

SERVITE DEVELOPMENT SERVICES LIMITED

COMPANY NUMBER 02585612

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2008

TUESDAY



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SERVITE DEVELOPMENT SERVICES LIMITED

FINANCIAL STATEMENTS **For the year ended 31 March 2008**

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SERVITE DEVELOPMENT SERVICES LIMITED

Directors	Mathew Fox James Macnamara David Markham Terry Noys	Resigned 27 September 2007, Appointed 3 March 2008 Appointed 27 September 2007, Resigned 19 June 2008 Resigned 27 September 2007 Resigned 3 March 2008
Secretary	Bridgehouse Company 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 Number 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 2008

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 £62,555 (2007 £54,603 loss), which when added to the loss brought forward of £546,463 leaves a loss to be carried forward of £609,018

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 directors' report and 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 for that year

In preparing those financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgments 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 accounts 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 enable them to ensure that the financial statements comply with the Companies Acts 1985. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors have taken all the necessary steps to make themselves aware, as directors, of any relevant audit information and to establish that the auditors are aware of that information

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware

AUDITOR

Elective resolutions to dispense with the holding of annual general meetings, the laying of report and accounts before the company in general meeting and the annual reappointment of the auditors are currently in force. Accordingly, pursuant to section 386 of the Companies Act 1985 ("the Act") the auditors, BDO Stoy Hayward LLP, will be deemed to have been reappointed at the end of the period of 28 days beginning with the day on which copies of this report and accounts are sent to members unless a resolution is passed under section 393 of the Act to the effect that their appointment be brought to an end

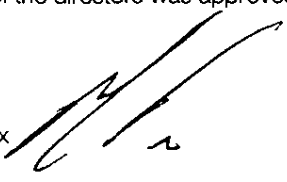
SERVITE DEVELOPMENT SERVICES LIMITED

DIRECTORS' REPORT (Continued)

APPROVAL

The report of the directors was approved by the Board on 31 July 2008 and signed on its behalf by

Matthew Fox
Director

A handwritten signature in black ink, appearing to be 'Matthew Fox', written over a horizontal line.

SERVITE DEVELOPMENT SERVICES LIMITED

Independent Auditor's Report to the members of Servite Development Services Limited

We have audited the financial statements of Servite Development Services Limited for the year ended 31 March 2008 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

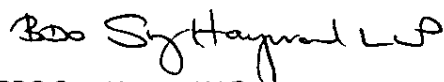
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2008 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 14 August 2008

SERVITE DEVELOPMENT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
TURNOVER	1	27	184
Cost of Sales		<u>(27)</u>	<u>(180)</u>
GROSS PROFIT		-	4
Other Income		230	230
Administrative Expenses		<u>7</u>	<u>(62)</u>
OPERATING PROFIT		237	172
Interest payable and similar charges	4	<u>(299)</u>	<u>(230)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(62)	(58)
Taxation	5	<u>7</u>	<u>3</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	12	<u><u>(55)</u></u>	<u><u>(55)</u></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' deficit in the current year apart from the loss for the year

The notes on pages 8 to 12 form part of these financial statements

SERVITE DEVELOPMENT SERVICES LIMITED

BALANCE SHEET As at 31 March 2008

	Notes	2008 £'000	2007 £'000
FIXED ASSETS			
Tangible assets	6	2,733	2,789
CURRENT ASSETS			
Debtors	7	848	926
Cash at bank and on hand		-	3
		<u>848</u>	<u>929</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	8	(38)	(177)
Net Current Assets		<u>810</u>	<u>752</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,543</u>	<u>3,541</u>
Creditors: Amounts due falling after more than one year	9	(4,085)	(4,021)
Provision for liabilities and charges	10	(60)	(67)
		<u>(4,145)</u>	<u>(4,088)</u>
		<u>(602)</u>	<u>(546)</u>
CAPITAL AND RESERVES			
Called up Share Capital	11	-	-
Profit and loss account	12	(602)	(546)
Total Reserves		<u>(602)</u>	<u>(546)</u>
		<u>(602)</u>	<u>(546)</u>

The financial statements were approved and authorised for issue by the Board on 31 July 2008 and signed on its behalf by

Matthew Fox

Director

The notes on pages 8 to 12 form part of these financial statements

SERVITE DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

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.

