

Company Registration Number 04382093

**DURHAM RESIDENTIAL SECURITIES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2007**

THURSDAY



LD9

\*LSCG1WTV\*  
31/01/2008  
COMPANIES HOUSE

273

**DURHAM RESIDENTIAL SECURITIES LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2007**

Contents	Pages
Company information	1
The director's report	2 to 3
Independent auditor's report to the shareholders	4 to 5
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8
Notes to the financial statements	9 to 12
The following page does not form part of the financial statements	
Detailed profit and loss account	13

**DURHAM RESIDENTIAL SECURITIES LIMITED**

**COMPANY INFORMATION**

<b>The director</b>	Mr T Mann
<b>Company secretary</b>	Mr J G Gibson
<b>Date of incorporation</b>	26 February 2002
<b>Registered office</b>	Lynton House 7-12 Tavistock Square London WC1H 9BQ
<b>Auditor</b>	BSG Valentine Chartered Accountants & Registered Auditors Lynton House 7 - 12 Tavistock Square London WC1H 9BQ
<b>Solicitors</b>	Messrs Mark Gilbert Morse Greys Building 53 Grey Street Newcastle Upon Tyne NE1 6EE

# **DURHAM RESIDENTIAL SECURITIES LIMITED**

## **THE DIRECTOR'S REPORT**

**YEAR ENDED 31 MARCH 2007**

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 March 2007

### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was that of property investment

### **THE DIRECTOR AND HIS INTERESTS IN THE SHARES OF THE PARENT COMPANY**

The director who served the company during the year together with his beneficial interests, including family holdings, in the shares of the parent company was as follows

	Ordinary shares in the parent company	
	At 31 March 2007	At 1 April 2006
Mr T Mann	<u>900,000</u>	<u>900,000</u>

### **DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 director is required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

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

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

In so far as the director is aware

there is no relevant audit information of which the company's auditor is unaware, and

the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### **AUDITOR**

A resolution to re-appoint BSG Valentine as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

**DURHAM RESIDENTIAL SECURITIES LIMITED**

**THE DIRECTOR'S REPORT** *(continued)*

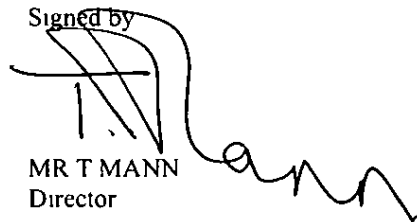
**YEAR ENDED 31 MARCH 2007**

**SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office  
Lynton House  
7-12 Tavistock Square  
London  
WC1H 9BQ

Signed by

A handwritten signature in black ink, appearing to read 'T Mann', is written over a horizontal line.

MR T MANN  
Director

Approved by the board on 30.1.08

**DURHAM RESIDENTIAL SECURITIES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**DURHAM RESIDENTIAL SECURITIES LIMITED**  
**YEAR ENDED 31 MARCH 2007**

We have audited the financial statements of Durham Residential Securities Limited for the year ended 31 March 2007 on pages 6 to 12, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 9 to 10

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 DIRECTOR AND AUDITOR**

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

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 Director's 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 director's 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.

**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 judgements made by the director 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 applicable to Smaller Entities, of the state of the company's affairs as at 31 March 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 Director's Report is consistent with the financial statements.

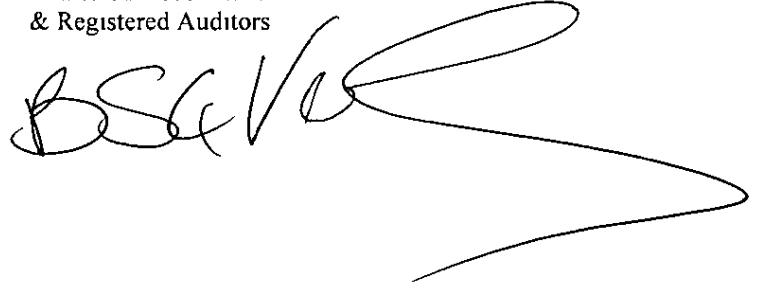
**DURHAM RESIDENTIAL SECURITIES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**DURHAM RESIDENTIAL SECURITIES LIMITED** *(continued)*

**YEAR ENDED 31 MARCH 2007**

Lynton House  
7 - 12 Tavistock Square  
London  
WC1H 9BQ

30.1.08

BSG VALENTINE  
Chartered Accountants  
& Registered Auditors

A large, stylized handwritten signature in black ink, appearing to read 'BSG Valentine', is written over the text of the auditor's name.

**DURHAM RESIDENTIAL SECURITIES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 MARCH 2007**

	Note	2007 £	2006 £
<b>TURNOVER</b>		65,274	47,065
Administrative expenses		(55,094)	(32,693)
<b>OPERATING PROFIT</b>	<b>2</b>	10,180	14,372
Interest receivable		317	—
Interest payable and similar charges		(11,841)	(12,506)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,344)	1,866
Tax on (loss)/profit on ordinary activities		—	(399)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u>(1,344)</u>	<u>1,467</u>

The notes on pages 9 to 12 form part of these financial statements



**DURHAM RESIDENTIAL SECURITIES LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 MARCH 2007**

	2007 £	2006 £
(Loss)/Profit for the financial year attributable to the shareholders	(1,344)	1,467
Unrealised profit on revaluation of certain fixed assets	<u>456,000</u>	<u>33,749</u>
Total gains and losses recognised since the last annual report	<u>454,656</u>	<u>35,216</u>

The notes on pages 9 to 12 form part of these financial statements.

