

Company Registration No: 3266758

**DEVELOPMENT SECURITIES (No 5) LIMITED**

**Report and Financial Statements**

**31 December 2004**



# **DEVELOPMENT SECURITIES (No 5) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

### **CONTENTS**

	<b>Page</b>
<b>Officers and Professional Advisors</b>	<b>1</b>
<b>Directors' Report</b>	<b>2</b>
<b>Statement of Directors' Responsibilities</b>	<b>3</b>
<b>Independent Auditors' Report</b>	<b>4</b>
<b>Profit and Loss Account</b>	<b>5</b>
<b>Balance Sheet</b>	<b>6</b>
<b>Statement of Total Recognised Gains and Losses</b>	<b>7</b>
<b>Reconciliation of Movement in Equity Shareholders Funds</b>	<b>7</b>
<b>Notes to the Accounts</b>	<b>8</b>

# **DEVELOPMENT SECURITIES (No 5) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

### **OFFICERS AND PROFESSIONAL ADVISORS**

#### **DIRECTORS**

M H Marx  
Development Securities Estates PLC  
M S Weiner

#### **SECRETARY**

S A Lanes

#### **REGISTERED OFFICE**

Portland House  
Stag Place  
London SW1E 5DS

#### **BANKERS**

Barclays Bank PLC  
50 Pall Mall  
London SW1A 1QB

#### **SOLICITORS**

Linklaters  
1 Silk Street  
London EC2Y 8HQ

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
London

## **DEVELOPMENT SECURITIES (No 5) LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### **PRINCIPAL ACTIVITIES AND REVIEW OF DEVELOPMENTS**

The company's principal activity during the current financial year and for the foreseeable future is that of property investment. The directors do not foresee any change in the future activities of the company.

### **RESULTS AND DIVIDENDS**

The results for the year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (2003: £nil).

### **DIRECTORS AND DIRECTORS' INTERESTS**

The directors who held office during the year and to date, except as noted below, were as follows:

M H Marx  
M S Weiner  
Development Securities Estates PLC

None of the directors had any interests in the shares of the company nor any other group company during the year except as noted below.

The interests of M H Marx and M S Weiner at 31 December 2004 and 31 December 2003 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 2004 Annual Report and Financial Statements of that company.

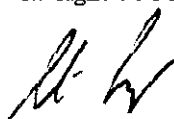
### **PAYMENT POLICY**

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 creditor days outstanding for Development Securities PLC at 31 December 2004 was one day (2003: three days).

### **AUDITORS**

A resolution concerning the reappointment of Deloitte & Touche LLP 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

31 October 2005

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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 the system of internal control, 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 (No 5) LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEVELOPMENT SECURITIES (No 5) LIMITED

We have audited the financial statements of Development Securities (No 5) Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in equity shareholders' funds and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

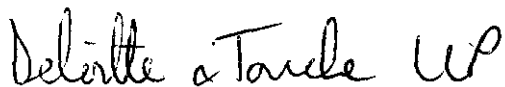
#### Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the company, 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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London  
31 October 2005

# DEVELOPMENT SECURITIES (No 5) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2004

	Note	2004 £	2003 £
<b>TURNOVER</b>	1	917,388	927,175
Direct costs		<u>(390,293)</u>	<u>(259,231)</u>
<b>GROSS PROFIT</b>		527,095	667,944
Operating expenses		<u>(284,491)</u>	<u>(176,174)</u>
<b>OPERATING PROFIT</b>	2	242,604	491,770
Net interest payable and similar charges	3	<u>(549,945)</u>	<u>(467,588)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION AND RETAINED FOR THE FINANCIAL YEAR</b>	4, 10	<u><u>(307,341)</u></u>	<u><u>24,182</u></u>

*All amounts derive from continuing operations.*

# DEVELOPMENT SECURITIES (No 5) LIMITED

## BALANCE SHEET 31 December 2004

	Note	2004 £	2003 £
<b>FIXED ASSETS</b>			
Investment property	5	<u>11,860,000</u>	<u>10,600,000</u>
<b>CURRENT ASSETS</b>			
Debtors	6	361,589	298,892
Cash at bank and in hand		<u>-</u>	<u>51,887</u>
		361,589	350,779
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(11,358,298)</u>	<u>(10,414,947)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(10,996,709)</u>	<u>(10,064,168)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>863,291</u>	<u>535,832</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	2	2
Revaluation reserve	9	974,209	339,409
Profit and loss account	10	<u>(110,920)</u>	<u>196,421</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		<u>863,291</u>	<u>535,832</u>

The financial statements were approved by the Board of Directors on 31 October 2005.