The company has taken advantage of the simplified reporting requirements for small entities in Part VII of the Companies Act 1985 and so has not prepared a cash flow statement. A group cash flow statement is shown in the consolidated financial statements of the ultimate parent, Servite Houses. 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 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".

1.5 Related party disclosure

The Company has taken advantage of the exemption conferred by FRS 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

	2008 £000	2007 £000
This is stated after charging		
Depreciation	56	56
Auditors' remuneration -		
In their capacity as auditors (inc VAT)	6	6
In respect of other services (inc VAT)	-	-
	<u>62</u>	<u>62</u>

3 STAFF NUMBERS AND COSTS

The directors, who were the only employees of the company, received no remuneration during the year under review (2007 nil).

SERVITE DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
Interest on loan from parent undertaking	<u>299</u>	<u>230</u>

5 TAXATION

Analysis of tax credit for the year

	2008 £000	2007 £000
Deferred tax credit - current year	7	2
Adjustment in respect of prior periods	-	1
Deferred tax credit (note 11)	<u>7</u>	<u>3</u>
Current tax charge	-	-
	<u>7</u>	<u>3</u>

Factors affecting the tax charge for the year

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

	2008 £000	2007 £000
Loss on ordinary activities before taxation	<u>(62)</u>	<u>(57)</u>
Tax at UK corporation tax rate of 30% (2006 30%)	(19)	(17)
Effects of		
Expenses not deductible for tax purposes	19	15
Capital allowances in excess of depreciation	-	1
Increase in losses carried forward	<u>-</u>	<u>1</u>
Current tax charge / (credit) for the period	<u>-</u>	<u>-</u>

SERVITE DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2008

6 TANGIBLE FIXED ASSETS

	2008 Freehold Land & Buildings - Offices £'000	2007 Freehold Land & Buildings - Offices £'000
Cost		
At 1 April 2007	3,606	3,606
Addition	-	-
Disposals	-	-
	<u>3,606</u>	<u>3,606</u>
At 31 March 2008	<u>3,606</u>	<u>3,606</u>
Depreciation		
At 1 April 2007	817	761
Charge for the year	56	56
Disposals	-	-
	<u>873</u>	<u>817</u>
At 31 March 2008	<u>873</u>	<u>817</u>
Net book value		
At 31 March 2008	<u>2,733</u>	<u>2,789</u>

The aggregate amount of capitalised interest included in tangible fixed assets at 31 March 2008 remains at £213,696 (2007 £213,696)

7 DEBTORS AND PREPAYMENTS

	2008 £'000	2007 £'000
Prepayments & accrued income	-	9
Amounts due from parent undertaking	<u>848</u>	<u>917</u>
	<u>848</u>	<u>926</u>

8 CREDITORS: Amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	3	73
Accruals and deferred income	1	77
Amounts owed to parent undertaking	<u>34</u>	<u>27</u>
	<u>38</u>	<u>177</u>

SERVITE DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

9 CREDITORS. Amounts falling due after more than one year

	2008 £'000	2007 £'000
Amounts owed to parent undertaking	<u>4,085</u>	<u>4,021</u>

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 £299,986 for the year 31 March 2008 (2007 £229,500). The parent undertaking has indicated that it would give at least twelve months notice should repayment be required.

10 PROVISIONS FOR LIABILITIES AND CHARGES

	2008 £'000	2007 £'000
Provision for deferred taxation		
At 1 April 2007	67	70
Deferred tax credit for the year	<u>(7)</u>	<u>(3)</u>
	<u>60</u>	<u>67</u>
Accelerated capital allowances	60	68
Losses	<u>-</u>	<u>(1)</u>
	<u>60</u>	<u>67</u>

11 SHARE CAPITAL

	2008 £	2007 £
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>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £'000	2007 £'000
Opening deficit at 1 April 2007	(547)	(492)
Total recognised loss for the year	<u>(55)</u>	<u>(55)</u>
Closing deficit at 31 March 2008	<u>(602)</u>	<u>(547)</u>

SERVITE DEVELOPMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008

13 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 its registered office

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