

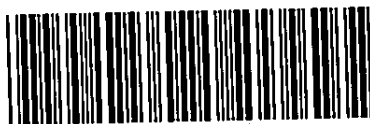
Company registration number: 5680346

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

Annual report and financial statements

for the year ended 31 December 2010

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DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M H Marx
C J Barwick
D A K Trench

COMPANY SECRETARY

H M Ratsey

BANKERS

Barclays Bank PLC
50 Pall Mall
London
SW1A 1QA

REGISTERED OFFICE

Portland House
Bressenden Place
London
SW1E 5DS

INDEPENDENT AUDITORS

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

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

DIRECTORS' REPORT for the year ended 31 December 2010

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2010

The company registration number is 5680346

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.

RESULTS AND DIVIDENDS

The company's loss for the financial year after taxation is £4,173 (2009 profit £2,595). The directors do not recommend the payment of a dividend (2009 £nil).

DIRECTORS

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

M H Marx
C J Barwick
D A K Trench

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 (SOUTHAMPTON A) LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2010 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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 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).

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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, 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 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.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, 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
31 March 2011

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 2010 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 directors' responsibilities statement 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.

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 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

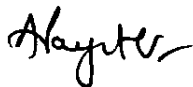
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

3rd March 2011

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2010

| | Note | 2010 £ | 2009 £ |
|---|------|-----------------------|---------------------|
| TURNOVER | 2 | - | 50,528 |
| Cost of sales | | <u>-</u> | <u>(49,195)</u> |
| GROSS RESULT/PROFIT | | - | 1,333 |
| Administrative expenses | | <u>(6,275)</u> | <u>(3,781)</u> |
| OPERATING LOSS | 3 | (6,275) | (2,448) |
| Interest receivable and similar income | 4 | 2,103 | 5,044 |
| Interest payable and similar charges | 5 | <u>(1)</u> | <u>(1)</u> |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | (4,173) | 2,595 |
| Tax on (loss)/profit on ordinary activities | 6 | <u>-</u> | <u>-</u> |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | 11 | <u><u>(4,173)</u></u> | <u><u>2,595</u></u> |

All amounts relate to continuing activities

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the years stated above and their historical cost equivalents

The company has no recognised gains and losses other than those included in the result alone, and therefore no separate statement of total recognised gains and losses has been presented

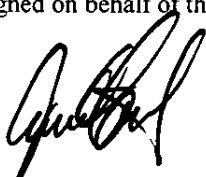
DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

BALANCE SHEET as at 31 December 2010

| | Note | 2010 £ | 2009 £ |
|---|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Debtors | 7 | 8,379,440 | 8,655,757 |
| Cash at bank and in hand | 8 | <u>421,677</u> | <u>419,557</u> |
| | | 8,801,117 | 9,075,314 |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 9 | <u>(211,217)</u> | <u>(481,241)</u> |
| NET CURRENT ASSETS | | <u>8,589,900</u> | <u>8,594,073</u> |
| NET ASSETS | | <u>8,589,900</u> | <u>8,594,073</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 10 | 1 | 1 |
| Profit and loss account | 11 | <u>8,589,899</u> | <u>8,594,072</u> |
| TOTAL SHAREHOLDERS' FUNDS | 11 | <u>8,589,900</u> | <u>8,594,073</u> |

The financial statements on pages 6 to 11 were approved by the board of directors on 31 March 2011

Signed on behalf of the board of directors



D A K Trench
Director

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

1 ACCOUNTING POLICIES

Basis of preparation

These financial statements are prepared in accordance with the Companies Act 2006, and 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.

Going concern

The directors have prepared the financial statements on the going concern basis, on the grounds that the company 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 entities that are part of the Development Securities PLC group.

Turnover and profit recognition

- i) Project management fee income is recognised as services are provided over the term for which project management services are provided.
- ii) Long term contract revenue 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 United Kingdom 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.

Work in progress

Work in progress, comprising developments, is carried as inventory and stated at the lower of cost and estimated net realisable value. Cost also includes directly attributable expenditure. No element of overhead is included in cost, since it is not practical to identify overhead amounts in respect of particular assets. Where directors consider that the costs are not recoverable from the proposed scheme, the project or site is written down to its net realisable value, with the write-down taken to the profit and loss account. Net realisable value is calculated as the estimated realisable value of the project or site, based upon our current plans, less all further costs to be incurred in making the sale.

