

Company registration number 3266758

**DEVELOPMENT SECURITIES (NO. 5) LIMITED**

**Annual report and financial statements**

**for the period from 1 January 2011 to 29 February 2012**

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# **DEVELOPMENT SECURITIES (NO. 5) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 FEBRUARY 2012**

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# **DEVELOPMENT SECURITIES (NO. 5) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 FEBRUARY 2012**

### **OFFICERS AND PROFESSIONAL ADVISORS**

#### **DIRECTORS**

Development Securities Estates PLC  
M S Weiner  
M H Marx

#### **COMPANY SECRETARY**

H M Ratsey

#### **REGISTERED OFFICE**

Portland House  
Bressenden Place  
London  
SW1E 5DS

#### **BANKERS**

Barclays Bank PLC  
50 Pall Mall  
London  
SW1A 1QA

#### **INDEPENDENT AUDITORS**

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

**DIRECTORS' REPORT  
for the period ended 29 February 2012**

The directors present their report and financial statements of the company for the period from 1 January 2011 to 29 February 2012. The comparative results presented are for the year 1 January 2010 to 31 December 2010. The change in accounting reference date has been made in order to align the reference date of the company with that of its ultimate parent entity.

The company registration number is 3266758.

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the company during the period and for the foreseeable future is property investment. The directors do not foresee any change in the future activities of the company.

**RESULTS AND DIVIDENDS**

The loss for the financial period is £77,584 (31 December 2010: £3,335,421). The directors are unable to recommend the payment of a dividend (31 December 2010: £nil).

**DIRECTORS**

The directors who held office throughout the period and up to the date of signing of the financial statements were as follows:

M H Marx  
M S Weiner  
Development Securities Estates PLC

**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.

## DEVELOPMENT SECURITIES (NO. 5) LIMITED

### DIRECTORS' REPORT

for the period ended 29 February 2012 (continued)

#### 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 period. 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.

#### 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.


#### GOING CONCERN

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Development Securities PLC. The directors have received confirmation that for the foreseeable future, Development Securities PLC intends to support the company such that it can meet its liabilities as they fall due.

#### 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

16 November 2012

## **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 period from 1 January 2011 to 29 February 2012 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 29 February 2012 and of its loss for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEVELOPMENT SECURITIES (NO. 5) 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

16<sup>n</sup> November 2012

# DEVELOPMENT SECURITIES (NO. 5) LIMITED

## PROFIT AND LOSS ACCOUNT for the period ended 29 February 2012

	Note	Period from 1 Jan 2011 to 29 Feb 2012	Year ended 31 Dec 2010
<b>TURNOVER</b>	2	-	547,644
Cost of sales		-	(384,238)
<b>GROSS PROFIT</b>		-	163,406
Administrative expenses		(77,584)	(209,045)
<b>OPERATING LOSS</b>	3	(77,584)	(45,639)
Interest receivable and similar income	4	-	365
Interest payable and similar charges	5	-	(1,879,914)
Realisation of revaluation reserve deficit		-	(1,860,818)
Gain on sale of investment property		-	355,307
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(77,584)	(3,430,699)
Tax on loss on ordinary activities	6	-	95,278
<b>LOSS FOR THE FINANCIAL PERIOD</b>	10	(77,584)	(3,335,421)

All amounts relate to continuing activities

There is no material difference between the loss on ordinary activities before taxation and the loss for the periods stated above and their historical cost equivalents




# DEVELOPMENT SECURITIES (NO. 5) LIMITED

## BALANCE SHEET as at 29 February 2012

	Note	29 Feb 2012 £	31 Dec 2010 £
<b>CURRENT ASSETS</b>			
Debtors	7	-	131,421
Cash at bank and in hand		-	7,320
		-	138,741
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	<u>(5,507,938)</u>	<u>(5,569,095)</u>
<b>NET LIABILITIES</b>		<u>(5,507,938)</u>	<u>(5,430,354)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	2	2
Profit and loss account	10	<u>(5,507,940)</u>	<u>(5,430,356)</u>
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	10	<u>(5,507,938)</u>	<u>(5,430,354)</u>

The financial statements on pages 6 to 12 were approved by the board of directors on 16 November 2012

Signed on behalf of the board of directors

  
M H Marx  
Director

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period ended 29 February 2012 (continued)**

**1 ACCOUNTING POLICY**

**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 prior year.

**Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Development Securities PLC. The directors have received confirmation that for the foreseeable future, Development Securities PLC intends to support the company such that it can meet its liabilities as they fall due.

**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**

Rental income, which excludes value added tax, is accrued based on the amounts earned in the period. Any incentives for lessees to enter into lease agreements are spread evenly over the periods to the earlier of the lease expiry and the first review date on which rent is adjusted to the market rate.

