

25862

SERVITE DEVELOPMENT SERVICES LIMITED

DIRECTORS' REPORT

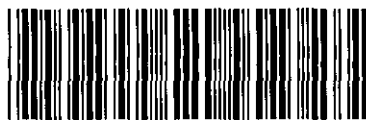
AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2006

WEDNESDAY



AP8GWLPT

A22

27/12/2006

502

COMPANIES HOUSE

SERVITE DEVELOPMENT SERVICES LIMITED

FINANCIAL STATEMENTS **For the year ended 31 March 2006**

CONTENTS

	Page
<i>Directors, officers, advisors and bankers</i>	2
<i>Directors' report</i>	3
<i>Independent Auditors' report</i>	4
<i>Profit and loss account</i>	5
<i>Balance sheet</i>	6
<i>Notes to the financial statements</i>	7- 10

SERVITE DEVELOPMENT SERVICES LIMITED

Directors	Mathew Fox	
	David Markham	Appointed 25 May 2006
	Peter Snelling	
	Greg Brown	Resigned 24 March 2006
	Bill Patey	Resigned 24 March 2006
	Martin Dalby	Appointed 9 June 2005 Resigned 24 March 2006
Secretary	Martin Dalby	Appointed 9 June 2005 Resigned 24 March 2006
	Bridgehouse Company	Appointed 25 May 2006
	Secretaries	
Registered Office	2 Bridge Avenue London W6 9JP	
Auditor	BDO Stoy Hayward LLP Emerald House East Street Epsom Surrey KT17 1HS	
Principal Solicitor	Devonshires Salisbury House London Wall London EC2M 5QY	
Principal Banker	Lloyds TSB Bank plc Hammersmith London W6 0JL	
Registration	Private Company Limited by shares no 2585612	

SERVITE DEVELOPMENT SERVICES LIMITED

DIRECTORS' REPORT

The Directors submit their annual report together with the audited financial statements of the company for the year ended 31 March 2006.

ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company owns an office block for commercial letting and is developing other residential property.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £54,194 (2005: £49,457 loss), which when added to the loss brought forward of £437,666 leaves a loss to be carried forward of £491,860.

No dividend is proposed.

MARKET VALUE OF LAND AND BUILDINGS

The Directors are of the opinion that there is no material difference between the market value of the Company's interests in land and buildings and the amounts at which they are shown in the financial statements.

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year are named on page 2. None of the directors had any beneficial interest in the issued share capital of the Company or in the shares of any other Group entity.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice for each financial year which 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 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; 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 which 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.*

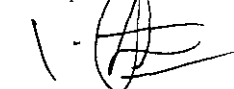
Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

AUDITOR

BDO Stoy Hayward LLP has expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

APPROVAL

The report of the directors was approved by the Board on 20 July and signed on its behalf by:



Bridgehouse Company Secretaries
Secretary

SERVITE DEVELOPMENT SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Servite Development Services Limited

We have audited the financial statements of Servite Development Services Limited for the year ended 31 March 2006 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 the directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is consistent with the financial statements, if 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 Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

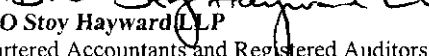
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 31 March 2006 and of its results for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.


BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Epsom, Surrey

Date: 30 August 2006

SERVITE DEVELOPMENT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 March 2006

	Notes	2006 £	2005 £
TURNOVER - continuing operations	1	2,056,829	9,488,061
COST OF SALES - continuing operations			
Construction costs		2,201,553	10,051,229
Less: Work in progress		(189,000)	(767,410)
GROSS PROFIT		<u>2,012,553</u> 44,276	<u>9,283,811</u> 204,241
Other income		229,500	229,691
Administrative expenses		(66,827)	(61,831)
OPERATING PROFIT		<u>206,949</u>	<u>372,101</u>
Interest receivable		2,423	3,871
Interest payable	4	(229,566)	(229,500)
		(20,194)	146,471
Gift Aid to parent undertaking		(34,000)	(196,684)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>(54,194)</u>	<u>(50,206)</u>
Tax on loss on ordinary activities	5	-	741
LOSS FOR THE FINANCIAL YEAR		<u>(54,194)</u>	<u>(49,457)</u>
LOSS BROUGHT FORWARD		(437,666)	(388,209)
LOSS CARRIED FORWARD		<u>(491,860)</u>	<u>(437,666)</u>

All amounts relate to continuing activities.

There were no recognised gains or losses other than those included in the profit and loss account.

There are no movements in shareholders' funds in the current year apart from the loss for the year.

The notes on pages 7 to 10 form part of these financial statements.

SERVITE DEVELOPMENT SERVICES LIMITED

BALANCE SHEET As at 31 March 2006

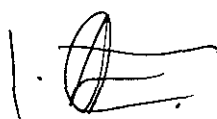
		2006	2005
	Notes	£	£
FIXED ASSETS			
Tangible assets	6	2,845,557	2,902,029
CURRENT ASSETS			
Work in progress	7	189,000	767,410
Debtors and prepayments	8	788,861	562,496
Cash at bank and in hand		40,752	396,961
		<u>1,018,613</u>	<u>1,726,867</u>
CREDITORS:			
Amounts falling due within one year	9	<u>(265,713)</u>	<u>(971,721)</u>
NET CURRENT ASSETS		752,900	755,146
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,598,457</u>	<u>3,657,175</u>
CREDITORS:			
Amounts falling due after more than one year	10	(4,020,836)	(4,025,360)
Provisions for liabilities and charges	11	<u>(69,479)</u>	<u>(69,479)</u>
		<u>(491,858)</u>	<u>(437,664)</u>
Called up share capital	12	2	2
Profit and loss account		<u>(491,860)</u>	<u>(437,666)</u>
EQUITY SHAREHOLDERS' DEFICIT	13	<u>(491,858)</u>	<u>(437,664)</u>

The financial statements were approved by the Board on 20 July 2006 and signed on its behalf by:

Director



Secretary



The note on pages 7 to 10 form part of these financial statements.

