

Company Registration No 5680346

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

Report and Financial Statements

For the year ended 31 December 2007

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DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M H Marx
C J Barwick
D A K Trench

SECRETARY

S A Lanes

BANKERS

Barclays Bank PLC
50 Pall Mall
London SW1A 1QB

SOLICITORS

Macfarlanes
10 Norwich Street
London EC4A 1BD

REGISTERED OFFICE

Portland House
Bressenden Place
London SW1E 5DS

AUDITORS

Ernst & Young LLP
1 More London Place
London SE1 2AF

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

DIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 31 December 2007

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company during the year and for the foreseeable future is that of property investment and development. The directors do not foresee any changes in the future activities of the company.

During the year the company completed the forward sale of a property that it is responsible for constructing. The profit on this sale is being recognised in the accounts by reference to the stage of completion of construction.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £2,695,743 (2006: £nil). The directors do not recommend the payment of a dividend (2006: £nil).

DIRECTORS

The directors who held office during the year and to date were as follows:

M H Marx
C J Barwick
D A K Trench (appointed 4 April 2007)
P J Willis (resigned 6 March 2007)

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.

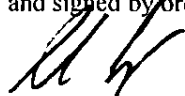
DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

A resolution concerning the appointment of PricewaterhouseCoopers LLP as auditors is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



S A Lanes
Secretary
4 November 2008

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

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 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 that 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

We have audited the financial statements of Development Securities (Southampton A) Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet 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

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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).

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.

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED (continued)

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 31 December 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

Ernst & Young LLP

Ernst & Young LLP

Registered auditor

London

4 November 2008

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2007

	Notes	Year ended 31 December 2007 £	Period from 19 January to 31 December 2006 £
TURNOVER	2	17,319,502	-
Cost of sales		<u>(14,277,002)</u>	<u>-</u>
GROSS PROFIT		3,042,500	-
Administrative expenses		<u>(346,671)</u>	<u>-</u>
OPERATING PROFIT	3	2,695,829	-
Interest payable and similar charges	4	<u>(86)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,695,743	-
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	10	<u><u>2,695,743</u></u>	<u><u>-</u></u>

All amounts relate to continuing activities

There are no recognised gains and losses or movements in shareholders funds for the current and preceding financial year / period other than as stated in the profit and loss account. Consequently, no statement of total recognised gains and losses is presented.

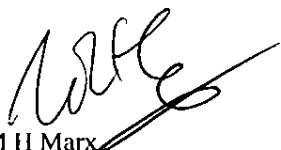
DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

BALANCE SHEET 31 December 2007

	Note	2007 £	2006 £
CURRENT ASSETS			
Debtors	6	665,762	1
Cash at bank and on hand	7	<u>30,382,696</u>	<u>-</u>
		31,048,458	1
CREDITORS: amounts falling due within one year	8	<u>(28,352,714)</u>	<u>-</u>
NET CURRENT ASSETS		<u>2,695,744</u>	<u>1</u>
NET ASSETS		<u>2,695,744</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Profit and loss account	10	<u>2,695,743</u>	<u>-</u>
TOTAL EQUITY SHAREHOLDER'S FUNDS	10	<u>2,695,744</u>	<u>1</u>

The financial statements were approved by the Board of Directors on 14 November 2008

Signed on behalf of the Board of Directors


 M H Marx
 Director

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

1 ACCOUNTING POLICY

Basis of accounting

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards and under the historical cost convention. The accounting policies adopted are consistent with the prior year.

Cash flow statement

The Company has taken advantage of the exemption given in FRS 1 (revised 1996) 'Cash Flow Statements', from preparing a cash flow statement on the basis that it is a wholly owned subsidiary of Development Securities PLC. The consolidated financial statements of Development Securities PLC are publicly available.

Turnover and profit recognition

- i) **Project management fee**
Turnover, which excludes value added tax, is recognised over the term for which the project management services are provided, based on the value of the work completed.
- ii) **Land, developments and trading properties**
The sale proceeds of trading property, undeveloped land and building units held as inventory and sold during the year are recognised as turnover when the risks and rewards of ownership have been transferred to the purchaser. Full provision is made for all known or expected losses on completing a development once such losses are foreseen.
- iii) **Long term contracts**
Turnover, which excludes value added tax, represents the value of work done in the year including estimates of amounts not invoiced and adjustments relating to prior years which have been agreed during the year.