**Lease incentives**

Lease incentives are held in the balance sheet and recognised in the profit and loss accounts over the shorter of the lease term and the date of the next rent review.

**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.

# DEVELOPMENT SECURITIES (NO. 5) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 29 February 2012 (continued)

### 2 TURNOVER

	Period from 1 Jan 2011 to 29 Feb 2012 £	Year ended 31 Dec 2010 £
Rental income	-	544,353
Other income	-	3,291
	<u>-</u>	<u>547,644</u>

All turnover is attributable to continuing activities undertaken in the United Kingdom

### 3 OPERATING LOSS

The auditors' remuneration of £2,500 (31 December 2010 £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 period (31 December 2010 £nil) Directors are remunerated by Development Securities PLC

The company does not have any employees (31 December 2010 none)

### 4 INTEREST RECEIVABLE AND SIMILAR INCOME

	Period from 1 Jan 2011 to 29 Feb 2012 £	Year ended 31 Dec 2010 £
Bank interest receivable	<u>-</u>	<u>365</u>

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 1 Jan 2011 to 29 Feb 2012 £	Year ended 31 Dec 2010 £
Bank loan interest payable	-	162,389
Finance fees	-	227,525
Cancellation of interest rate swap	<u>-</u>	<u>1,490,000</u>
	<u>-</u>	<u>1,879,914</u>

# DEVELOPMENT SECURITIES (NO. 5) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 29 February 2012 (continued)

### 6 TAX ON LOSS ON ORDINARY ACTIVITIES

#### Tax charge

	Period from 1 Jan 2011 to 29 Feb 2012 £	Year ended 31 Dec 2010 £
<b>Current tax</b>		
UK corporation tax on loss for the period	-	-
<b>Deferred tax</b>		
Reversal of timing differences	-	95,278
Tax credit for the period	-	95,278

The tax assessed for the period is higher (31 December 2010 higher) than the standard rate of corporation tax in the United Kingdom of 26.5% (31 December 2010 28%). The differences are explained below

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

	Period from 1 Jan 2011 to 29 Feb 2012 £	Year ended 31 Dec 2010 £
Loss on ordinary activities before taxation	(77,584)	(3,430,699)
Loss on ordinary activities multiplied by the standard rate in the United Kingdom 26.5% (31 December 2010 28%)	(20,560)	(960,596)
Effect of Group relief surrendered for nil consideration	20,560	960,596
Current tax charge for the period	-	-

As announced in the March 2011 Budget, the main rate of UK corporation tax was reduced to 26% from 1 April 2011 and 25% from 1 April 2012. The reductions were substantively enacted at balance sheet date and, therefore, recognised in these financial statements.

Further reductions to the UK corporation tax rate were announced in the March 2012 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate to 24% from 1 April 2012, followed by 1% reduction per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

# DEVELOPMENT SECURITIES (NO. 5) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 29 February 2012 (continued)

### 7 DEBTORS

	29 Feb 2012 £	31 Dec 2010 £
Trade debtors	-	116,169
Other debtors	-	10,129
VAT recoverable	-	5,123
Prepayments and accrued income	-	-
	<u>-</u>	<u>131,421</u>

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

	29 Feb 2012 £	31 Dec 2010 £
Amounts owed to ultimate parent undertaking	5,492,206	5,437,041
Other creditors	15,732	125,056
Accruals and deferred income	-	6,998
	<u>5,507,938</u>	<u>5,569,095</u>

The amounts owed to ultimate parent undertaking are unsecured, do not bear interest and there are no fixed terms for the repayment of these amounts

### 9 CALLED UP SHARE CAPITAL

	29 Feb 2012 £	31 Dec 2010 £
Allotted and fully paid. 2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 10 RECONCILIATION OF SHAREHOLDERS' DEFICIT AND MOVEMENT ON RESERVES

	Called up share capital £	Profit and loss account £	Total shareholders' deficit £
At 1 January 2011	2	(5,430,356)	(5,430,354)
Loss for the period	<u>-</u>	<u>(77,584)</u>	<u>(77,584)</u>
At 29 February 2012	<u>2</u>	<u>(5,507,940)</u>	<u>(5,507,938)</u>

## **DEVELOPMENT SECURITIES (NO. 5) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the period ended 29 February 2012 (continued)**

#### **11 ULTIMATE PARENT UNDERTAKING**

The ultimate parent and controlling company of the largest group of which Development Securities (No 5) Limited is a member and for which consolidated financial statements 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 financial statements 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, Bressenden Place, London SW1E 5DS