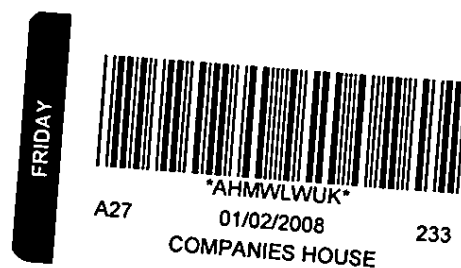


Deeley Properties (Dorset Street) Limited

Annual report

for the year ended 30 April 2007

Registered number 4983893



# **Deeley Properties (Dorset Street) Limited**

## **Annual report for the year ended 30 April 2007**

	<b>Page</b>
Directors and advisers	1
Directors' report for the year ended 30 April 2007	2
Independent auditors' report to the members of Deeley Properties (Dorset Street) Limited	4
Profit and loss account for the year ended 30 April 2007	5
Balance sheet as at 30 April 2007	6
Notes to the financial statements for the year ended 30 April 2007	7

# **Deeley Properties (Dorset Street) Limited**

## **Directors and advisers**

### **Directors**

P A W Deeley  
P R Goodgame

### **Secretary**

B N Crawford

### **Registered office**

William House  
207/9 Torrington Avenue  
Coventry  
West Midlands  
CV4 9GY

### **Registered auditors**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

# **Deeley Properties (Dorset Street) Limited**

## **Directors' report for the year ended 30 April 2007**

The directors present their report and the audited financial statements of the company for the year ended 30 April 2007

### **Principal activities**

The principal activity of the company is that of a holding company in a joint venture that undertakes commercial and residential property development

### **Review of the business and future developments**

The company is an equal partner in The Dorset Street Partnership, which has been established to redevelop a derelict site on Dorset Street, Southampton for a new Grade A office building

During the financial year The Dorset Street Partnership obtained planning permission and commenced construction of the office building. Through active marketing we signed an Agreement for Lease with Grant Thornton LLP to occupy three of the four floors. The transaction was at a record rent for Southampton and ahead of our appraisal. The building is due for practical completion early in the next financial year.

### **Business review**

The directors have taken the exemption under the special provision of section 246 of the Companies Act 1985 from undertaking the detailed business review requirements of section 234ZZB of the Companies Act 1985.

### **Financial risk management**

Due to the size of the company and the limited range and number of transactions, the directors do not feel that financial risk management disclosures are relevant. The company operations do not expose it to any significant risks such as credit risk, liquidity risk or interest rate risk. The company does not require a formal risk management programme and given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board.

### **Dividends and transfers to reserves**

The directors do not recommend the payment of a dividend. The profit for the year of £38,381 (2006 £902) has been transferred to reserves.

### **Directors**

The directors of the company, both of whom served during the entire year, are as follows

P A W Deeley  
P R Goodgame

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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.

# Deeley Properties (Dorset Street) Limited

## Directors' report for the year ended 30 April 2007 (continued)

### Statement of directors' responsibilities (continued)

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 UK 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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 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.

### Disclosure of information to auditors

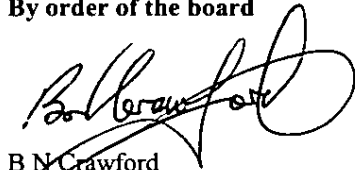
In the case of each of the persons who are directors at the time when this report was approved under Section 234A of the Companies Act, the following applies

- (a) So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they should have taken as directors in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information

### Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting

By order of the board



B N Crawford  
Secretary

Date 13/12/2007

## **Independent auditors' report to the members of Deeley Properties (Dorset Street) Limited**

We have audited the financial statements of Deeley Properties (Dorset Street) Limited for the year ended 30 April 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

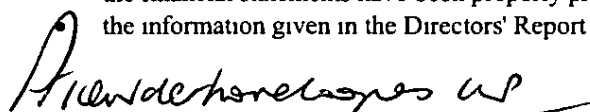
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the Directors' Report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Birmingham 17 Dec 2007

