractors to identify and confirm compliance of any building systems which contain an embedded microchip.

Verification will be sought from those contractors and key members of professional teams appointed in connection with material development activity anticipated to be continuing at 31 December 1999.

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

29th October

1999

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 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.

REPORT OF THE AUDITORS' TO THE MEMBERS OF D S (DEVELOPMENT CO-ORDINATION) LIMITED

We have audited the financial statements on pages 6 to 9 which have been prepared under the accounting policies set out on page 8.

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.

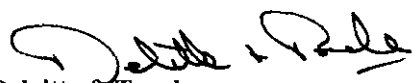
Basis of opinion

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 1998 and of the profit 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

22 October 1999

D S (DEVELOPMENT CO-ORDINATION) LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 31 December 1998**

	Note	1998 £	1997 £
TURNOVER	1	<u>195,000</u>	<u>390,000</u>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	3	195,000	390,000
Dividends on equity shares	4	<u>(275,000)</u>	<u>(275,000)</u>
(LOSS)/PROFIT RETAINED FOR THE FINANCIAL YEAR	8	<u><u>(80,000)</u></u>	<u><u>115,000</u></u>

All turnover, profits and losses derive from continuing operations.

There are no recognised gains and losses or other movements in shareholders' funds other than the loss for the current financial year and the profit for the preceding financial year.

D S (DEVELOPMENT CO-ORDINATION) LIMITED

BALANCE SHEET 31 December 1998

	Notes	1998 £	1997 £
CURRENT ASSETS			
Debtors	5	425,100	780,100
CREDITORS: amounts due after more than one year	6	<u> -</u>	<u> (275,000) </u>
NET ASSETS		<u> 425,100 </u>	<u> 505,100 </u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	<u> 425,000 </u>	<u> 505,000 </u>
EQUITY SHAREHOLDERS' FUNDS		<u> 425,100 </u>	<u> 505,100 </u>

These financial statements were approved by the Board of Directors on

29 October 1999.

Signed on behalf of the Board of Directors


M H Marx
Director

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

1 ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention.

Turnover

Turnover represents income from project management services provided in the United Kingdom during the year and is stated net of Value Added Tax.

2 OPERATING PROFIT

None of the directors received any emoluments from the company during the year (1997: £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 (1997: nil).

3 TAXATION

Profits for the year are covered by group relief from fellow subsidiaries, surrendered for nil consideration.

4 DIVIDENDS

	1998 £	1997 £
Final dividend of £2,750 per share (1997: £2,750)	<u>275,000</u>	<u>275,000</u>

5 DEBTORS

	1998 £	1997 £
Amounts due from ultimate parent company	<u>425,100</u>	<u>780,100</u>

D S (DEVELOPMENT CO-ORDINATION) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 1998

6 CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Amounts due to group undertaking	<u>-</u>	<u>275,000</u>

7 CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised, called up, allotted and fully paid: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

8 PROFIT AND LOSS ACCOUNT

	£
At 1 January 1998	505,000
Loss for the year	<u>(80,000)</u>
At 31 December 1998	<u>425,000</u>

9 ULTIMATE AND IMMEDIATE CONTROLLING PARTIES

The ultimate parent and controlling company of the largest and smallest group for which consolidated accounts are produced is Development Securities PLC. The immediate controlling company is Development Securities (Projects) Limited. Both companies are registered in England and Wales. Copies of the Report and Financial Statements of Development Securities PLC and Development Securities (Projects) Limited can be obtained from Portland House, Stag Place, London SW1E 5DS.

10 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.