

Directors and Advisers

Directors

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

Secretary

C C Morse, A.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,
Goring-by-Sea,
Worthing, West Sussex BN12 6DA

Auditors

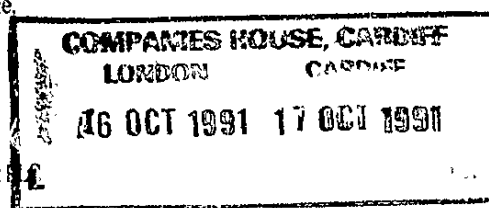
KPMG Peat Marwick McLintock,
1 Puddle Dock,
Blackfriars,
London EC4V 3PD

Consulting Accountants

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

Principal Bankers

Lloyds Bank Plc
National Westminster Bank
Barclays Bank PLC



Stockbrokers

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

Notice of Meeting

Notice is hereby given that the fifty-sixth Annual General Meeting of Daejan Holdings PLC will be held at The Presidents' Conference Room, CBI, 1st Floor, Centre Point, New Oxford Street, London WC1, on Wednesday 4th September 1991 at 12 noon, for the following purposes:-

1. To receive the Accounts for the year ended 31st March 1991 together with the Reports of the Directors and the Auditors. (Resolution 1).
2. To declare a final dividend. (Resolution 2).
3. To re-elect Mr D Davis as a Director. (Resolution 3).
4. To re-appoint KPMG Peat Marwick McLintock as Auditors and to authorise the Directors to determine their remuneration. (Resolution 4).

By Order of the Board,
C C Morse,
Secretary

12th August 1991

A Member entitled to attend and vote may appoint one or more proxies to attend, and on a poll, to vote instead of him. A proxy need not be a Member of the Company. To be valid, forms of proxy must be received by the Company's Registrars at least 48 hours before the time fixed for the Meeting.

The recommended final dividend will, if approved, be paid on 4th September 1991 to Shareholders registered at the close of business on 2nd August 1991.

No Director has a service contract which cannot be terminated by less than twelve months' notice.

Results at a glance

	Year ended 31st March	
	1991	1990
	\$000	\$000
Pretax Profits	16,356	19,359
Net Profits	10,157	10,040
Earnings per share	62.12p	37p
Dividends per Share	24.00p	24.00p
Net Assets per Share (based on Balance Sheet values)	£12.69	£13.32

Final Dividend of 16p per share payable on 4th September 1991

Chairman's Statement

The accounts now presented show a profit before tax of \$16.36 million. This result has been achieved in a year of severe recession, which has particularly affected the property industry as regards rent levels, investment values and also residential sales. Notwithstanding the lower level of profit as compared to last year, the results are nevertheless pleasing as a testimony to the underlying strengths of the Group and its ability to continue to generate substantial profit despite adverse conditions.

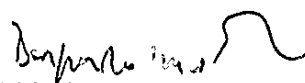
As I mentioned in my statement last year, a feature of our investment holdings is their diversity. The property portfolio is well spread, in terms of location and also of the mix of tenants and the type of property. Our property investment policy has always been to avoid those sectors that, at any time, are in vogue with most investment funds and where the price includes a premium reflecting this fact. We prefer to anticipate market sentiment and to concentrate on those types of property where we foresee future growth. As a result of this policy we have but limited exposure to the type of high value Central London flagship property where values have been under most pressure. This background is relevant to the comparatively low reduction in our property investment values of only \$14.9 million (7.29%) as compared with the falls in value of other large property companies.

A substantial portion of our property holdings are held in trading companies. In accordance with the relevant accounting principles, these continue to be stated in our accounts at original cost, or if lower, at market value. There is, therefore, a considerable part of the Company's net worth that is not reflected in the Balance Sheet. These properties were last professionally valued in January 1987 and come up for revaluation again next year in accordance with our practice of full revaluation on a quinquennial basis. The last valuation revealed a surplus over book values of \$74 million. I am reasonably confident that, despite the present problems of the property market and despite the fact that the then trading portfolio has been subject to both purchases and sales, there is still a substantial surplus, which is unlikely to be less than the 1987 figure. If that surplus were included in the Balance Sheet, the net worth of our Group, before allowance for tax on realisation, would be in excess of \$280 million (\$17.24 per share).

