

Directors and Advisers

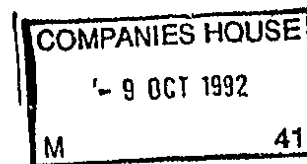
Directors

B S E Freshwater
(Chairman and Managing Director)
D Davis
S I Freshwater

Secretary

C C Morse, F.C.I.S.

Registered and Head Office
Freshwater House,
158-162 Shaftesbury Avenue,
London WC2H 8HR
Registered in England
No. 305105



Registrars

Lloyds Bank Plc,
Registrar's Department,
The Causeway,
Worthing, West Sussex BN99 6DA

Auditors

KPMG Peat Marwick,
1 Puddle Dock,
Blackfriars,
London EC4V 3PD

Consulting Accountants

Cohen, Arnold & Co.,
13-17 New Burlington Place,
London W1X 2JP

Principal Bankers

Lloyds Bank Plc
National Westminster Bank PLC
Barclays Bank PLC

Stockbrokers

Kleinwort Benson Securities Limited,
20 Fenchurch Street,
London EC3P 3DB

Chairman's Statement

The continued recession with its concomitant high level of unemployment has caused great stress to the economy as a whole and to the property industry in particular. Despite the unfavourable business climate, our rental income and sales of individual residential units have been maintained during the current year at levels very similar to those of last year. This has enabled the Group to report profit before tax of £16.2 million which is, in current conditions, a more than satisfactory achievement.

In accordance with our policy of revaluing the entire property portfolio on a quinquennial basis, all our properties were valued at 31st March 1992. The trading properties which were last valued in 1987 produced a surplus of £58.9 million over book value. That surplus has not been incorporated into the Accounts and the trading properties continue to be stated in the Accounts at the lower of cost and net realisable value.

The revaluation of properties held for investment produced a reduction in value of £24.7 million. This represents a decrease of 10% which is considerably less than the level of reduction generally being experienced by the property market. In no small way this is due to the cautious investment policies upon which the success of the Group has been based. We have, in the main, ensured that our investment portfolio is well balanced in terms of the type of property we own and in its potential for comparative immunity to downturns in the economy. This is due to our investments having mostly been in properties that have, at the time of purchase, shown healthy yields, as opposed to those other more fashionable investments available at low yields where in some cases the anticipated reversions have never materialised. A further factor is the diversity of our holdings and their geographical spread which is usefully illustrated by the charts on page 24. These show our property holdings in the U.K. and U.S.A. with a total value of £324.8 million.

Our strong balance sheet has enabled us to expand our investment portfolio by way of six acquisitions at a total cost of £31.5 million which have been purchased on very favourable terms producing in aggregate a yield of 11.4%. These purchases add to our portfolio 106,000 sq. ft. of retail accommodation at The Orchards Shopping Centre, Dartford that is mostly let to household names, offices at Kingston-upon-Thames let to Commercial Union Assurance, offices at Taunton let to the Burton Group, a modern multi-let office block at Reading, offices at High Wycombe where the Abbey National Building Society is a major tenant and 40,000 sq. ft. of industrial space at the Wardon Industrial Estate, Worcester. I am confident that these purchases will in due course prove a useful source of income and capital growth.

The fortunes of the property industry are inextricably interwoven with those of the economy as a whole. A stable property market is one of the main pillars of a sound economy. Further substantial depletions in value could give rise to losses in Banking, Insurance and Pensions that would detrimentally affect most of the population. It is therefore essential for the Government to pursue policies that will not only maintain property values but will also attract fresh funds into the construction and investment markets. A first obvious step to returning some confidence and spending power to individuals and businesses would be a lowering in interest rates. A further boost would be the maintenance of relief from Stamp Duty for home buyers for at least another year.

Sales and rental income so far this year have continued at levels similar to the corresponding period last year and, subject to there being no further deterioration in the economy, I would hope in the year to 31st March 1993 to be able to achieve results that will be at least comparable to those now before you.

In October we will be losing the services of Dennis Weaver who is retiring after 26 years as our Financial Controller. His contribution to the smooth running of our Group has been exemplary and I am sure you will all join me in wishing him a long and happy retirement.

In these difficult times, the dedicated efforts of my fellow Directors and staff are more important than ever before and I would like to take this opportunity to thank them all for their continued loyalty and support throughout the year.


BSE Freshwater

Directors' Report

The Directors have pleasure in presenting their Report together with Balance Sheets of the Company and of the Group as at 31st March 1992 and the Consolidated Profit and Loss Account of the Group for the year ended on that date

Principal Activities of the Group

Daejan Holdings PLC is a holding company whose principal activities, carried on through its subsidiary undertakings, are property investment and trading, with some development also being undertaken. The major part of the Group's property portfolio comprises commercial, industrial and residential premises throughout the United Kingdom. Some subsidiary undertakings are incorporated in the United States of America and carry out property investment and trading in that country.

Properties

A professional revaluation of all the Group's United Kingdom investment property was carried out at 31st March 1992 by the Group's external valuers, Keith Cardale Groves, and a copy of their report appears on page 23. The Group's United States investment property has been valued by the Directors. The resultant figures have been included in the Accounts now presented and the decrease of \$24.7 million over previous book values has been transferred to Revaluation Reserve.

The Group's trading portfolio in both the U.K. and U.S.A. was professionally valued at 31st March 1992 and has a surplus over book value of \$58.9 million which has not been incorporated into the Accounts.

Results and Dividend

The net earnings for the year, after all charges, amounted to £10,126,000. An Interim Dividend of 12p per share was paid on 16th March 1992 and the Directors now recommend the payment of a Final Dividend of 13p per share, making a total for the year of 25p per share, an increase of 1p over the previous year. The dividends will absorb \$4,073,840 and will leave \$6,053,000 to be added to retained profits.

A review of the activities of the Group is contained in the Chairman's Statement on page 3.

