

STRATFORD CITY DEVELOPMENTS LIMITED
Directors' Report and Financial Statements
31 December 2007

TUESDAY



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COMPANIES HOUSE

OFFICERS & PROFESSIONAL ADVISORS

DIRECTORS

Michael J Gutman (resigned 16 May 2008)
Brian J Mackrill (appointed 25 January 2007)
Peter H Miller (appointed 16 May 2008)
Elliott Rusanow (resigned 18 April 2008)

SECRETARY

Leon Shelley
Anthony N Lattin (appointed 11 July 2008)

AUDITORS

KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

REGISTERED OFFICE

6th Floor
MidCity Place
71 High Holborn
London
WC1V 6EA

DIRECTORS' REPORT

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

Principal activity and business review

The company's principal activity is the development of retail, leisure, commercial and community facilities at Stratford, East London. It is anticipated that this principal activity will continue for the foreseeable future.

Results and dividends

The profit and loss account for the year is set out on page 5. The loss for the year of £17,588 (2006: £1,431) has been transferred to reserves.

The directors do not recommend the payment of a dividend (2006: £nil).

Directors, directors' interests and indemnity

Changes in directors during the period, or subsequent to the Balance Sheet date, are shown on page 1.

None of the directors had any interest in the share capital of the company during the year.

The directors of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto.

Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Employees

The Company has no employees (2006: nil).

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year.

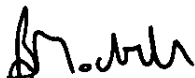
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

KPMG LLP have continued as auditors of the company. The company has passed an elective resolution to dispense with the annual re-appointment of the auditors.

By order of the board



Director

Date 5 SEPTEMBER 2008

6th Floor
MidCity Place
71 High Holborn
London
WC1V 6EA

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 judgments and 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, 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 enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STRATFORD CITY DEVELOPMENTS LIMITED

We have audited the financial statements of Stratford City Developments Limited for the year ended 31 December 2007 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.

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 auditor's 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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
8 Salisbury Square
London EC4Y 8BB

Date *5 September 2008*

PROFIT AND LOSS ACCOUNT**For the year ended 31 December 2007**

	Notes	Year ended 31-Dec-07 £	Year ended 31-Dec-06 £
Administrative expenses	2	<u>(89,247)</u>	<u>(2,044)</u>
Operating loss		<u>(89,247)</u>	<u>(2,044)</u>
Loss on ordinary activities before taxation		(89,247)	(2,044)
Taxation credit	4	<u>71,659</u>	<u>613</u>
Loss for the year		<u><u>(17,588)</u></u>	<u><u>(1,431)</u></u>

The above results relate entirely to continuing operations

There were no gains or losses during the period other than those disclosed above

BALANCE SHEET

As at 31 December 2007

	Notes	31-Dec-07 £	31-Dec-06 £
FIXED ASSETS			
Properties in the course of development	5	<u>92,274,901</u>	<u>38,636,478</u>
CURRENT ASSETS			
Debtors	6	1,966,807	517,792
Cash at bank and in hand		<u>4,551,089</u>	<u>3,052,611</u>
		6,517,896	3,570,403
CREDITORS amounts falling due within one year	7	<u>(98,783,731)</u>	<u>(42,108,568)</u>
NET CURRENT LIABILITIES		<u>(92,265,835)</u>	<u>(38,538,165)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,066	98,313
Provision for liabilities and charges	8	<u>(244,933)</u>	<u>(316,592)</u>
NET LIABILITIES		<u>(235,867)</u>	<u>(218,279)</u>
CAPITAL AND RESERVES			
Called up share capital	9	1,000	1,000
Profit and loss account	10	<u>(236,867)</u>	<u>(219,279)</u>
EQUITY SHAREHOLDERS' DEFICIT		<u>(235,867)</u>	<u>(218,279)</u>

Approved by the board of directors on 5 September 2008

and signed on its behalf by



Director

NOTES TO THE FINANCIAL STATEMENTS**As at 31 December 2007****1 ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules, as modified for the revaluation of land and buildings

Going concern

The company is dependent for its working capital on funds provided to it by other group companies. Another group company has provided the company with an undertaking that for at least twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for repayment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Taxation

Deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future, except that

(i) provision is not made in respect of property revaluation surpluses unless an unconditional sales agreement has been signed and rollover relief is not available to cover any gain arising, and

(ii) deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the relevant timing differences can be deducted.

Deferred tax is measured on a non discounted basis at the tax rates which apply at the balance sheet date.

Development properties

Properties held as investments are shown as fixed assets and are stated at cost.

No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

Profits or losses on sales of investment properties are recognised in the profit and loss account on completion of the sale and by reference to carrying value.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2007

1. ACCOUNTING POLICIES (CONT'D)**Cash flow statement**

A consolidated cash flow statement is published in the group financial statements of DGL Acquisitions Limited, an intermediate holding company. The company is exempt under FRS 1 (Cash flow statements) from publishing its own cash flow statement.