We are cautious investors and we seek to follow a conservative approach to our management of the Group, neither over reaching ourselves in excessively rapid expansion in times of growth, nor over reacting in times of recession. This has enabled us to face the current economic travails from a position of financial strength and with the ability to profit from falls in property values, which we believe are of a temporary nature. Accordingly, we have in the year under review acquired UK shop, office and industrial investments at a cost of \$21.5 million and since the year end, have negotiated additional purchases costing a further \$25 million. It is our belief that this careful investment programme, which is to continue, will materially benefit the Group in the future.

In the current uncertain business climate it would be somewhat rash to forecast results for the financial year to 31st March 1992. However, I can say that the first quarter of the year so far has seen a slight revival in the level of residential sales, and this coupled with lower interest rates, should if continued, assist us in achieving satisfactory full year results.

No annual review of our Group's affairs would be complete without grateful mention of the considerable skill, effort and loyalty at every level of our management, staff and professional advisors. Credit for our continued success is in no small part due to them and I am sure that you will all wish to join me in expressing sincere gratitude and thanks.


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 1991 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 1991 by the Group's valuers, Keith Cardale Groves and a copy of their report appears on page 22. 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 £14.9 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 in 1987 and, at that time, had a surplus over book value of £74.2 million which was not incorporated into the Accounts. The Board are satisfied that, at 31st March 1991, properties held for trading and development still had a value substantially in excess of their book value.

Results and Dividend

The net earnings for the year, after all charges, amounted to £10,122,000. An Interim Dividend of 8p per share was paid on 15th March 1991 and the Directors now recommend the payment of a Final Dividend of 16p per share, making a total for the year of 24p per share, an increase of 1p over the previous year. The dividends will absorb £3,911,000 and will leave £6,211,000 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	28,910	2,844	13,312	846
Sales of Properties	10,263	216	8,557	(64)
Other Activities (including share of U.S.A. partnership profits)	—	—	86	(18)
	<u>£39,173</u>	<u>£3,060</u>	21,955	764
Financing Charges (net)			(1,313)	(1,433)
Administrative and Other Expenses			(3,292)	(325)
			17,350	<u>(£994)</u>
			(994)	
Profit before taxation			<u>£16,356</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 D Davis 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 1983

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 189p on 31st March 1982.

Charitable Donations

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

Directors' Report (continued)

Auditors

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

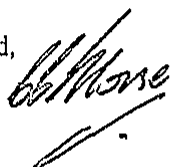
Interests of Directors and their families and trusts in shares of the Company

<i>Daejan Holdings PLC</i>	<i>31st March</i>	<i>31st March</i>
<i>Ordinary Shares</i>	<i>1991</i>	<i>1990</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 1990 - 4,133,116*) 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 1991 a total of 8,156,431 shares (*31st March 1990 - 8,156,431*). Mr D Davis has 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 1991.

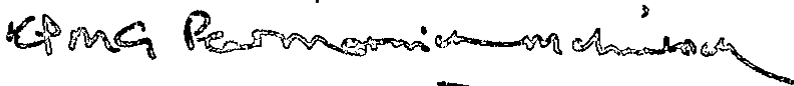
By Order of the Board,
C C Morse,
Secretary
8th July 1991



Report of the Auditors. KPMG Peat Marwick McLintock to the Members of Daejan Holdings PLC

We have audited the Accounts on pages 7 to 21 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 of the Group at 31st March 1991, and of the Profit and Source and Application of Funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick McLintock
Chartered Accountants
London
8th July, 1991



