

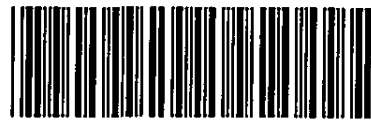
Company registration number: 6559617

HDD LAWLEY VILLAGE LIMITED

Annual report and financial statements

for the year ended 28 February 2013

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HDD LAWLEY VILLAGE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

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HDD LAWLEY VILLAGE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

B D Cassels
S I Davidson
M S Weiner

COMPANY SECRETARY

H M Ratsey

REGISTERED OFFICE

Portland House
Bressenden Place
London
SW1E 5DS

INDEPENDENT AUDITORS

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

HDD LAWLEY VILLAGE LIMITED

DIRECTORS' REPORT for the year ended 28 February 2013

The directors present their annual report and audited financial statements of the company for the year ended 28 February 2013. The comparative results presented are for the period 1 January 2011 to 29 February 2012.

The company registration number is 6559617.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

The company holds an interest in a development site in Lawley Village, Telford, which will include a 40,000 sq ft foodstore (pre-let to Morrisons), 15,700 sq ft retail units and 39 residential units.

During the year, the company completed development of the Morrisons foodstore for a client of La Salle, recognising profit of £2,360,976. As part of the arrangement, the company was required to take a long lease over the other retail units attached to the Morrisons development (known as Plot E retail) for £450,000.

The company also commenced development of the Extra Care facility for Sanctuary Group under an £8m fixed price construction contract. Construction contract revenue of £2,155,421 has been recognised in the year but no profit has been taken due to the early stage of the development and the inherent uncertainty of profits.

In July 2012, the company sold a plot of land to Marston's for £525,000 and entered into a construction contract to build a pub on the site on their behalf. Construction was completed in January 2013 and the company recognised construction contract revenue of £1,658,860. Profit of £80,375 was recognised on the combined transaction.

In January 2013, the company entered into an introduction agreement with a day nursery operator in relation to a plot of land owned by a third party. The company received an introduction fee of £266,960 and recognised profit of £34,821 in relation to this transaction. Separately, the company entered into a construction contract to build a nursery on the site on behalf of the operator. No revenue or profit has been recognised as at February 2013 as construction had only just started. The nursery is due to be completed in early 2014.

The company also continued construction of the retail and residential units that it is building speculatively. Practical completion of these retail and residential units (Plot D) was achieved over March and April 2013.

Since the year end, the company has completed the sale of the Plot D and E retail units for £1,622,500 recognising profit of £194,572. A long lease over 11 completed residential units was granted to a fellow group company for £990,000. No profit was recognised on this sale.

RESULTS AND DIVIDENDS

The company's profit for the financial year is £2,323,615 (14-month period ended 29 February 2012 profit of £439,628). The directors do not recommend the payment of a dividend (14-month period ended 29 February 2012 £nil).

DIRECTORS

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

B D Cassels
S I Davidson
M S Weiner

DIRECTORS' REPORT
for the year ended 28 February 2013 (continued)

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.

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 year. 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.

DIRECTORS' REPORT
for the year ended 28 February 2013 (continued)

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

A handwritten signature in black ink, appearing to read 'H M Ratsey', with a long horizontal flourish extending to the right.

H M Ratsey
Company Secretary
25th November 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HDD LAWLEY VILLAGE LIMITED

We have audited the financial statements of HDD Lawley Village Limited for the year ended 28 February 2013 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 28 February 2013 and of its profit 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 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 year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HDD LAWLEY VILLAGE 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
25th November 2013

HDD LAWLEY VILLAGE LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 28 February 2013

	Note	Year ended 28 Feb 2013 £	Period from 1 Jan 2011 to 29 Feb 2012 £
TURNOVER	2	14,980,273	4,478,249
Cost of sales		(12,504,102)	(3,927,577)
GROSS PROFIT		<u>2,476,171</u>	<u>550,672</u>
Administrative expenses		(152,587)	(111,044)
OPERATING PROFIT	3	<u>2,323,584</u>	<u>439,628</u>
Interest receivable and similar income		<u>31</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,323,615	439,628
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR/ PERIOD	5	<u>2,323,615</u>	<u>439,628</u>

All amounts related to continuing activities

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

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses is presented

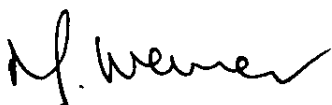
HDD LAWLEY VILLAGE LIMITED

BALANCE SHEET as at 28 February 2013

	Note	28 Feb 2013 £	29 Feb 2012 £
CURRENT ASSETS			
Work in progress	5	5,328,445	2,088,010
Debtors	6	75,187	3,074
Cash at bank and in bank		<u>164,558</u>	<u>-</u>
		5,568,190	2,091,084
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	<u>(2,846,078)</u>	<u>(1,692,587)</u>
NET CURRENT ASSETS		<u>2,722,112</u>	<u>398,497</u>
NET ASSETS		<u>2,722,112</u>	<u>398,497</u>
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account	9	<u>2,722,110</u>	<u>398,495</u>
TOTAL SHAREHOLDERS' FUNDS	9	<u>2,722,112</u>	<u>398,497</u>

These financial statements on pages 7 to 13 were approved by the board of directors on 25th November 2013

Signed on behalf of the board of directors



M S Weiner
Director

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 February 2013**

1 ACCOUNTING POLICIES

Basis of accounting

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 previous 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 wholly-owned entities that are part of the Development Securities PLC group.