An analysis of the Group's turnover and profit before taxation for the year is as follows:-

	Turnover		Profit	
	U.K. \$000	U.S.A. \$000	U.K. \$000	U.S.A. \$000
Rents and Charges	31,463	2,810	14,648	628
Sales of Properties	10,752	155	8,890	(75)
Other Activities (including share of U.S.A. partnership profits)	—	—	98	228
	<u>\$42,215</u>	<u>\$2,965</u>	<u>23,636</u>	<u>781</u>
Financing Charges (net)			(2,909)	(1,443)
Administrative and Other Expenses			(3,763)	(84)
			<u>16,964</u>	<u>(\$746)</u>
			(746)	
Profit before taxation			<u><u>\$16,218</u></u>	

Directors' Report (continued)

Directors

The Directors who served throughout the year, and who are still in office, are:-

Mr B S E Freshwater

Mr D Davis

Mr S I Freshwater

The Director retiring by rotation is Mr S I Freshwater who, being eligible, offers himself for re-election.

Neither Mr D Davis or Mr S I Freshwater has a service contract.

A brief biography of the Directors is as follows:-

Mr B S E Freshwater - Joined the Board in December 1971 with primary responsibility for the Group's finances. In July 1976 he was appointed Managing Director and, additionally, became Chairman in July 1980.

Mr D Davis - A Chartered Accountant and member of the Institute of Taxation, was previously a partner in Cohen, Arnold & Co., the Group's consulting accountants. He relinquished his partnership in 1971 in order to devote more time to his numerous business and other interests. He has been a non-executive Director of the Company since December 1971.

Mr S I Freshwater - Directs the Group's operations in the U.S.A. and also has responsibility for the Group's U.K. sales division. He has been a Director of the Company since January 1986.

Directors' Interests in Contracts

Day-to-day management of the Group's properties in the United Kingdom is partly carried out by Highdorn Co. Limited and by Freshwater Property Management Limited. Mr B S E Freshwater and Mr S I Freshwater are Directors of both companies and are also interested in the share capital of Highdorn Co. Limited.

Mr B S E Freshwater and Mr D Davis are also Directors of the parent company of Freshwater Property Management Limited but have no beneficial interest in either company.

Mr B S E Freshwater and companies controlled by the Freshwater family and trusts have on occasions guaranteed borrowings of the Company and its subsidiaries.

The only other contracts in which Directors were interested were those entered into in the normal course of business.

Substantial Interests

Set out on page 6 are details of the interests of Directors and their families and family trusts in the Company's shares.

The only other interests notified to the Company are those of the Trustees of the B S E Freshwater and S I Freshwater Settlements, who are interested in 1,645,000 shares and 1,500,000 shares, respectively, as trustees only and with no beneficial interest. These are part of the shares referred to in Note 2 to the table on page 6.

Income and Corporation Taxes Act 1988

The Directors are advised that the Company is a Close Company within the meaning of the Act.

Capital Gains Tax

For the purpose of computing Capital Gains Tax the market value of the Company's Shares was 185p on 31 March 1982.

Charitable Donations

During the year the Group made charitable donations totalling £60,000 net under Deed of Covenant.

Directors' Report (continued)

Auditors

On 1st October 1991 our Auditors changed the name under which they practise to KPMG Peat Marwick and, accordingly, they have signed their report in their new name.

A resolution will be proposed at the Annual General Meeting to re-appoint KPMG Peat Marwick as Auditors and to authorise the Directors to determine their remuneration.

Interests of Directors and their families and trusts in shares of the Company

<i>Daejan Holdings PLC</i>	<i>31st March</i>	<i>31st March</i>
<i>Ordinary Shares</i>	<i>1992</i>	<i>1991</i>
D Davis	763 (notes 2 & 3)	763
B S E Freshwater	590,033 (notes 2, 3 & 4)	590,033
S I Freshwater	89,270 (notes 2, 3 & 4)	89,270

Notes:

1. All the above holdings were beneficially owned.
2. A further 4,183,116 shares (*31st March 1991 - 4,183,116*) were held by Freshwater family trusts and by charitable companies in which Mr B S E Freshwater, Mr S I Freshwater and Mr D Davis have a non-beneficial interest.
3. In addition to the holding shown in the table and in note 2 above, companies owned and controlled by Mr B S E Freshwater, Mr S I Freshwater and by their families, and family trusts, held at 31st March 1992 a total of 8,156,431 shares (*31st March 1991 - 8,156,431*). Mr D Davis has a non-beneficial interest in some of these shares as a Director of the companies concerned, or as a trustee.
4. Of these shares 89,270 are held by a company owned jointly by Mr B S E Freshwater and Mr S I Freshwater.
5. There have been no changes in any of the above interests since 31st March 1992.

By Order of the Board,

C C Morse,

Secretary

6th July 1992

*Report of the Auditors,
KPMG Peat Marwick
to the Members of
Daejan Holdings PLC*

We have audited the Accounts on pages 7 to 22 in accordance with Auditing Standards

In our opinion the Accounts give a true and fair view of the state of affairs of the Company and the Group at 31st March 1992, and of the Profit and Cash Flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

Chartered Accountants

Registered Auditor

London

6th July 1992

*Consolidated Profit and Loss Account
for the year ended 31st March 1992*

	Notes	1992 £000	1991 £000
Rents less property outgoings	2	15,276	14,158
Surplus on sale of properties	2	8,815	8,493
Other income	3	326	68
		<u>24,417</u>	<u>22,719</u>
Financing charges	4	4,352	2,746
Administrative and Other Charges		<u>3,847</u>	<u>3,617</u>
		(8,199)	(6,363)
Profit on ordinary activities before taxation	5	16,218	16,356
Taxation on profit on ordinary activities	6	(5,753)	(6,199)
Profit on ordinary activities after taxation		10,465	10,157
Minority interests		(12)	(35)
Profit for the year	7	10,453	10,122
Transfer to Other Reserves	1(c) and 18	(327)	—
		<u>10,126</u>	<u>10,122</u>
Dividends:			
Interim		1,955	1,304
Proposed Final		<u>2,118</u>	<u>2,607</u>
		(4,073)	(3,911)
Retained Profit for the year	18	<u>56,053</u>	<u>56,211</u>
Earnings per Share	8	<u>64.15p</u>	<u>62.12p</u>

Movements in reserves are set out in note 18.