## Deeley Properties (Dorset Street) Limited

### Profit and loss account for the year ended 30 April 2007

	Notes	2007	2006
		£	£
Administrative expenses		(4,000)	-
<b>Operating loss</b>	3	<b>(4,000)</b>	-
Share of joint venture (loss)/profit	4	(1,440)	1,289
Interest payable and similar charges		(2)	-
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(5,442)</b>	1,289
Tax on (loss)/profit on ordinary activities	5	43,823	(387)
<b>Profit for the financial year</b>	10	<b>38,381</b>	902

All of the above information relates to continuing operations

The company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

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

# Deeley Properties (Dorset Street) Limited

## Balance sheet as at 30 April 2007

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Investments	6	-	1,289
<b>Current assets</b>			
Debtors	7	1,308,537	1,100,000
		1,308,537	1,100,000
Creditors amounts falling due within one year	8	(1,269,253)	(1,100,386)
<b>Net current assets/(liabilities)</b>		<b>39,284</b>	<b>(386)</b>
<b>Net assets</b>		<b>39,284</b>	<b>903</b>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Profit and loss reserve	10	39,283	902
<b>Total shareholders' funds</b>	11	<b>39,284</b>	<b>903</b>

The financial statements on pages 5 to 11 were approved by the board of directors on  
and were signed on its behalf by

P A W Deeley  
Director

13/12/2007



# **Deeley Properties (Dorset Street) Limited**

## **Notes to the financial statements for the year ended 30 April 2007**

### **1 Principal accounting policies**

The financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the Companies Act 1985 and applicable accounting standards. The particular applicable accounting policies adopted have been applied consistently in dealing with items which are considered material in relation to the financial statements and are described below.

#### **Investments in joint ventures**

Joint ventures comprise investments where Deeley Properties (Dorset Street) Limited has a participating interest, usually from 20% to 50% and by way of acting together with another party can control the venture inline with joint venture agreements agreed by all parties. Interests in Partnership and Limited Liability Partnerships are recognised by including both the net result for the period and the tax which is due by the company. All amounts recognised are based on the latest audited financial statements, if available or based on latest management accounts if audited accounts are not available at 30 April, which in all cases are made up to dates not more than one month prior to the end of the financial year of Deeley Properties (Dorset Street) Limited. Increases or reductions in value are recorded as a movement in the carrying value of the investment. However, the extent the share of losses exceeds the carrying value of the investment, the net liability is either recovered from other amounts due from the entity or recorded as a liability.

#### **Taxation**

Deferred tax is provided 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 taxes and law. Timing differences arise from the inclusions of items of income and expenditure in tax computations different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from revaluations of fixed assets where there is no binding contract to dispose of those 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.

#### **Cash flow statement**

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

### **2 Information regarding directors and employees**

There were no employees other than the directors (2006: none). The directors did not receive any remuneration in respect of their services in the year (2006: £nil).

# Deeley Properties (Dorset Street) Limited

## Notes to the financial statements for the year ended 30 April 2007 (continued)

### 3 Operating loss

The operating loss is stated after charging

	2007	2006
	£	£
Auditors' remuneration (including out of pocket expenses) – audit services	4,000	-

There has been no provision of non audit services during the year (2006 nil)

### 4 Share of joint venture (loss)/profit

The (loss)/profit represents a 50% share of the profits or losses of The Dorset Street Partnership

### 5 Tax on (loss)/profit on ordinary activities

Taxation credit/(charge) for the year comprises

	2007	2006
	£	£
<b>Current taxation</b>		
United Kingdom corporation tax based on (losses)/ profits for the year	-	(387)
<b>Group relief</b>		
Current	24,733	-
Adjustments in respect of previous periods	19,090	-
<b>Tax on (loss)/profit on ordinary activities</b>	<b>43,823</b>	<b>(387)</b>

The tax assessed for the year is lower (2006 neutral) than the standard rate of corporation tax in the UK (30%)