*Consolidated Profit and Loss Account
for the year ended 31st March 1991*

	Notes	1991 £000	1990 £000
Rents less property outgoings	2	14,158	14,340
Surplus on sale of properties	2	8,493	9,548
Other income	3	68	272
		<u>22,719</u>	<u>24,160</u>
Financing charges	4	2,746	1,353
Administrative and Other Charges		<u>3,617</u>	<u>3,448</u>
		<u>(6,363)</u>	<u>(4,801)</u>
Profit on ordinary activities before taxation	5	16,356	19,359
Taxation on profit on ordinary activities	6	<u>(6,199)</u>	<u>(6,319)</u>
Profit on ordinary activities after taxation		10,157	13,040
Minority interests		<u>(35)</u>	<u>(31)</u>
Profit for the year before extraordinary item	7	10,122	13,009
Extraordinary item	8	<u>—</u>	<u>3,378</u>
Profit for the year after extraordinary item		10,122	16,387
Transfer to Other Reserves	1(c) and 19	<u>—</u>	<u>(199)</u>
		<u>10,122</u>	<u>16,188</u>
Dividends:			
Interim		1,304	1,304
Proposed Final		<u>2,607</u>	<u>2,444</u>
		<u>(3,911)</u>	<u>(3,748)</u>
Retained Profit for the year	19	<u><u>£6,211</u></u>	<u><u>\$12,440</u></u>
Earnings per Share	9	<u><u>62.12p</u></u>	<u><u>79.83p</u></u>

The notes on pages 11 to 21 form part of these Accounts

Consolidated Balance Sheet
as at 31st March 1991

	Notes	1991 \$000	1990 \$000
FIXED ASSETS			
Tangible Assets	10	213,031	206,361
Investments	11	999	985
		<u>214,030</u>	<u>207,346</u>
CURRENT ASSETS			
Properties held for Trading	12	47,123	49,004
Deferred Taxation	6(b)	1,062	824
Debtors	13	15,992	17,183
Investments	14	1,319	1,420
Cash at Bank		1,969	7,036
		<u>67,465</u>	<u>75,467</u>
Creditors: Amounts falling due within one year	15	(44,021)	(33,785)
Net Current Assets		<u>23,444</u>	<u>41,682</u>
Total Assets less Current Liabilities		<u>237,474</u>	<u>249,028</u>
Creditors: Amounts falling due after more than one year	16	(29,215)	(30,637)
Provision for liabilities and charges	17	(955)	(857)
Net Assets		<u><u>£207,294</u></u>	<u><u>£217,534</u></u>
CAPITAL AND RESERVES			
Called up Share Capital	18	4,074	4,074
Share Premium Account	19	555	555
Revaluation Reserve	19	120,900	137,049
Other Reserves	19	4,405	4,666
Profit and Loss Account	19	76,884	70,673
		<u>206,818</u>	<u>217,017</u>
Minority Interests		476	517
		<u><u>£207,294</u></u>	<u><u>£217,534</u></u>

These Accounts were approved by the Board of Directors on 8th July 1991

BSE Freshwater

Directors

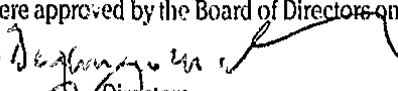
D Davis

The notes on pages 11 to 21 form part of these accounts.

Balance Sheet
as at 31st March 1991

	Notes	1991 £000	1990 £000
FIXED ASSETS			
Investment in subsidiaries	20	169,667	161,810
CURRENT ASSETS			
Deferred Taxation	6(b)	879	822
Debtors	13	58	55
Cash at Bank		401	111
		<u>1,338</u>	<u>988</u>
Creditors: Amounts falling due within one year	15	<u>(11,728)</u>	<u>(10,655)</u>
Net Current Liabilities		<u>(10,390)</u>	<u>(9,667)</u>
Total Assets less Current Liabilities		159,277	152,143
Creditors: Amounts falling due after more than one year	16	<u>(8,799)</u>	<u>(4,526)</u>
Net Assets		<u><u>£150,478</u></u>	<u><u>£147,617</u></u>
CAPITAL AND RESERVES			
Called up Share Capital	18	4,074	4,074
Share Premium Account	19	555	555
Revaluation Reserve	19	140,963	140,963
Profit and Loss Account	19	4,886	2,025
		<u><u>£150,478</u></u>	<u><u>£147,617</u></u>

These Accounts were approved by the Board of Directors on 8th July 1991

BSE Freshwater 
Directors

D Davis 

The notes on pages 11 to 21 form part of these accounts.