The notes on pages 11 to 22 form part of these accounts

*Consolidated Balance Sheet
as at 31st March 1992*

	Notes	1992 £000	1991 £000
FIXED ASSETS			
Tangible Assets	9	220,185	213,031
Investments	10	834	999
		<u>221,019</u>	<u>214,030</u>
CURRENT ASSETS			
Properties held for Trading	11	45,723	47,123
Deferred Taxation	6(b)	804	1,062
Debtors	12	18,690	15,992
Investments	13	1,230	1,319
Cash at Bank		2,442	1,969
		<u>68,889</u>	<u>67,465</u>
Creditors: Amounts falling due within one year	14	(65,706)	(44,021)
Net Current Assets		<u>3,183</u>	<u>23,444</u>
Total Assets less Current Liabilities		<u>224,202</u>	<u>237,474</u>
Creditors: Amounts falling due after more than one year	15	(36,916)	(29,215)
Provision for liabilities and charges	16	(857)	(965)
Net Assets		<u><u>£186,429</u></u>	<u><u>£207,294</u></u>
CAPITAL AND RESERVES			
Called up Share Capital	17	4,074	4,074
Share Premium Account	18	555	555
Revaluation Reserve	18	93,997	120,900
Other Reserves	18	4,437	4,405
Profit and Loss Account	18	82,937	76,884
Shareholders' funds		<u>186,000</u>	<u>206,818</u>
Minority Interests		<u>429</u>	<u>476</u>
		<u><u>£186,429</u></u>	<u><u>£207,294</u></u>

The Accounts on pages 7 to 22 were approved by the Board of Directors on 6 July 1992 and were signed on its behalf by:

B S E Freshwater

Directors

D Davis

The notes on pages 11 to 22 form part of these accounts.

B a l a n c e S h e e t
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	Notes	1992 £000	1991 £000
FIXED ASSETS			
Investment in subsidiaries	19	210,863	169,667
CURRENT ASSETS			
Deferred Taxation	6(b)	728	879
Debtors	12	3,057	58
Cash at Bank		603	401
		<u>4,388</u>	<u>1,338</u>
Creditors: Amounts falling due within one year	14	<u>(20,869)</u>	<u>(11,728)</u>
Net Current Liabilities		<u>(16,481)</u>	<u>(10,390)</u>
Total Assets less Current Liabilities		<u>194,382</u>	<u>159,277</u>
Creditors: Amounts falling due after more than one year	15	<u>(7,953)</u>	<u>(8,799)</u>
Net Assets		<u><u>£186,429</u></u>	<u><u>£150,478</u></u>
CAPITAL AND RESERVES			
Called up Share Capital	17	4,074	4,074
Share Premium Account	18	555	555
Revaluation Reserve	18	172,071	140,963
Profit and Loss Account	18	9,729	4,886
		<u><u>£186,429</u></u>	<u><u>£150,478</u></u>

The Accounts on pages 7 to 22 were approved by the Board of Directors on 6 July 1992 and were signed on its behalf by:

B S E Freshwater

Directors

D Davis

The notes on pages 11 to 22 form part of these accounts.

*Cash Flow Statement
for the year ended
31st March 1992*

		1992		1991
	£000	£000	£000	£000
Net cash inflow from operating activities (note 20(i))		22,453		17,910
Returns on investments and servicing of finance				
Interest received	856		1,013	
Interest paid	(5,100)		(4,333)	
Dividends paid	(4,562)		(3,748)	
Net cash outflow from returns on investments and servicing of finance		(8,806)		(7,068)
Taxation				
U.K. Corporation tax paid	(5,688)		(4,720)	
Overseas tax received/(paid)	67		(68)	
Investing activities		(5,621)		(4,788)
Purchase of investment properties	(34,794)		(23,420)	
Sale of investment properties	2,656		2,370	
Mortgages granted – amounts repaid in year	117		1,288	
Collateral endowment policy – matured	165		—	
Net cash outflow from investing activities		(31,856)		(19,762)
Net cash outflow before financing		(£23,830)		(£13,708)
Financing				
New mortgage loans	(7,875)		(7,317)	
Repayment of mortgage loans	5,411		2,001	
Repayment of Unsecured loan stock	18		20	
Net cash inflow from financing		(2,446)		(5,296)
Decrease in cash and cash equivalents (note 20(iii))		(21,384)		(8,412)
		(£23,830)		(£13,708)

Notes to the Accounts

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's Accounts.

(a) Basis of Accounting

The Accounts are prepared in accordance with applicable accounting standards and under the historical cost convention as adjusted by the policy of accounting for investment properties referred to in note 1(g) and the policy of accounting for investments in subsidiary undertakings referred to in note 1(k).

(b) Consolidation

The Accounts of certain subsidiary undertakings have not been consolidated (see note 19). A separate profit and loss account dealing with the results of the Company only has not been presented in accordance with Section 230(4), Companies Act 1985.

(c) Income Available for Distribution

Under the Articles of Association of certain Group investment undertakings, realised capital surpluses are not available for distribution as dividends and these surpluses are transferred from Consolidated Profit and Loss Account to Other Non-Distributable Reserves.

(d) Depreciation

No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The Directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Leases having an unexpired term of less than 20 years are amortised evenly over the remaining period of the lease.

Low value items of furniture and fittings are written off in the year in which they are acquired.

(e) Acquisitions and Disposals of Properties

Acquisitions and disposals are considered to have taken place at the date of legal completion.

(f) Deferred Taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the accounts, and is calculated on the liability method. Provision is made for deferred taxation in respect of those timing differences which are expected to crystallize in the foreseeable future.