Signed on behalf of the Board of Directors

  
M H Mark  
Director



# DEVELOPMENT SECURITIES (No 5) LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2004

	2004 £	2003 £
(Loss)/profit for the financial year attributable to shareholders	(307,341)	24,182
Surplus/(deficit) on revaluation of investment property	<u>634,800</u>	<u>(79,666)</u>
Total recognised gains and losses for the financial year	<u>327,459</u>	<u>(55,484)</u>

## RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

Year ended 31 December 2004

	2004 £	2003 £
(Loss)/profit for the financial year attributable to shareholders	(307,341)	24,182
Surplus/(deficit) on revaluation of investment property	<u>634,800</u>	<u>(79,666)</u>
Movement in equity shareholders' funds	327,459	(55,484)
Equity shareholders' funds at 1 January	<u>535,832</u>	<u>591,316</u>
Equity shareholders' funds at 31 December	<u>863,291</u>	<u>535,832</u>

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

**1 ACCOUNTING POLICY**

**Basis of preparation**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards under the historical cost convention as modified by the revaluation of investment properties. The accounting policies adopted are consistent with the previous year.

**Turnover**

All turnover, comprising rental income stated net of Value Added Tax, derives from the company's principal activity carried out solely in the United Kingdom.

**Investment properties**

- (i) Investment properties are revalued annually by independent professional valuers on the basis of Open Market Value. 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 disposals of investment properties are calculated by reference to book value.
- (iii) In the light of the policy on revaluations, 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 1985 concerning depreciation of 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 that might otherwise have been shown cannot be separately identified or quantified.

**Taxation**

Current tax, including UK corporation tax and foreign tax where applicable, 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.

# DEVELOPMENT SECURITIES (No 5) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 2 OPERATING PROFIT

None of the directors received any emoluments from the company during the year (2003: £nil) for their services as directors.

The auditors' remuneration, for audit and other services, for the current and preceding financial years has been borne by Development Securities PLC, the ultimate parent company.

The company does not have any employees, excluding directors (2003: nil).

### 3 NET INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Interest payable on loans from group companies	550,260	467,588
Bank interest receivable	<u>(315)</u>	<u>-</u>
	<u>549,945</u>	<u>467,588</u>

### 4 TAXATION

There is no tax charge in the current year (2003: £nil).

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

	2004 £	2003 £
(Loss)/profit on ordinary activities before tax	<u>(307,341)</u>	<u>24,182</u>
Tax at 30% thereon	(92,202)	7,255
Effect of:		
Capital allowances in excess of depreciation	41,971	-
Group relief surrendered/(claimed) for nil consideration	<u>50,231</u>	<u>(7,255)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

A deferred tax liability has not been recognised in respect of timing differences relating to accelerated capital allowances. The amount of the liability not recognised is £40,258 (2003: £nil).

# DEVELOPMENT SECURITIES (No 5) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 5 INVESTMENT PROPERTY

	Freehold £
At 1 January 2004	10,600,000
Additions	625,200
Revaluation surplus	<u>634,800</u>
At valuation 31 December 2004	<u>11,860,000</u>

The historical cost of investment properties is £10,885,791 (2003: £10,260,591).

The freehold investment property has been valued at 31 December 2004 by External Valuers: Colliers CRE, 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

	2004 £	2003 £
Trade debtors	341,511	276,937
Other debtors	10,199	5,698
Prepayments and accrued income	<u>9,879</u>	<u>16,257</u>
	<u>361,589</u>	<u>298,892</u>

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

	2004 £	2003 £
Bank overdraft	32,599	-
Trade creditors	10,786	1,439
Amounts owed to ultimate parent company	9,576,068	9,339,075
Amounts owed to other group companies	1,361,768	811,508
Other taxation and social security	23,684	33,352
Other creditors	5,699	11,039
Accruals and deferred income	<u>347,694</u>	<u>218,534</u>
	<u>11,358,298</u>	<u>10,414,947</u>

# DEVELOPMENT SECURITIES (No 5) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 8 CALLED UP SHARE CAPITAL

	2004 £	2003 £
<b>Authorised:</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Called up, allotted and fully paid:</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 9 REVALUATION RESERVE

	2004 £
At 1 January	339,409
Surplus on revaluation of investment property	<u>634,800</u>
At 31 December	<u>974,209</u>

### 10 PROFIT AND LOSS ACCOUNT

	2004 £
At 1 January	196,421
Retained loss for the year	<u>(307,341)</u>
At 31 December	<u>(110,920)</u>

### 11 ULTIMATE AND IMMEDIATE CONTROLLING PARTIES

The ultimate parent and controlling company and parent company of the largest group of which Development Securities (No 5) limited is a member and for which consolidated accounts are produced is Development Securities PLC. The immediate parent and parent company of the smallest group of which Development Securities (No 5) limited is a member and for which consolidated accounts are produced is Development Securities (Investments) PLC. Both companies are registered in England and Wales and incorporated in Great Britain. Copies of the Annual Report and Financial Statements of Development Securities PLC and Development Securities (Investments) PLC can be obtained from Portland House, Stag Place, London SW1E 5DS.

### 12 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.