Source and Application of Funds
for the year ended
31st March 1991

	1991	1990
£000	£000	£000
SOURCE OF FUNDS		
Profit on ordinary activities before tax	16,356	19,359
Adjustments for items not involving the movement of funds:		
Surplus on disposal of investment properties and other fixed assets	(2,288)	(4,529)
Extraordinary write back of provisions	—	3,378
Movements in provisions	63	441
Foreign exchange movement	172	127
	<u>(2,053)</u>	<u>(583)</u>
FUNDS GENERATED FROM OPERATIONS	14,303	18,776
FUNDS FROM OTHER SOURCES		
Proceeds from the sale of investment properties and other fixed assets	2,370	4,904
Net increase in mortgage advances and unsecured loans	4,402	6,200
	<u>21,075</u>	<u>29,880</u>
APPLICATION OF FUNDS		
Additions to fixed assets	23,420	7,952
Movements on fixed asset investments	14	(375)
Taxation paid	4,729	14,509
Dividends paid to shareholders	3,748	3,585
Dividends paid to minorities	—	16
	<u>(31,911)</u>	<u>(25,687)</u>
	<u><u>(£10,836)</u></u>	<u><u>£4,193</u></u>
REPRESENTED BY		
(Decrease)/increase in properties held for trading	(1,881)	5,211
(Decrease)/increase in debtors	(1,191)	6,108
Decrease in creditors	747	3,550
(Decrease)/increase in investments held as current assets	(101)	205
	<u>(2,426)</u>	<u>15,074</u>
MOVEMENTS IN NET LIQUID FUNDS		
Decrease in cash at bank	(5,067)	(8,433)
Increase in bank loans and overdrafts	(3,343)	(2,448)
	<u>(8,410)</u>	<u>(10,881)</u>
	<u><u>(£10,836)</u></u>	<u><u>£4,193</u></u>

Notes to the Accounts

1. BASIC 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 under the historical cost convention and in accordance with applicable accounting standards 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 20(b)). 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 taken 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

Acquisition 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 and Development 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 borrowing 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, and any surplus or deficit arising on such translation 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)

9 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	1991 Gross profit £000	Turnover £000	Cost of turnover £000	1990 Gross profit £000
Rents and service charges receivable (see (i) below)	31,754	(17,596)	14,158	29,143	(14,803)	14,340
Trading property sales	8,109	(1,655)	6,454	7,999	(2,916)	5,083
Investment property sales (see (ii) below)	2,370	(331)	2,039	4,904	(439)	4,465
	<u>£42,233</u>	<u>(£19,582)</u>	<u>£22,651</u>	<u>£42,046</u>	<u>(£18,158)</u>	<u>£23,888</u>

The geographical analysis of turnover as shown above is as follows:

	1991		1990	
	U.K. £000	U.S.A. £000	U.K. £000	U.S.A. £000
Rents and service charges receivable	28,910	2,844	26,543	2,600
Trading property sales	7,893	216	5,619	2,380
Investment property sales	2,370	—	4,904	—
	<u>£39,173</u>	<u>£3,060</u>	<u>£37,066</u>	<u>£4,980</u>

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

	1991 £000	1990 £000
Wages and salaries	973	886
Social security costs	100	80
These figures relate only to portage staff of whom an average number of 135 (1990 - 142) were employed during the year.		
	<u>£1,073</u>	<u>£966</u>

(ii) Investment property sales

	1991 £000	1990 £000
Transfer from revaluation reserve of surplus now realised (note 19)	1,356	3,034
Surplus over book value (net of disposal costs)	683	1,431
	<u>£2,039</u>	<u>£4,465</u>

Notes to the Accounts (continued)