(g) Properties

(i) Investment Properties

In accordance with Statement of Standard Accounting Practice 19, investment properties are included in the Balance Sheet either at professional valuation, carried out at regular intervals, or at Directors' valuation carried out in the intervening years. The aggregate surplus is transferred to a revaluation reserve and on realisation is included in the Consolidated Profit and Loss Account.

(ii) Trading Properties

These properties are stated at the lower of cost and net realisable value. In the case of properties acquired from other Group undertakings any profit in the transferor company is eliminated on consolidation until realised by the Group.

Notes to the Accounts (continued)

(h) Foreign Currencies

Foreign currency borrowings and the assets, liabilities and results of the overseas subsidiary undertakings are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Any surplus or deficit arising on assets financed by foreign currency borrowings is dealt with through Other Non-Distributable Reserves.

(i) Sales of Investment Properties

It is Group policy to sell, as individual units, flats in residential blocks which have been held as investments but which are now considered uneconomic to retain. Occasionally there are sales of residential and commercial investment blocks. Since such sales of all types of investment property are expected to continue, the resulting surplus based on the excess of sales proceeds over original cost, plus subsequent additions, is included within the Group profit. Taxation on the gains arising on these sales is shown as part of the taxation charge.

(j) Repairs

The cost of repairs is written off to Profit and Loss Account in the year in which the expenditure is incurred.

(k) Investments in Subsidiary Undertakings

Investments in subsidiary undertakings are included in the Company Balance Sheet at Directors valuation carried out at regular intervals based on net asset value.

Notes to the Accounts (continued)

2. GROUP TURNOVER

An analysis of the main sources of property income and their respective contribution towards the profit for the year is as follows:

	Turnover £000	Cost of turnover £000	1992 Gross profit £000	Turnover £000	Cost of turnover £000	1991 Gross profit £000
Rents and service charges receivable (see (i) below)	34,273	(18,997)	15,276	31,754	(17,596)	14,158
Trading property sales	8,251	(1,807)	6,444	8,109	(1,655)	6,454
Investment property sales (see (ii) below)	2,656	(285)	2,371	2,370	(331)	2,039
	<u>£45,180</u>	<u>(£21,089)</u>	<u>£24,091</u>	<u>£42,233</u>	<u>(£19,582)</u>	<u>£22,651</u>

The geographical analysis of turnover, profit and net assets is as follows:

	U.K. £000	U.S.A. £000	1992 Total £000	U.K. £000	U.S.A. £000	1991 Total £000
Turnover	<u>£42,215</u>	<u>£2,965</u>	<u>£45,180</u>	<u>£39,173</u>	<u>£3,060</u>	<u>£42,233</u>
Profit before financing charges	19,873	697	20,570	18,663	439	19,102
Financing charges	<u>(2,909)</u>	<u>(1,443)</u>	<u>(4,352)</u>	<u>(1,313)</u>	<u>(1,433)</u>	<u>(2,746)</u>
Profit/(loss) before taxation	<u>£16,964</u>	<u>(£746)</u>	<u>£16,218</u>	<u>£17,350</u>	<u>(£994)</u>	<u>£16,356</u>
Net assets	<u>£183,102</u>	<u>£3,327</u>	<u>£186,429</u>	<u>£198,945</u>	<u>£8,349</u>	<u>£207,294</u>

(i) Cost of rents and service charges receivable includes:

	1992 £000	1991 £000
Wages and salaries	1,061	973
Social security costs	96	100
These figures relate only to portage staff of whom an average number of 133 (1991 - 135) were employed during the year.		
	<u>£1,157</u>	<u>£1,073</u>

(ii) Investment property sales

	1992 £000	1991 £000
Transfer from revaluation reserve of surplus now realised (note 18)	2,278	1,356
Surplus over book value (net of disposal costs)	93	683
	<u>£2,371</u>	<u>£2,039</u>

Notes to the Accounts (continued)

3. OTHER INCOME

	1992	1991
	£000	£000
Share of U.S.A. partnerships' results	18	(39)
Sundry income	229	107
Surplus on redemption of sinking fund policy	70	—
	<u>£326</u>	<u>£68</u>

4. FINANCING CHARGES

	1992	1991
	£000	£000
Interest payable on bank loans and overdrafts:		
Repayable within 5 years	2,521	1,259
Repayable in more than 5 years	2,687	2,502
	<u>5,208</u>	<u>3,761</u>
Less: Interest receivable	(856)	(1,015)
	<u>£4,352</u>	<u>£2,746</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1992	1991
	£000	£000

Profit on ordinary activities before taxation is stated after charging the following:

Auditors' remuneration	230	200
Pension paid to widow of former managing director	55	48
Directors' emoluments (see (i) and (ii) below)		
Fees	11	11
Other remuneration (including pension contributions)	574	499

(i) Chairman and highest paid Director £223,500 £203,500

(ii) Directors remuneration (excluding pension contributions)

	Number	Number
£5,001 to £10,000	1	1
£195,001 to £200,000	—	1
£200,001 to £205,000	—	1
£210,001 to £215,000	1	—
£220,001 to £225,000	1	—
	<u>1</u>	<u>—</u>

	1992	1991
	£000	£000
Staff costs:		
Salaries	1,787	1,373
Pensions contributions	50	43
Social Security costs	161	124
	<u>£1,998</u>	<u>£1,540</u>

These figures are the Group's proportion of Administrative Staff costs and are equivalent to an average of 123 employees (1991 – 92 employees).