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.

Long term contracts

Contract work in progress is valued at total cost incurred plus attributable profits less foreseeable losses and applicable payments on account. The resultant balance is included under debtors as 'amounts recoverable on contracts', under creditors as 'payments on account' or under creditors as 'accruals for foreseeable losses'. Profit on long term contracts is taken as the work is carried out, once the final outcome of the project can be assessed with reasonable certainty.

Trade debtors

Trade debtors are initially accounted for at fair value and subsequently reviewed for evidence of non-recoverability. Any bad debts are provided for when identified.

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

2 TURNOVER

	Year ended 31 December 2007 £	Period from 19 January to 31 December 2006 £
Project management fees	292,500	-
Long term contract revenue	<u>17,027,002</u>	<u>-</u>
	<u>17,319,502</u>	<u>-</u>

Turnover, which is stated net of Value Added Tax, represents project management fees and construction contract revenue. All turnover is attributable to continuing activities undertaken in the United Kingdom.

3 OPERATING PROFIT

None of the directors received any emoluments in respect of qualifying services provided to the company during the year (2006 £nil).

The auditors' remuneration of £2,210 (2006 £nil) for the current and preceeding financial year has been borne by Development Securities PLC, the ultimate parent company.

The company does not have any employees (2006 nil).

4 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2007 £	Period from 19 January to 31 December 2006 £
Bank loans and overdrafts	<u>86</u>	<u>-</u>

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

Tax charge

There is no tax charge for the current year (2006 £nil)

Factors affecting the current tax charge for the year

	Year ended 31 December 2007 £	Period from 19 January to 31 December 2006 £
Profit on ordinary activities before tax	2,695,743	-
Tax at 30% thereon	808,723	-
Effect of Other timing differences	105,000	
Group relief claimed for nil consideration	<u>(913,723)</u>	<u>-</u>
Current tax charge	<u>-</u>	<u>-</u>

Factors affecting future tax charges

The UK corporation tax rate has decreased from 30% to 28% from 1 April 2008. This rate change will affect the amounts of future cash tax payments to be made by the company.

There are short term timing differences of £98,000 (2006 £nil) in respect of costs that have been accrued but not paid within nine months of the accounting year end, which will only be deductible once they have been paid. No deferred tax asset has been recognised as any tax credit in the future will be group relieved for nil consideration.

6 DEBTORS

	2007 £	2006 £
Trade debtors	141,746	-
Amounts owed by ultimate parent undertaking	<u>524,016</u>	<u>1</u>
	<u>665,762</u>	<u>1</u>

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

7 CASH AT BANK AND ON HAND

£30,382,309 (2006 £nil) of the cash balance is a payment on account for a specific development project and cannot be utilised for other purposes.

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

8 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Payments on account	27,412,986	-
Other taxation and social security costs	589,728	-
Accruals and deferred income	<u>350,000</u>	<u>-</u>
	<u>28,352,714</u>	<u>-</u>

9 CALLED UP SHARE CAPITAL

	2007	2006
	£	£
Authorised 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued, allotted and fully paid 1 ordinary share of £1 each	<u>1</u>	<u>1</u>

10 RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	Share capital	Profit and Loss Account	Total Shareholder's Funds
	£	£	£
At 19 January 2006	-	-	-
Issue of shares	<u>1</u>	<u>-</u>	<u>-</u>
At 31 December 2006	1	-	1
Profit for the year	<u>-</u>	<u>2,695,743</u>	<u>2,695,743</u>
At 31 December 2007	<u>1</u>	<u>2,695,743</u>	<u>2,695,744</u>

11 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

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

12 ULTIMATE PARENT COMPANY

The ultimate parent and controlling company and parent company of the largest group of which Development Securities (Southampton A) Limited is a member and for which consolidated accounts are prepared is Development Securities PLC

The immediate parent company and parent company of the smallest group of which the company 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 Report and Financial Statements of Development Securities PLC and Development Securities (Investments) PLC can be obtained from Portland House, Bressenden Place, London SW1E 5DS