4. OTHER INCOME

	1991	1990
	£000	£000
Share of U.S.A. partnerships' results	(39)	222
Sundry income	103	49
Surplus on redemption of debentures and loan stock	4	1
	<u>£68</u>	<u>£272</u>

5. FINANCING CHARGES

	1991	1990
	£000	£000
Interest payable on bank loans and overdrafts:		
Repayable within 5 years	1,259	1,079
Repayable in more than 5 years	2,502	2,380
	<u>3,761</u>	<u>3,459</u>
Less: Interest receivable	(1,015)	(2,106)
	<u>£2,746</u>	<u>£1,353</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1991	1990
	£000	£000
Profit on ordinary activities before taxation is stated after charging the following:		
Auditors' remuneration	200	207
Directors' emoluments (see (i) and (ii) below)		
Fees	11	10
Other remuneration (including pension contributions)	499	559
(i) Chairman and highest paid Director	<u>£203,500</u>	<u>£193,500</u>
(ii) Other Directors for services in the U.K.		
	<u>Number</u>	<u>Number</u>
£5,001 to £10,000	1	1
£100,001 to £105,000	—	1
£110,001 to £115,000	1	—

	1991	1990
	£000	£000
Staff costs:		
Salaries	1,373	1,061
Pensions contributions	43	33
Social Security costs	124	96
	<u>£1,540</u>	<u>£1,190</u>

These figures are the Group's proportion of Administrative Staff costs and are equivalent to an average of 92 employees (1990 - 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:	1991	1990
U.K. corporation tax at 34% (1990 - 35%)	£000	£000
Overseas taxation	6,196	6,103
Deferred taxation	240	120
	(184)	483
	6,252	6,706
Prior year adjustments:	(53)	(387)
	<u>£6,199</u>	<u>£6,319</u>

(b) Deferred Taxation Asset

	The Group		The Company	
	1991	1990	1991	1990
	£000	£000	£000	£000
Advance corporation tax recoverable	869	815	869	815
Short term timing differences	193	9	10	7
	<u>£1,062</u>	<u>£824</u>	<u>£879</u>	<u>£822</u>

Apart from the above items there was at 31st March 1991 a potential liability for deferred taxation in respect of Industrial Building Allowances of £1,193,000 (1990 - £1,140,000). 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 £15m and Nil respectively (1990 - £25m and £7m) 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 1990	824	822
Provided in the year	(631)	(812)
Advance corporation tax recoverable	869	869
At 31st March 1991	<u>£1,062</u>	<u>£879</u>

7. PROFIT FOR THE YEAR

Of the Group profit for the year after taxation and minority interests a surplus of £6,772,000 (1990 - £5,750,000) is dealt with in the accounts of the holding company.

8. EXTRAORDINARY ITEM

	1990	1989
	£000	£000
Release of provisions for taxation and interest	—	£3,378

9. EARNINGS PER SHARE

Earnings per share calculated on earnings, after taxation and minority interests, of £10,122,000 (1990 - £13,000,000) and 16,295,357 shares in issue at 31st March 1991 (1990 - 16,295,357).

Notes to the Accounts (continued)

10. TYNBELL ASSETS—INVESTMENT PROPERTIES

	Freehold	Long Leasehold	Short Leasehold	Total 1991	Total 1990
	£000	£000	£000	£000	£000
At Valuation 1st April 1990	186,981	6,170	13,210	206,361	184,862
Exchange movement	(380)	—	—	(380)	—
Net transfers from trading stock	—	—	—	—	5,297
Additions	22,384	1,036	—	23,420	725
Disposals	(1,376)	(48)	(14)	(1,438)	(3,246)
Revaluation	(14,658)	(185)	(89)	(14,932)	18,723
At Valuation 31st March 1991	<u>£192,951</u>	<u>£6,973</u>	<u>£13,107</u>	<u>£213,031</u>	<u>£206,361</u>

The geographical analysis is as follows:

	1991	1990
	£000	£000
United Kingdom	206,184	199,134
United States of America	6,847	7,227
	<u>£213,031</u>	<u>£206,361</u>

The historic cost of investment properties is \$86,769,000 (1990 – \$63,512,000).