2 ADMINISTRATIVE EXPENSES

	Year ended 31-Dec-07 £	Year ended 31-Dec-06 £
Finance charges	15,000	-
Bank charges	15,110	344
Auditors' remuneration	40,207	-
Other administrative expenses	18,930	1,700
	<u>89,247</u>	<u>2,044</u>

None of the directors received any remuneration from the company during the period (2006 - £nil)

The company has no employees (2006 - nil)

3. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31-Dec-07 £	Year ended 31-Dec-06 £
Interest receivable on bank balances	331,424	-
Interest receivable from group undertakings	377,773	-
	<u>709,197</u>	<u>-</u>
Interest payable on bank borrowings	-	(118,881)
Interest payable to group undertakings	(3,527,364)	(1,157,230)
	<u>(3,527,364)</u>	<u>(1,276,111)</u>
Capitalised interest	2,818,167	1,276,111
	<u>-</u>	<u>-</u>

4. TAXATION**i) Analysis of tax credit for the year****Current tax:**

UK Corporation tax on loss of the year (note ii)

-

-

Deferred tax:

Arising from origination and reversal of timing differences

(71,659)

(613)

Tax credit on loss on ordinary activities

(71,659)

(613)

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2007

4. TAXATION (CONT'D)

	Year ended 31-Dec-07 £	Year ended 31-Dec-06 £
(ii) Factors affecting tax credit for the year		
Loss on ordinary activities before tax	<u>(89,247)</u>	<u>(2,044)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax of 30% (2006 - 30%)	(26,774)	(613)
Effects of Capitalised interest	(845,450)	(382,833)
Expected transfer of losses to other group companies unless otherwise restricted or carried forward	<u>872,224</u>	<u>383,446</u>
Current tax for the year	<u>-</u>	<u>-</u>

5. PROPERTIES IN THE COURSE OF DEVELOPMENT

	Development costs £
At 1 January 2007	38,636,478
Additions	<u>53,638,423</u>
At 31 December 2007	<u>92,274,901</u>

The property represents costs associated with the development of retail, leisure, commercial and community facilities at Stratford, East London

The balance at 31 December 2007 includes capitalised interest of £6,129,305 (2006 £3,311,138)

6. DEBTORS

	31-Dec-07 £	31-Dec-06 £
Trade debtors	142,979	-
Other debtors	<u>1,823,828</u>	<u>517,792</u>
	<u>1,966,807</u>	<u>517,792</u>

7. CREDITORS: amounts falling due within one year

Trade creditors	5,543,650	2,968,876
Amounts due to holding companies	23,844,047	22,501,719
Amounts due to other group undertakings	60,419,739	15,793,746
Accruals and deferred income	8,723,076	756,672
Other creditors	<u>253,219</u>	<u>87,555</u>
	<u>98,783,731</u>	<u>42,108,568</u>

NOTES TO THE FINANCIAL STATEMENTS**As at 31 December 2007****8. PROVISION FOR LIABILITIES AND CHARGES**

	2007 £	2006 £
Deferred tax provision		
At 1 January	316,592	317,205
Credit for the year	<u>(71,659)</u>	<u>(613)</u>
At 31 December	<u>244,933</u>	<u>316,592</u>
Analysis of balances		
Capitalised interest	1,716,205	993,341
Tax losses carried forward	<u>(1,471,272)</u>	<u>(676,749)</u>
	<u>244,933</u>	<u>316,592</u>

9. CALLED UP SHARE CAPITAL

	Authorised	Allotted, called up and fully paid £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

There were no changes in the authorised or allotted share capital during the year

10. RECONCILIATION OF SHAREHOLDERS' DEFICIT AND MOVEMENT IN RESERVES

	Share capital £	Profit and loss account £	Shareholders' deficit £
At 1 January 2007	1,000	(219,279)	(218,279)
Loss for the year	-	(17,588)	(17,588)
At 31 December 2007	<u>1,000</u>	<u>(236,867)</u>	<u>(235,867)</u>
At 1 January 2006	1,000	(217,848)	(216,848)
Loss for the year	-	(1,431)	(1,431)
At 31 December 2006	<u>1,000</u>	<u>(219,279)</u>	<u>(218,279)</u>

11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8 (Related party disclosures), paragraph 3(c) and has not disclosed transactions made with other group undertakings

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2007

12. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking of Stratford City Developments Limited is Duelguide Holdings Limited, a company incorporated in England and Wales

The ultimate parent undertaking of Stratford Development Holdings Limited is DGL Acquisitions Limited, a company incorporated in England and Wales and the accounts of the ultimate holding company are available from the 6th Floor, MidCity Place, 71 High Holborn, London, WC1V 6EA