SERVITE DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with the applicable accounting standards. The going concern basis of preparation has been adopted on the basis of continued financial support by the parent undertaking. The particular accounting policies adopted are described below.

1.1 Turnover

Turnover represents amounts receivable for the provision of building services.

1.2 Depreciation of tangible fixed assets

Depreciation of tangible fixed assets is provided at annual rates calculated to write off the cost less estimated residual value, over the estimated useful life as follows:

Freehold property:	2% per annum
Freehold land is not depreciated	

1.3 Capitalisation of interest

Interest on loans to finance specific developments is capitalised to the date of completion of the scheme gross of tax relief.

1.4 Work in progress

Work in progress is stated at construction cost net of amount transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account.

1.5 Deferred Tax

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19 "Deferred Tax".

1.6 Related party disclosure

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8, "Related party disclosures", not to disclose transactions with members' or investors' of the Group headed by Servite Houses. This is on the grounds that at least 90% of the voting rights in the Company are controlled within that Group and the Company is included in the consolidated financial statements.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

Depreciation
Auditor's remuneration - audit work
Auditor's remuneration - other work

2006	2005
£	£
56,472	56,472
5,875	2,938
-	1,470

SERVITE DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

3 STAFF NUMBERS AND COSTS

The directors, who were the only employees of the company, received no remuneration during the year under review (2005: nil).

4 Interest payable and similar charges

	2006	2005
	£	£
Interest on loan from parent undertaking.	<u>229,566</u>	<u>229,500</u>

5 TAXATION

a) Analysis of tax charge for the period

	2006	2005
	£	£
Deferred Tax: Timing differences	<u>-</u>	<u>749</u>

b) Factors affecting the tax charge for the period

The tax assessed for the period is different from that assessed at the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006	2005
	£	£
Loss for the year before taxation	<u>(54,194)</u>	<u>(50,206)</u>
Theoretical tax at UK corporation tax rate of 30% (2005: 30%)	(16,258)	(15,062)
Effects of:		
Expenses not deductible for tax purposes (mainly depreciation on non qualifying assets)	2,423	14,993
Difference between capital allowances and depreciation on qualifying assets	-	749
Other adjustments - re gift aid	<u>-</u>	<u>(680)</u>
Current tax charge for the period	<u>--</u>	<u>-</u>

6 TANGIBLE FIXED ASSETS

	2006	2005
	Freehold Land and Buildings	Freehold Land and Buildings
	£	£
Cost	<u>3,606,090</u>	<u>3,606,090</u>
At 1 April		
Depreciation		
At 1 April	704,061	647,589
Charge for the year	56,472	56,472
At 31 March	<u>760,533</u>	<u>704,061</u>
Net Book Value		
At 31 March	<u>2,845,557</u>	<u>2,902,029</u>

The aggregate amount of capitalised interest included in tangible fixed assets at 31 March 2006 remains at £213,696 (2005: £213,696)

SERVITE DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

7	WORK IN PROGRESS	2006	2005
		£	£
	Construction cost	<u>189,000</u>	<u>767,410</u>
<p>Long term contracts are assessed on a contract by contract basis and are reported in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long term can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.</p>			
8	DEBTORS AND PREPAYMENTS	2006	2005
		£	£
	Amount due from parent undertaking	786,213	548,962
	Other debtors	2,648	13,534
		<u>788,861</u>	<u>562,496</u>
9	CREDITORS: Amounts falling due within one year	2006	2005
		£	£
	Trade creditors	39,708	313
	Amount due to Parent Undertaking	34,000	200,000
	Accruals	192,005	771,408
		<u>265,713</u>	<u>971,721</u>
10	CREDITORS: Amounts falling due after more than one year	2006	2005
		£	£
	Amount due to parent undertaking	<u>4,020,836</u>	<u>4,025,360</u>
<p>The balance due to the parent undertaking is secured by a legal charge over the freehold property and other assets. The balance is subject to an interest charge of £229,566 for the year to 31 March 2006 (2005 - £229,500). The parent undertaking has indicated that it would give at least twelve months notice should repayment be required.</p>			
11	PROVISION FOR LIABILITIES AND CHARGES	2006	2005
		£	£
	Provision for deferred taxation		
	At 1 April 2005	69,479	70,228
	Deferred tax charge for year	-	(749)
	At 31 March 2006	<u>69,479</u>	<u>69,479</u>
12	SHARE CAPITAL	2006	2005
		£	£
	Authorised		
	1,000 Ordinary shares of £1 each	1,000	1,000
	Allotted, called up and fully paid		
	2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

SERVITE DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005
	£	£
Opening total funds	(437,666)	(388,209)
Total recognised loss in the year	(54,194)	(49,457)
Closing total funds	<u>(491,860)</u>	<u>(437,666)</u>

14 ULTIMATE PARENT UNDERTAKING

In the opinion of the directors the ultimate parent undertaking is Servite Houses which is incorporated in the UK and registered in England under the Industrial and Provident Societies Acts (No. 12752R). The consolidated accounts of Servite Houses are available to the public and may be obtained from the Housing Corporation.