A professional revaluation of all the Group's United Kingdom investment properties was carried out at 31st March 1991 by Keith Cardale Groves, Surveyors and Valuers. 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 22.)

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

11. INVESTMENTS HELD AS FIXED ASSETS

	1991	1990
	£000	£000
Int. rest in syndicates holding industrial buildings	617	617
Collateral endowment insurance policies at cost (see note below)	382	368
	<u>£999</u>	<u>£985</u>

Note:

Surrender values – \$491,000 (1990 – \$462,000).

12. PROPERTIES HELD FOR TRADING

	U.K. £000	U.S.A. £000	1991 Total £000	U.K. £000	U.S.A. £000	1990 Total £000
At the lower of cost and net realisable value:						
Completed properties	28,138	18,982	47,120	28,921	20,080	49,001
Developments	3	—	3	3	—	3
	<u>£28,141</u>	<u>£18,982</u>	<u>£47,123</u>	<u>£28,924</u>	<u>£20,080</u>	<u>£49,004</u>

\$4,739,000 (1990 – \$5,044,000) of the properties held for trading in the U.S.A. are held through shares in Co-operative Corporations.

Notes to the Accounts (continued)

14. DEBTORS

	The Group		The Company	
	1991	1990	1991	1990
	£000	£000	£000	£000
Rents and service charges	9,291	8,670	—	—
Other debtors and prepayments	5,633	6,019	57	53
Taxation recoverable	—	10	—	?
Interest receivable	4	2	1	—
Mortgages granted repayable within one year	—	1,278	—	—
Mortgages granted repayable after one year	1,064	1,204	—	—
	<u>£15,992</u>	<u>£17,183</u>	<u>£58</u>	<u>£55</u>

14. INVESTMENTS HELD AS CURRENT ASSETS

	1991	1990
	£000	£000
Investments in U.S.A. partnerships (see note below)	1,158	1,269
Mortgages granted	21	21
Listed securities at the lower of cost and net realisable value (Market value £157,000 (1990 - £224,000))	140	130
	<u>£1,319</u>	<u>£1,420</u>
	1991	1990
	£000	£000
Note: Net Assets of U.S.A. partnerships comprise:		
Shares in Co-operative Corporations	2,409	2,471
Mortgages granted	1,849	1,952
Cash and other assets	402	565
	4,660	4,988
Less: Creditors repayable within one year	(109)	(137)
Creditors repayable after one year and provisions	(2,943)	(3,253)
	<u>£1,608</u>	<u>£1,598</u>
Group share of net assets including premium on acquisition	<u>£1,158</u>	<u>£1,269</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	1991	1990	1991	1990
	£000	£000	£000	£000
Mortgage advances	6,204	380	246	246
Bank loans and overdrafts (see note below)	9,671	6,328	6,131	5,217
Rents and service charges charged in advance	5,305	5,493	—	—
Other creditors and accruals	5,976	6,535	1,402	1,395
Taxation	14,258	12,605	1,342	1,353
Proposed dividend	2,607	2,444	2,607	2,444
	<u>£44,021</u>	<u>£33,785</u>	<u>£11,728</u>	<u>£10,655</u>

Note: Bank loans and overdrafts of £7,805,000 (1990 - £4,494,000) are secured on certain of the Group's properties.