	2007	2006
	£	£
<b>(Loss)/profit on ordinary activities before tax</b>	<b>(5,442)</b>	<b>1,289</b>
Tax (credit)/charge on ordinary activities at standard rate of 30% (2006 30%)	(1,633)	387
Transfer pricing adjustment	(23,100)	-
Group relief receivable	24,733	-
<b>Current tax (credit)/charge for the year</b>	<b>-</b>	<b>387</b>

# Deeley Properties (Dorset Street) Limited

## Notes to the financial statements for the year ended 30 April 2007 (continued)

### 5 Tax on (loss)/profit on ordinary activities (continued)

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and are expected to have been enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements. The changes to be enacted would have no impact on the company's tax balances.

### 6 Fixed asset investments

The investment represents a 50% share in The Dorset Street Partnership formed by an agreement dated 2 March 2006.

The principal activity of the partnership is the purchase, development and sale of land. The management accounts at 30 April 2007 shows a loss of £2,880 (2006 £2,578 profit), and partners' interests of £302 deficit (2006 £2,578 surplus) (net of partners' capital).

### 7 Debtors

	2007	2006
	£	£
Amounts due from group undertakings	43,688	-
Amounts due from joint venture	1,264,849	1,100,000
	1,308,537	1,100,000

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

The amounts owed by joint ventures include a £200,000 non interest bearing capital loan and a further £1,065,000 advanced under the terms of the Joint Venture agreement. Whilst the agreement provides for non compound interest to accrue at 10% per annum on this additional advance, the parties have subsequently clarified the interpretation of the agreement such that no asset shall crystallise until such time as sufficient profits are generated within the joint venture. Therefore, in view of the losses being incurred, no interest has been recognised in these financial statements. The substance of the transactions represent an adjustment to the basis of sharing profits in the joint venture and accordingly will be recognised as an appropriation when sufficient profits are generated. The unrecognised amounts accruing to the company at 30 April 2007 is £105,000 (2006 £15,000).

The loans, and any apportionment of profits allocated to the settlement of interest, are only repayable by mutual agreement of the partners or upon the occasion of the sale or re-financing of the development. The amount due from the joint venture have been reduced by £151 (2006 £nil) in respect of the company's share of the accumulated losses of the Dorset Street Partnership.

## Deeley Properties (Dorset Street) Limited

### Notes to the financial statements for the year ended 30 April 2007 (continued)

#### 8 Creditors: amounts falling due within one year

	2007	2006
	£	£
Amounts due to group undertakings	1,269,253	1,099,999
Corporation tax	-	387
	1,269,253	1,100,386

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment

#### 9 Called up share capital

	2007	2006
	£	£
<b>Authorised</b>		
1,000 ordinary share of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1 each	1	1

#### 10 Profit and loss reserve

	£
At 1 May 2006	902
Retained profit for the financial year	38,381
<b>At 30 April 2007</b>	<b>39,283</b>

#### 11 Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit for the year	38,381	902
Opening shareholders' funds	903	1
<b>Closing shareholders' funds</b>	<b>39,284</b>	<b>903</b>

# **Deeley Properties (Dorset Street) Limited**

## **Notes to the financial statements for the year ended 30 April 2007 (continued)**

### **12 Related party transactions**

The company has taken advantage of the exemption allowed to subsidiary companies under Financial Reporting Standard 8 – Related Party Transactions. Therefore group transactions with Deeley Group Limited are not disclosed separately.

The results for the year include a loss of £1,440 (2006 £1,289) in respect of a 50% share of the losses of The Dorset Street Partnership, a joint venture partnership. At 30 April 2007 The Dorset Street Partnership owed Deeley Properties (Dorset Street) Limited £1,264,849 (2006 £1,100,000) (note 7).

### **13 Ultimate parent undertaking and ultimate controlling party**

The ultimate parent company is Deeley Group Limited which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Peter Deeley is considered to be the controlling party of Deeley Group Limited.

The group accounts are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maundy, Cardiff, CF14 3UZ.