Turnover

Turnover, which excludes value added tax, represents the sale proceeds of undeveloped land and building units held as inventory and sold during the financial year and is recognised when the risks and rewards of ownership have been transferred to the purchaser. Turnover, which excludes value added tax, also includes other property income.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 February 2013 (continued)

2 TURNOVER

	Year ended 28 Feb 2013 £	Period from 1 Jan 2011 to 29 Feb 2012 £
Construction contract revenue	14,188,313	-
Proceeds from sale of land	525,000	3,927,577
Other property related income	266,960	550,672
	<u>14,980,273</u>	<u>4,478,249</u>

During the year the company completed development of the Morrisons unit which had been forward-sold to a client of LaSalle Investment Management for £10.4m (fixed price contract). Construction contract revenue of £10,374,832 and profit of £2,360,976 has been recognised on the development in the year.

The company also commenced development of the Extra Care facility for Sanctuary Group under an £8m fixed price construction contract. Construction contract revenue of £2,155,421 has been recognised in the year but no profit has been taken due to the early stage of the development and the inherent uncertainty of profits.

In July 2012, the company sold a plot of land to Marston's for £525,000 and entered into a construction contract to build a pub on the site on their behalf. Construction was completed in January 2013 and the company recognised construction contract revenue of £1,658,060. Profit of £80,375 was recognised on the combined transaction.

In January 2013, the company entered into an introduction agreement with a day nursery operator in relation to a plot of land owned by a third party. The company received an introduction fee of £266,960 and recognised profit of £34,821 in relation to this transaction. Separately, the company entered into a construction contract to build a nursery on the site on behalf of the operator. No revenue or profit has been recognised as at February 2013 as construction had only just started. The nursery is due to be completed in early 2014.

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

3 OPERATING PROFIT

The auditors' remuneration of £2,500 (14-month period ended 29 February 2012: £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 year (14-month period ended 29 February 2012: £nil). Directors are remunerated by Development Securities PLC and Henry Davidson Developments Limited.

The company does not have any employees (14-month period ended 29 February 2012: none).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 28 February 2013 (continued)

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

Tax charge

There is no tax charge in the current year (14-month period ended 29 February 2012 £nil)

The tax assessed for the period is lower than (14-month period ended 29 February 2012 lower than) the standard rate of corporation tax in the United Kingdom of 24 2% (14-month period ended 29 February 2012 26 5%) The differences are explained below

Factors affecting the current tax charge for the year/ period

	Year ended 28 Feb 2013	Period from 1 Jan 2011 to 29 Feb 2012
	£	£
Profit on ordinary activities before taxation	2,323,615	439,628
Profit on ordinary activities multiplied by the standard rate in the United Kingdom 24 2% (14-month period ended 29 February 2012 26 5%)	562,315	116,501
Effect of Group claimed for nil consideration	(562,315)	(116,501)
Current tax charge for the year/ period	-	-

As announced in the March 2012 Budget, the main rate of UK corporation tax was reduced to 24% from 1 April 2012 and 23% from 1 April 2013 The reductions were substantively enacted at the balance sheet date and, therefore recognised in these financial statements

Further reductions to the UK corporation tax rate were announced in the March 2013 Budget The changes, which are expected to be enacted separately each year, propose to reduce the rate to 21% from 1 April 2014, followed by a further 1% reduction to 20% by 1 April 2015 The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements

5 WORK IN PROGRESS

	£
At cost:	
1 March 2012	2,088,010
Additions	3,914,015
Disposals	(673,580)
28 February 2013	5,328,445

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 February 2013 (continued)

6 DEBTORS

	28 Feb 2013 £	29 Feb 2012 £
Trade debtors	26,947	-
Other debtors	48,240	3,074
	<u>75,187</u>	<u>3,074</u>

7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 Feb 2013 £	29 Feb 2012 £
Amounts owed to parent undertaking	2,806,540	1,672,640
Accruals	39,538	19,947
	<u>2,846,078</u>	<u>1,692,587</u>

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

8 CALLED UP SHARE CAPITAL

	28 Feb 2013 £	29 Feb 2012 £
Allotted and fully paid:		
1 ordinary A class share of £1 each	1	1
1 ordinary B class share of £1 each	1	1
	<u>2</u>	<u>2</u>

'A' class shares entitle the holder to one vote per share held, whilst 'B' class shares do not entitle voting rights. Both classes of share entitle the holder to the right to receive dividends as declared by the company. Upon winding up, the assets of the company available for distribution among the members shall be applied first in paying to the 'A' and 'B' shareholders a sum equal to the nominal amount of each share held by them and secondly the balance of such assets (if any) shall be distributed pro rata amongst shareholders holding 'A' shares based upon the number of 'A' shares held.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 February 2013 (continued)

9 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
At 1 March 2012	2	398,495	398,497
Profit for the year	-	2,323,615	2,323,615
At 28 February 2013	2	2,722,110	2,722,112

10 ULTIMATE PARENT UNDERTAKING

The ultimate parent and controlling company of the largest and smallest group of which the company is a member and for which consolidated financial statements are produced is Development Securities PLC

The immediate parent company is Henry Davidson Developments Limited

Both companies are incorporated in Great Britain and registered in England and Wales

Copies of the annual report and financial statements of Development Securities PLC and Henry Davidson Developments Limited can be obtained from Portland House, Bressenden Place, London SW1E 5DS

11 POST BALANCE SHEET EVENTS

Since the year end, the company has completed the sale of the Plot D and E retail units for £1,622,500 recognising profit of £194,572. It has also granted a long lease over 11 completed residential units to a fellow group company for £990,000. No profit was recognised on this sale.