Notes to the Accounts (continued)

12 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	1991	1990	1991	1990
	£000	£000	£000	£000
Debentures	2,700	2,700	—	—
Unsecured Loan Stocks	3,070	3,090	—	—
Mortgage advances	23,445	24,847	3,923	4,139
Bank Loans	—	—	—	—
Amounts due to subsidiary undertaking	—	—	4,876	387
	<u>£29,215</u>	<u>£30,627</u>	<u>£8,799</u>	<u>£4,526</u>

Analysis of creditors falling due after more than one year

	Interest Rate	The Group		The Company	
		1991	1990	1991	1990
		£000	£000	£000	£000
Amounts repayable after 1st April 1996					
Unsecured Loan Stock 2002-07	8 1/4%	1,951	1,971	—	—
Unsecured Loan Stock 1991-96	7 1/2%	1,119	1,119	—	—
Instalment Mortgages 1990-2001	7%-12 1/2%	20,797	15,777	2,819	3,065
Debenture Stocks 1990-97	6 1/2%-8 1/4%	550	2,200	—	—
Amounts due to subsidiary undertakings		—	—	4,876	387
		<u>24,417</u>	<u>21,067</u>	<u>7,695</u>	<u>3,452</u>

Amounts repayable between 1st April 1993 and 31st March 1996

		1991	1990	1991	1990
		£000	£000	£000	£000
Instalment Mortgages	7%-13 1/4%	1,707	1,769	648	648
Debenture Stock 1988-93	8 1/4%	500	500	—	—
Debenture Stock 1990-95	6 1/2%-6 3/4%	1,650	—	—	—
		<u>3,857</u>	<u>2,269</u>	<u>648</u>	<u>648</u>

Amounts repayable between 1st April 1992 and 31st March 1993

		1991	1990	1991	1990
		£000	£000	£000	£000
Instalment Mortgages	7%-11%	941	7,301	456	426
Bank Loans	variable	—	—	—	—
		<u>941</u>	<u>7,301</u>	<u>456</u>	<u>426</u>

Total amount of Long Term Loans

	1991	1990	1991	1990
	£29,215	£30,627	£8,799	£4,526

Amount of Long Term Loans secured (a)

	1991	1990	1991	1990
	£26,145	£27,547	£3,923	£4,139

Amount repayable before 31st March 1992

included in current liabilities (see note 15)

		1991	1990	1991	1990
		£000	£000	£000	£000
Instalment Mortgages	7%-11%	6,204	380	246	246
Bank Loans and Overdrafts	variable	9,671	6,328	6,131	5,217
		<u>£15,875</u>	<u>£6,708</u>	<u>£6,377</u>	<u>£5,463</u>

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

Notes to the Accounts continued

5 PROVISION FOR LIABILITIES AND CHARGES

	The Group £000
U.S.A. deferred taxation:	
Balance at 1st April 1990	857
Foreign exchange movement	53
Provided during the year	55
Balance at 31st March 1991	<u>£965</u>

6 SHARE CAPITAL

	Number	1991 £000	1990 £000
Authorised:			
Ordinary shares of 25 pence per share	18,722,596	<u>£4,681</u>	<u>£4,681</u>
Allotted, called up and fully paid:			
Ordinary shares of 25 pence per share	16,295,357	<u>£4,074</u>	<u>£4,074</u>

7 RESERVES

	The Group £000	£000	The Company £000	£000
Share Premium Account:				
At 1st April 1990 and 31st March 1991		<u>£555</u>		<u>£555</u>
Revaluation Reserve:				
At 1st April 1990	137,049		140,963	
Transfer to Profit and Loss Account of surplus on prior year revaluations of investment properties now realised (note 2)	(1,356)		—	
Fixed asset revaluation	<u>(14,793)</u>		<u>—</u>	
		<u>£120,900</u>		<u>£140,963</u>
Other Non Distributable Reserves:				
At 1st April 1990	4,666			
Foreign exchange movements	<u>(261)</u>			
		<u>£4,405</u>		<u>£nil</u>
Profit and Loss Account:				
At 1st April 1990	70,673		2,025	
Retained Profit for year	<u>6,211</u>		<u>2,861</u>	
		<u>£76,884</u>		<u>£4,886</u>

Notes to the Accounts (continued)

20. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	1991	1990
<i>(a) The Company</i>	£000	£000
Shares at cost (see (b) below)	1,292	1,292
Surplus on revaluation – net asset value at 31st March 1987 (note 19)	140,963	140,963
	142,255	142,255
Amounts due from subsidiary undertakings	27,412	19,555
	<u>£169,667</u>	<u>£161,810</u>

(b) The Group – Subsidiary undertakings not consolidated

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 (1990 – £nil). The combined profits since acquisition attributable to the Company as indicated by their accounts amounted to £8,000 (1990 – £8,000) and their aggregate liabilities at 31st March 1991 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.