Notes to the Accounts (continued)

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Taxation based on the profit for the year of the Company and its subsidiaries:	1992	1991
U.K. corporation tax at 33% (1991 - 34%)	£000	£000
Overseas taxation	5,588	6,196
Deferred taxation	—	240
	132	(184)
	<u>5,720</u>	<u>6,252</u>
Prior year adjustments	33	(53)
	<u>£5,753</u>	<u>£6,199</u>

(b) Deferred Taxation Asset

	The Group		The Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Advance corporation tax recoverable	706	869	706	869
Short term timing differences	98	193	22	10
	<u>£804</u>	<u>£1,062</u>	<u>£728</u>	<u>£879</u>

Apart from the above items there was at 31st March 1992 a potential liability for deferred taxation in respect of Industrial Building Allowances of £1,181,000 (1991 - £1,193,000). No provision has been made in these Accounts in respect of this liability as it is not expected to arise in the foreseeable future. In the event of a realisation of the Group's investment properties and of the Company's investment in subsidiaries at an amount equal to the valuation recorded in the Accounts, a liability to corporation tax on chargeable gains would arise estimated at not more than \$6m and \$25m respectively (1991 - £15m and \$nil) and for which no provision has been made in these Accounts.

	The Group	The Company
	£000	£000
The movement on the Deferred Taxation Asset is as follows:		
At 1st April 1991	1,062	879
Released in the year	(964)	(857)
Advance corporation tax recoverable	706	706
At 31st March 1992	<u>£804</u>	<u>£728</u>

7. PROFIT FOR THE YEAR

Of the Group profit for the year after taxation and minority interests a surplus of \$8,917,179 (1991 - £6,772,000) is dealt with in the accounts of the holding company.

8. EARNINGS PER SHARE

Earnings per share is calculated on earnings, after taxation and minority interests, of \$10,453,000 (1991 - £10,122,000) and 16,295,357 shares in issue at 31st March 1992 (1991 - 16,295,357).

Notes to the Accounts (continued)

9. TANGIBLE ASSETS—INVESTMENT PROPERTIES

	Freehold	Long Leasehold	Short Leasehold	Total 1992	Total 1991
	£000	£000	£000	£000	£000
At Valuation 1st April 1991	192,951	6,973	13,107	213,031	206,361
Exchange movement	13	—	—	13	(380)
Transfer to trading stock	(320)	—	—	(320)	—
Reclassification	—	(20)	20	—	—
Additions	17,204	17,590	—	34,794	23,420
Disposals	(2,179)	(172)	(298)	(2,649)	(1,438)
Revaluation	(23,777)	(773)	(134)	(24,684)	(14,932)
At Valuation 31st March 1992	<u>£183,892</u>	<u>£23,598</u>	<u>£12,695</u>	<u>£220,185</u>	<u>£213,031</u>

The geographical analysis is as follows:

	1992	1991
	£000	£000
United Kingdom	217,194	206,184
United States of America	2,991	6,847
	<u>£220,185</u>	<u>£213,031</u>

The historic cost of investment properties is £125,488,000 (1991 – £86,769,000).

A professional revaluation of all the Group's United Kingdom investment properties was carried out at 31st March 1992 by Keith Cardale Groves, Consultant Surveyors. The revalued figures are based on open market values in accordance with the RICS Statements of Asset Valuation Practice and Guidance Notes. (See report on page 23.)

The Group's United States investment property has been valued by the Directors.

10. INVESTMENTS HELD AS FIXED ASSETS

	1992	1991
	£000	£000
Interest in syndicates holding industrial buildings	617	617
Collateral endowment insurance policies at cost (see note below)	217	382
	<u>£834</u>	<u>£999</u>

Note:

Surrender values – £278,000 (1991 – £494,000).

11. PROPERTIES HELD FOR TRADING

	U.K.	U.S.A.	1992 Total	U.K.	U.S.A.	1991 Total
	£000	£000	£000	£000	£000	£000
At the lower of cost and net realisable value	<u>£27,717</u>	<u>£18,006</u>	<u>£45,723</u>	<u>£28,141</u>	<u>£18,982</u>	<u>£47,123</u>

£5,161,783 (1991 – £4,739,000) of the properties held for trading in the U.S.A. are held through shares in Co-operative Corporations.

A professional valuation of properties held for trading at 31st March 1992 indicated that market value exceeded book value by £58.9 million.

Notes to the Accounts (continued)

12. DEBTORS

	The Group		The Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Rents and service charges	11,193	9,291	—	—
Other debtors and prepayments	6,316	5,633	61	57
Interest receivable	4	4	—	1
Mortgages granted repayable after one year	1,177	1,064	2,996	—
	<u>£18,690</u>	<u>£15,992</u>	<u>£3,057</u>	<u>£58</u>

13. INVESTMENTS HELD AS CURRENT ASSETS

	1992	1991
	£000	£000
Investments in U.S.A. partnerships (see note below)	1,093	1,158
Mortgages granted	21	21
Listed securities at the lower of cost and net realisable value (Market value £129,000 (1991 - £157,000))	116	140
	<u>£1,230</u>	<u>£1,319</u>
	1992	1991
	£000	£000
Note: Net Assets of U.S.A. partnerships comprise:		
Shares in Co-operative Corporations	2,368	2,409
Mortgages granted	1,992	1,849
Cash and other assets	298	402
	<u>4,658</u>	<u>4,660</u>
Less: Creditors repayable within one year	(102)	(109)
Creditors repayable after one year and provisions	(2,949)	(2,943)
	<u>£1,607</u>	<u>£1,608</u>
Group share of net assets including premium on acquisition	<u>£1,093</u>	<u>£1,158</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Mortgage advances	949	6,204	486	246
Bank loans and overdrafts (see note below)	31,528	9,671	15,554	6,131
Rents and service charges charged in advance	6,825	5,305	—	—
Other creditors and accruals	10,095	5,976	1,255	1,402
Taxation	14,191	14,258	1,456	1,342
Proposed dividend	2,118	2,607	2,118	2,607
	<u>£65,706</u>	<u>£44,021</u>	<u>£20,869</u>	<u>£11,728</u>

Note: Bank loans and overdrafts of \$30,252,369 (1991 - £7,805,000) are secured on certain of the Group's properties.