Cash at bank and in hand

Cash at bank and in hand comprises cash balances and payments on account received for specific purposes and which cannot be used for any other projects.

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010 (continued)

2 TURNOVER

| | 2010 £ | 2009 £ |
|----------------------------|-----------|---------------|
| Long term contract revenue | <u>-</u> | <u>50,528</u> |

Turnover, which is stated net of value added tax, represents construction contract revenue. All turnover is attributable to continuing activities undertaken in the United Kingdom.

3 OPERATING LOSS

None of the directors received any emoluments in respect of qualifying services provided to the company during the year (2009 £nil). Directors are remunerated by Development Securities PLC.

The auditors' remuneration of £2,500 (2009 £2,500) for the current and preceding financial year has been borne by Development Securities PLC, the ultimate parent company.

The company does not have any employees (2009 none).

4 INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2010 £ | 2009 £ |
|---------------------------|--------------|--------------|
| Other interest receivable | <u>2,103</u> | <u>5,044</u> |

5 INTEREST PAYABLE AND SIMILAR CHARGES

| | 2010 £ | 2009 £ |
|--------------------------------|-----------|-----------|
| Interest payable on overdrafts | <u>1</u> | <u>1</u> |

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010 (continued)

6 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

Tax charge

There is no tax charge for the current year (2009 £nil)

The tax assessed for the year is higher (2009 lower) than the standard rate of corporation tax in the United Kingdom of 28% (2009 28%) The differences are explained below

Factors affecting the current tax charge for the year

| | 2010 £ | 2009 £ |
|---|----------------|--------------|
| (Loss)/profit on ordinary activities before taxation | <u>(4,173)</u> | <u>2,595</u> |
| (Loss)/profit on ordinary activities multiplied by the standard rate in the United Kingdom 28% (2009 28%) | (1,168) | 727 |
| Effect of Group relief surrendered/(claimed) for nil consideration | <u>1,168</u> | <u>(727)</u> |
| Current tax charge | <u>-</u> | <u>-</u> |

Further reductions to the UK corporation tax rate were announced in the March 2011 Budget The changes, which are expected to be enacted separately each year, propose to reduce the rate by 2% in April 2011, followed by 1% per annum to 23% 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

7 DEBTORS

| | 2010 £ | 2009 £ |
|---|------------------|------------------|
| Other debtors | - | 3 |
| Amounts owed by ultimate parent undertaking | <u>8,379,440</u> | <u>8,655,754</u> |
| | <u>8,379,440</u> | <u>8,655,757</u> |

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

8 CASH AT BANK AND IN HAND

£421,677 (2009 £419,574) of the cash balance is a payment on account for a specific development project and cannot be utilised for other purposes

£nil (2009 (£17)) relates to current business account

DEVELOPMENT SECURITIES (SOUTHAMPTON A) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010 (continued)

9 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2010 £ | 2009 £ |
|------------------------------|----------------|----------------|
| Payments on account | 211,217 | 406,239 |
| Accruals and deferred income | <u>-</u> | <u>75,002</u> |
| | <u>211,217</u> | <u>481,241</u> |

10 CALLED UP SHARE CAPITAL

| | 2010 £ | 2009 £ |
|--------------------------------|------------|------------|
| Authorised: | | |
| 100 ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| Issued and fully paid: | | |
| 1 ordinary share of £1 each | <u>1</u> | <u>1</u> |

11 RECONCILIATION OF TOTAL SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

| | Called up share capital £ | Profit and loss account £ | Total shareholders' funds £ |
|-----------------------------|------------------------------------|------------------------------------|--------------------------------------|
| At 1 January 2010 | 1 | 8,594,072 | 8,594,073 |
| Loss for the financial year | <u>-</u> | <u>(4,173)</u> | <u>(4,173)</u> |
| At 31 December 2010 | <u>1</u> | <u>8,589,899</u> | <u>8,589,900</u> |

12 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent undertaking is Development Securities (Investments) PLC

The ultimate parent undertaking and controlling party is Development Securities PLC, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Both companies are registered in England and Wales and incorporated in Great Britain.

Copies of the annual report and consolidated financial statements of Development Securities PLC and Development Securities (Investments) PLC can be obtained from Portland House, Bressenden Place, London SW1E 5DS.