**DURHAM RESIDENTIAL SECURITIES LIMITED**

**BALANCE SHEET**

**AS AT 31 MARCH 2007**

	Note	2007 £	£	2006 £	£
<b>FIXED ASSETS</b>					
Tangible assets	3		1,047,000		570,000
<b>CURRENT ASSETS</b>					
Debtors	4	729,097		—	
Cash at bank		10,778		—	
		<u>739,875</u>		<u>—</u>	
<b>CREDITORS: Amounts falling due within one year</b>	5	<u>(4,969)</u>		<u>(2,750)</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			734,906		(2,750)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,781,906</u>		<u>567,250</u>
<b>CREDITORS Amounts falling due after more than one year</b>	6		<u>(954,889)</u>		<u>(194,889)</u>
			<u>827,017</u>		<u>372,361</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	8		100		100
Revaluation reserve	9		806,233		350,233
Profit and loss account	10		20,684		22,028
<b>SHAREHOLDERS' FUNDS</b>			<u>827,017</u>		<u>372,361</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved and signed by the director on

30.1.08



MR T MANN

The notes on pages 9 to 12 form part of these financial statements

# **DURHAM RESIDENTIAL SECURITIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2007**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

#### **Turnover**

Turnover includes proceeds from rents from properties which are held as investment

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion

#### **Fixed assets**

All fixed assets are initially recorded at cost

#### **Investment properties**

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year

This is in accordance with the FRSE which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

**DURHAM RESIDENTIAL SECURITIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2007**

**1. ACCOUNTING POLICIES** *(continued)*

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**2. OPERATING PROFIT**

Operating profit is stated after charging

	2007	2006
	£	£
Auditor's fees	<u>2,380</u>	<u>1,380</u>

**3. TANGIBLE FIXED ASSETS**

	Investment properties £
<b>COST OR VALUATION</b>	
At 1 April 2006	570,000
Additions	21,000
Revaluation	456,000
<b>At 31 March 2007</b>	<u>1,047,000</u>
<b>DEPRECIATION</b>	
At 1 April 2006 and 31 March 2007	—
<b>NET BOOK VALUE</b>	
At 31 March 2007	<u>1,047,000</u>
At 31 March 2006	<u>570,000</u>

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows

	2007 £	2006 £
<b>Net book value at end of year</b>	<u>1,047,000</u>	<u>570,000</u>
<b>Historical cost</b>		
At 1 April 2006	219,767	196,516
Cost of additions to revalued assets brought forward	21,000	23,251
<b>At 31 March 2007</b>	<u>240,767</u>	<u>219,767</u>

**DURHAM RESIDENTIAL SECURITIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2007**

**4 DEBTORS**

	2007	2006
	£	£
Trade debtors	2,399	—
Amounts owed by group undertakings	726,698	—
	<u>729,097</u>	<u>—</u>

**5. CREDITORS: Amounts falling due within one year**

	2007	2006
	£	£
Trade creditors	1,679	—
Other creditors including taxation		
Corporation tax	399	1,370
Other creditors	1,511	—
Accruals and deferred income	1,380	1,380
	<u>4,969</u>	<u>2,750</u>

**6 CREDITORS: Amounts falling due after more than one year**

	2007	2006
	£	£
Bank loans and overdrafts	760,000	—
Amounts owed to group undertakings	194,889	194,889
	<u>954,889</u>	<u>194,889</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2007	2006
	£	£
Bank loans and overdrafts	<u>760,000</u>	<u>—</u>

The bank loan is secured by

A debenture dated 1 December 2006 including a fixed charge over all present freehold and leasehold property, a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future, and a first floating charge over all assets and undertaking both present and future

A first mortgage dated 3 October 2006, and a first mortgage dated 10 October 2006 over the company's freehold properties

Included within creditors falling due after more than one year is an amount of £760,000 (2006 - £Nil) in respect of liabilities which fall due for payment after more than five years from the balance sheet date

**DURHAM RESIDENTIAL SECURITIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2007**

**7 RELATED PARTY TRANSACTIONS**

The company has made and received loans with the following group companies

At the year end the company was owed £726,698 (2006 £Nil) by Westnew Management Limited During the year the company was charged a management fee of £25,000 by Westnew Management Limited

At the year end the company owed First County Investments Limited £194,889 (2006 £194,889)

**8 SHARE CAPITAL**

**Authorised share capital**

	2007	2006
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

**Allotted, called up and fully paid:**

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**9. REVALUATION RESERVE**

	2007	2006
	£	£
Balance brought forward	350,233	316,484
Revaluation of fixed assets	456,000	33,749
Balance carried forward	<u>806,233</u>	<u>350,233</u>

**10. PROFIT AND LOSS ACCOUNT**

	2007	2006
	£	£
Balance brought forward	22,028	20,561
(Loss)/profit for the financial year	(1,344)	1,467
Balance carried forward	<u>20,684</u>	<u>22,028</u>

**11 ULTIMATE PARENT COMPANY**

At the year end the director considers the ultimate parent company to be Oceana Group (Holdings) Limited, a company incorporated in the United Kingdom and owns 100% of the company's share capital Oceana Group (Holdings) Limited is a parent company of the largest and smallest group that Durham Residential Securities Limited is a member of