Notes to the Accounts (continued)

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Debentures	2,700	2,700	—	—
Unsecured Loan Stocks	3,052	3,070	—	—
Mortgage advances	31,164	23,445	3,467	3,923
Amounts due to subsidiary undertakings	—	—	4,486	4,876
	<u>£36,916</u>	<u>£29,215</u>	<u>£7,953</u>	<u>£8,799</u>

Analysis of creditors falling due after more than one year

	Interest Rate	The Group		The Company	
		1992	1991	1992	1991
		£000	£000	£000	£000
Amounts repayable after 1st April 1997					
Unsecured Loan Stock 2002-07	8½%	1,933	1,951	—	—
Unsecured Loan Stock 1991-96	7½%	—	1,119	—	—
Instalment Mortgages 1990-2001	7%-14¼%	26,597	20,797	2,603	2,819
Debenture Stock 1992-97	7½%	550	550	—	—
Amounts due to subsidiary undertakings		—	—	4,486	4,876
		<u>29,080</u>	<u>24,417</u>	<u>7,089</u>	<u>7,695</u>

Amounts repayable between 1st April 1994 and 31st March 1997

Unsecured Loan Stock 1991-96	7½%	1,119	—	—	—
Instalment Mortgages	7%-14¼%	4,263	1,707	648	648
Debenture Stock 1988-93	8½%	—	500	—	—
Debenture Stocks 1990-95	6½%-6¾%	1,650	1,650	—	—
		<u>7,032</u>	<u>3,857</u>	<u>648</u>	<u>648</u>

Amounts repayable between 1st April 1993 and 31st March 1994

Instalment Mortgages	7%-11%	304	941	216	456
Debenture Stock 1988-93	8½%	500	—	—	—
		<u>804</u>	<u>941</u>	<u>216</u>	<u>456</u>

Total amount of Long Term Loans

	<u>£36,916</u>	<u>£29,215</u>	<u>£7,953</u>	<u>£8,799</u>
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Amount of Long Term Loans secured (a)

	<u>£33,864</u>	<u>£26,145</u>	<u>£3,467</u>	<u>£3,923</u>
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Amount repayable before 31st March 1993 included in current liabilities (see note 14)

Instalment Mortgages	7%-12½%	949	6,204	486	246
Bank Loans and Overdrafts	variable	31,528	9,671	15,554	6,131
		<u>£32,477</u>	<u>£15,875</u>	<u>£16,040</u>	<u>£6,377</u>

(a) These loans are secured on some of the Group's properties.

Notes to the Accounts (continued)

16. PROVISION FOR LIABILITIES AND CHARGES

	The Group \$000
U.S.A. deferred taxation:	
Balance at 1st April 1991	965
Foreign exchange movement	1
Released during the year	(109)
Balance at 31st March 1992	<u>\$857</u>

17. SHARE CAPITAL

	Number	1992 \$000	1991 \$000
Authorised:			
Ordinary shares of 25 pence per share	<u>18,722,596</u>	<u>\$4,681</u>	<u>\$4,681</u>
Allotted, called up and fully paid:			
Ordinary shares of 20 pence per share	<u>16,295,357</u>	<u>\$4,074</u>	<u>\$4,074</u>

18. RESERVES

	The Group \$000 \$000		The Company \$000 \$000	
Share Premium Account:				
At 1st April 1991 and 31st March 1992		<u>\$555</u>		<u>\$555</u>
Revaluation Reserve:				
At 1st April 1991	120,900		140,963	
Transfer to profit and loss account of surplus on prior year revaluations of investment properties now realised (note 2)	(2,278)		—	
Fixed asset revaluation	<u>(24,625)</u>		<u>31,108</u>	
		<u>\$93,997</u>		<u>\$172,071</u>
Other Non-Distributable Reserves:				
At 1st April 1991	4,405			
Foreign exchange movements	(295)			
Transfer from profit and loss account	<u>327</u>			
		<u>\$4,437</u>		<u>\$nil</u>
Profit and Loss Account:				
At 1st April 1991	76,884		4,886	
Retained Profit for year	<u>6,053</u>		<u>4,843</u>	
		<u>\$82,937</u>		<u>\$9,729</u>

Notes to the Accounts (continued)

19. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	Shares at valuation £000	Loans £000	Total £000
1st April 1991	142,255	27,412	169,667
Additions	6,493	3,595	10,088
Revaluation	31,108	—	31,108
31st March 1992	<u>£179,856</u>	<u>£31,007</u>	<u>£210,863</u>

The historic cost of shares in subsidiary undertakings is £7,785,000 (1991 – £1,292,000).

Shares in subsidiary undertakings have been valued by the Directors at 31st March 1992 based on the underlying net asset values of the subsidiary undertakings.

There have been excluded from the Consolidated Accounts the results of certain subsidiary undertakings acquired at a cost of £146,000 and valued by the Directors at £nil (1991 – £nil). The combined profits since acquisition attributable to the Company as indicated by their accounts amounted to £8,000 (1991 – £8,000) and their aggregate liabilities at 31st March 1992 were substantially in excess of their assets. In the Directors' opinion, the liabilities of these undertakings could not fall upon other Group undertakings and therefore the consolidation of the above-mentioned accounts would have been misleading.

20. CASH FLOW STATEMENT

(i) Reconciliation of operating profit to net cash inflow from operating activities.

	1992 £000	1991 £000
Profit before interest and tax	20,570	19,102
Profit on sale of tangible fixed assets before disposal costs	(2,285)	(2,288)
Share of US partnership (profit)/loss	(18)	39
Surplus on redemption of loan stock	(79)	(4)
Decrease in properties held for trading	1,014	915
(Increase)/decrease in debtors	(2,585)	11
Increase/(decrease) in creditors	5,639	(260)
Decrease/(increase) in investments held as current assets	24	(10)
Effect of other deferrals and accruals of operating activity cash flow	173	405
Net cash inflow from operating activities	<u>£22,453</u>	<u>£17,910</u>

Notes to the Accounts (continued)

(ii) Analysis of changes in cash and cash equivalents during the year.