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	
1991	1990	1991	1990
£000	£000	£000	£000
<u>£1,725</u>	<u>£1,537</u>	<u>£852</u>	<u>£768</u>

22. CONTINGENT LIABILITIES

The Company has guaranteed bank and mortgage indebtedness and unsecured loan stock of certain subsidiaries which at 31st March 1991 amounted to £14.3m (1990 – £4.9m).

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.

Notes to the Accounts (continued)

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
 Bampton Holdings Limited
 Bampton (Redbridge) Limited (75%)
 Brickfield Properties Limited
 City and Country Properties Limited
 City & Country Properties
 (Birmingham) Limited
 City and Country Properties
 (Camberley) Limited
 City and Country Properties
 (Midlands) Limited
 Chilon Investments Co. Limited
 Daejan Developments Limited
 Daejan (Durham) Limited
 Daejan Estates Limited
 Daejan Investments Limited
 Daejan Investments (Grove Hall) Limited
 Daejan Investments (Harrow) Limited
 Daejan Investments (Park) Limited
 Daejan Properties Limited
 Daejan Securities Limited – *Share Dealer*
 Hampstead Way Investments Limited
 Limebridge Co. Limited
 Pegasus Investment Company Limited
 Rap.d 7533 Limited
 Rosebel Holdings Limited
 Seaglen Investments Limited
 St. Leonards Properties Limited
 The Bampton Property Group Limited
 The Cromlech Property Co. Limited
 The Halliard Property Co. 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 Dacjan 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.

The properties are all well known to us and whilst we have not re-inspected the majority, we are aware of your requirement that each shall be seen in a triennial cycle. Where properties have not been inspected for this valuation, we have made local enquiries and obtained such further information as we have considered necessary for our purpose.

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 1991 is £206,184,000 (Two Hundred and Six Million One Hundred and Eighty 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 Luntley Street
London W1Y 1TW

28th June 1991

Five Year Record

	1987	1988	1989	1990	1991
	£000	£000	£000	£000	£000
Net Rental Income	10,058	10,686	12,173	14,340	14,158
Surplus on Sale of Properties	12,674	15,295	24,441	9,548	8,493
Other Income	625	540	1,052	272	68
	<u>23,357</u>	<u>26,521</u>	<u>37,666</u>	<u>24,160</u>	<u>22,719</u>
Group Profit before Taxation	18,332	21,973	32,516	19,359	16,356
Taxation	5,858	7,590	11,886	6,319	6,199
Minority Interests	26	21	13	31	35
Transfer to Reserve	632	470	—	199	—
Available Surplus	<u>11,816</u>	<u>13,892</u>	<u>20,617</u>	<u>16,188</u>	<u>10,122</u>
Earnings: p. per share	76.38	88.13	126.52	79.83	62.12p
Dividends: p. per share	<u>17.00</u>	<u>19.00</u>	<u>22.00</u>	<u>23.00</u>	<u>24.00p</u>
Gross Assets	214,405	232,997	258,918	282,813	281,495
Net Assets	145,614	162,872	190,408	217,017	206,818
Net Asset: p. per share	<u>8.94</u>	<u>10.00</u>	<u>11.68</u>	<u>13.32</u>	<u>12.69p</u>
Represented by:					
Share Capital	4,074	4,074	4,074	4,074	4,074
Reserves and Retained Profit	<u>141,540</u>	<u>158,798</u>	<u>186,334</u>	<u>212,943</u>	<u>202,744</u>
Shareholders' Funds	<u><u>£145,614</u></u>	<u><u>£162,872</u></u>	<u><u>£190,408</u></u>	<u><u>£217,017</u></u>	<u><u>£206,818</u></u>