	£000
Balance at 1st April 1991	(7,702)
Net cash outflow before adjustment for foreign exchange rate changes	(21,383)
Effect of foreign exchange differences	(1)
	<u>(£29,086)</u>
Balance at 31st March 1992	<u>(£29,086)</u>

(iii) Analysis of the balances of cash and cash equivalents as shown on the balance sheet.

	1992 £000	1991 £000	Change in year £000
Cash at bank and in hand	2,442	1,969	473
Bank overdrafts	(31,528)	(9,671)	(21,857)
	<u>(£29,086)</u>	<u>(£7,702)</u>	<u>(£21,384)</u>

(iv) Analysis of changes in financing during the year.

	Share capital (including premium) £000	Loans and mortgages £000
Balance at 1st April 1991	4,074	35,418
Effect of foreign exchange differences	—	32
Cash inflows from financing (net)	—	2,415
	<u>£4,074</u>	<u>£37,865</u>

21. DIRECTORS' INTERESTS IN CONTRACTS

Day-to-day management of the Group's properties in the United Kingdom is partly carried out by Highdorn Co. Limited and by Freshwater Property Management Limited. Mr B S E Freshwater and Mr S I Freshwater are Directors of both companies and are also interested in the share capital of Highdorn Co. Limited.

Mr B S E Freshwater and Mr D Davis are also Directors of the parent company of Freshwater Property Management Limited but have no beneficial interest in either company.

The amounts paid for the provision of management services charged for at normal commercial rates were:

Highdorn Co. Ltd		Freshwater Property Management Ltd	
1992 £000	1991 £000	1992 £000	1991 £000
<u>£1,757</u>	<u>£1,725</u>	<u>£965</u>	<u>£852</u>

Notes to the Accounts (continued)

22. CONTINGENT LIABILITIES

The Company has guaranteed bank and mortgage indebtedness and unsecured loan stock of certain subsidiaries which at 31st March 1992 amounted to £39.4m (1991 – £14.3m).

The Group is from time to time party to legal actions arising in the ordinary course of business. The Directors are advised that there are no actions current which could have a material adverse effect on the financial position of the Group.

23. PRINCIPAL SUBSIDIARY UNDERTAKINGS

Except where otherwise indicated the following are wholly owned property companies. All subsidiaries operate in their country of incorporation.

Incorporated in Great Britain and registered in England and Wales

Astral Estates (London) Limited	Daejan (Kingston) Limited
Bampton Holdings Limited	Daejan Properties Limited
Bampton (Redbridge) Limited (75%)	Daejan (Reading) Limited
Brickfield Properties Limited	Daejan Securities Limited – <i>Share Dealer</i>
City and Country Properties Limited	Daejan (Taunton) Limited
City & Country Properties (Birmingham) Limited	Daejan (Warwick) Limited
City and Country Properties (Camberley) Limited	Daejan (Worcester) Limited
City and Country Properties (Midlands) Limited	Hampstead Way Investments Limited
Chilon Investments Co. Limited	Limebridge Co. Limited
Daejan (Brighton) Limited	Pegasus Investment Company Limited
Daejan Developments Limited	Rapid 7533 Limited
Daejan (Dartford) Limited	Rosebel Holdings Limited
Daejan (Durham) Limited	Seaglen Investments Limited
Daejan Estates Limited	St. Leonards Properties Limited
Daejan (High Wycombe) Limited	The Bampton Property Group Limited
Daejan Investments Limited	The Cromlech Property Co. Limited
Daejan Investments (Grove Hall) Limited	The Halliard Property Co. Limited
Daejan Investments (Harrow) Limited	
Daejan Investments (Park) Limited	

Incorporated in the U.S.A.

Daejan Holdings (U.S.) Inc.
Daejan (N.Y.) Limited
Daejan Enterprises Inc.
Daejan (Massachusetts) Inc.

*Report of the Valuers
to the Directors of Daejan Holdings PLC*

As instructed we have valued for the purpose of your Company's balance sheet the investment properties owned by your Company and its subsidiaries in the United Kingdom. The properties are listed in our separate detailed schedules.

We have not had access to Title Deeds and our valuation is on the basis of the information supplied to us as to tenure and occupancy and other relevant information.

The properties have been valued individually on the basis of open market value in accordance with the Statements of Asset Valuation Practice and Guidance Notes prepared by the Assets Valuation Standards Committee of the Royal Institution of Chartered Surveyors.

No allowance has been made for expenses of realisation or for any taxation which may arise, and our valuations are expressed exclusive of any Value Added Tax that may become chargeable.

Our valuations assume that the properties are free from any undisclosed onerous burdens, outgoing or restrictions. We have not seen planning consents and have assumed that the properties have been erected and are being occupied and used in accordance with all requisite consents.

We have not carried out Structural Surveys of the properties nor have we tested the services. Our valuations assume that the buildings contain no deleterious materials.

We confirm that the valuations have been carried out by us as External Valuers qualified for the purpose of the valuation.

Having regard to the foregoing we are of the opinion that the aggregate of the values of your Company's interests as at 31st March 1992 is £217,194,000 (Two hundred and seventeen million one hundred and ninety-four thousand pounds).

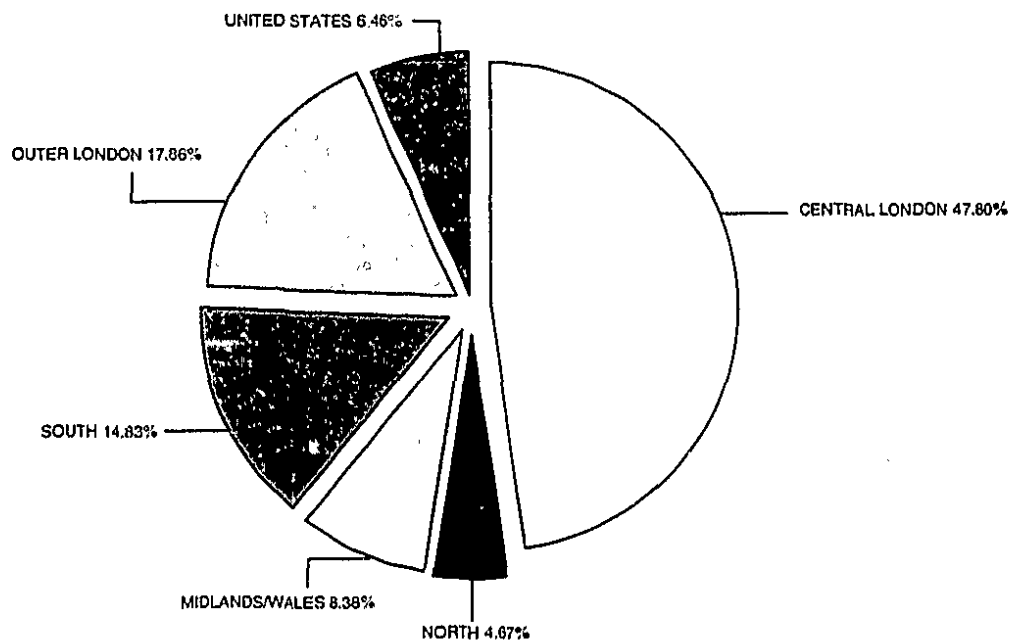
In accordance with our standard practice, we must state that this valuation is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Keith Cardale Groves
1 Lumley Street
London W1Y 1TW

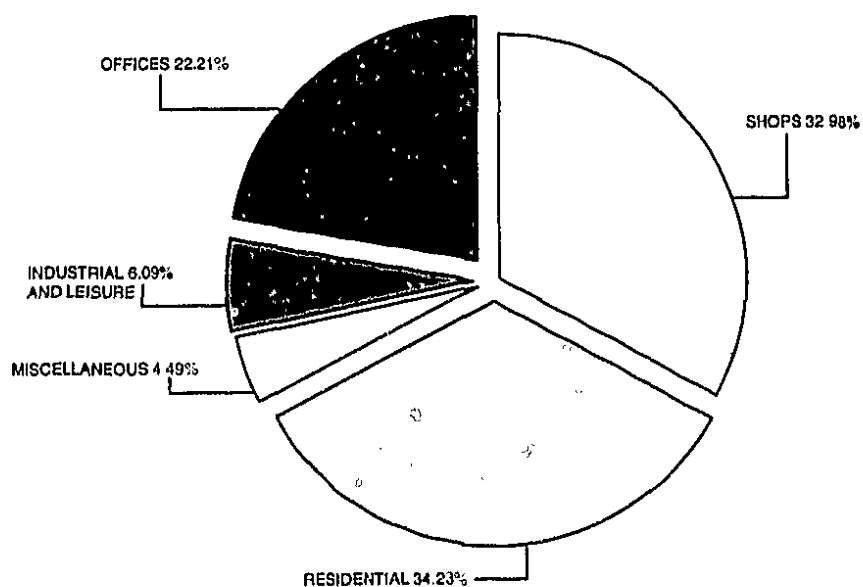
10th June 1992

Analysis of Group Property Portfolio in the U.K.
and U.S.A. based on professional valuation of investment
and trading properties as at 31st March 1992.
Total valuation £324,852,000.

LOCATION FACTOR



PROPERTY FACTOR



Five Year Record

	1988	1989	1990	1991	1992
	£000	£000	£000	£000	£000
Net Rental Income	10,686	12,173	14,340	14,158	15,276
Surplus on Sale of Properties	15,295	24,441	9,548	8,493	8,815
Other Income	540	1,052	272	68	326
	<u>26,521</u>	<u>37,666</u>	<u>24,160</u>	<u>22,719</u>	<u>24,417</u>
Group Profit before Taxation	21,973	32,516	19,359	16,356	16,218
Taxation	7,590	11,886	6,319	6,199	5,753
Minority Interests	21	13	31	35	12
Transfer to Reserve	470	—	199	—	327
Available Surplus	<u>13,892</u>	<u>20,617</u>	<u>16,188</u>	<u>10,122</u>	<u>10,126</u>
Earnings: p. per share	88.13	126.52	79.83	62.12	64.15p
Dividends: p. per share	<u>19.00</u>	<u>22.00</u>	<u>23.00</u>	<u>24.00</u>	<u>25.00p</u>
Gross Assets	232,997	258,918	282,813	281,495	289,908
Net Assets	162,872	190,408	217,017	206,818	186,000
Net Asset: £ per share	<u>10.00</u>	<u>11.68</u>	<u>13.32</u>	<u>12.69</u>	<u>11.41</u>
Represented by:					
Share Capital	4,074	4,074	4,074	4,074	4,074
Reserves and Retained Profit	158,798	186,334	212,943	202,744	181,926
Shareholders' Funds	<u>£162,872</u>	<u>£190,408</u>	<u>£217,017</u>	<u>£206,818</u>	<u>£186,000</u>

DAEJAN HOLDINGS PLC
FORM OF PROXY
FOR ANNUAL GENERAL MEETING OF THE COMPANY

I/We,
(BLOCK LETTERS PLEASE)

of

being a Member(s) of DAEJAN HOLDINGS PLC HEREBY APPOINT THE CHAIRMAN OF THE MEETING as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at **12 noon on Wednesday, 23rd September, 1992** and at any adjournment thereof.

*My/Our proxy is to vote as follows:—

RESOLUTION	No. 1	No. 2	No. 3	No. 4
FOR				
AGAINST				

Dated this..... day of 1992.

Signed

*If you do not indicate how you wish your proxy to vote, the proxy will vote, or abstain from voting, as he thinks fit.

NOTES:—

1. This proxy to be valid must be lodged at the Company's Registrars at least 48 hours prior to the Meeting.
2. In the case of a Corporation this proxy should be under seal or under the hand of a duly authorised officer
3. In the case of joint holdings only one holder need sign