

DENCORA SECURITIES LIMITEDDIRECTORS

C.R. Holmes (Chairman)
R.C. Youngs
C.H. Bradley-Watson

Secretary

C.R. Holmes

Registered Office

Dencora House,
Blyburgate,
Beccles,
Suffolk.

Auditors

Pannell Kerr Forster,
Chartered Accountants,
141 King Street,
Great Yarmouth,
Norfolk.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st DECEMBER 1990

The directors present herewith the audited financial statements for the year ended 31st December 1990.

Review of activities

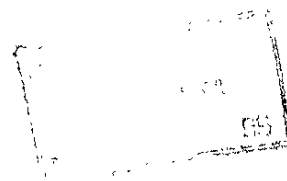
The results for the year are shown in the profit and loss account on Page 4.

The company's main activity is unchanged since last year and is principally that of the retention of properties for letting.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

An interim dividend of £500,000 was paid and the directors recommend that a further dividend of £1,250,000 be paid and that the retained loss of £330,372 be debited to revenue reserves.



DENCORA SECURITIES LIMITED

REPORT OF THE DIRECTORS (continued)

Directors and their interests

The directors named above held office throughout the year.

The interests of the Mr. A.C. Youngs, Mr. C.R. Holmes and Mr. C.H. Bradley-Watson are shown in the accounts of the holding company.

Changes in fixed assets

Changes in fixed assets during the year are set out in note 9 to the accounts.

Valuation of property

The completed properties were valued at 31st December 1990 by Drivers Jonas, Chartered Surveyors, on an open market basis in accordance with the Statement of Asset Valuation Practice published by the Royal Institution of Chartered Surveyors.

Auditors

A resolution to reappoint Pannell Kerr Forster will be proposed at the Annual General Meeting.

Dencora House,
Beccles.

23rd April 1991

By order of the board

C.R. HOLMES
Secretary



REPORT OF THE AUDITORS

TO THE MEMBERS OF

DENCORA SECURITIES LIMITED

We have audited the financial statements on pages 4 to 15 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Great Yarmouth

Pannell Kerr Forster
Pannell Kerr Forster

23rd April 1991

Chartered Accountants

DENCORA SECURITIES LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31st DECEMBER 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
		£	£
Turnover	2	5,908,978	4,750,896
Cost of sales		716,055	518,775
Gross profit		5,192,923	4,232,121
Administrative expenses		273,668	232,138
Operating profit	3	4,919,255	3,999,983
Interest receivable		5,248	12,809
		4,924,503	4,012,792
Interest payable	6	2,286,475	1,851,642
Profit on ordinary activities before taxation		2,638,028	2,161,150
Tax on profit on ordinary activities	7	1,018,400	321,535
Profit on ordinary activities after taxation		1,619,628	1,839,615
Extraordinary (loss)/profit	8	(200,000)	7,647
		1,419,628	1,847,262
Dividend		1,750,000	---
Retained (loss)/profit for the year	17	£ (330,372)	£1,847,262

DENCORA SECURITIES LIMITEDBALANCE SHEET 31st DECEMBER 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
		£	£
FIXED ASSETS			
Tangible assets	9	67,415,003	73,825,003
Investments	10	1,900,000	2,600,000
CURRENT ASSETS			
Debtors	11	20,492,595	13,736,731
Cash at bank and in hand		1,993,707	556,087
		<hr/>	<hr/>
		22,486,302	14,292,818
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	12	5,747,707	8,370,951
NET CURRENT ASSETS		<hr/>	<hr/>
		16,738,595	5,921,867
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		86,053,598	82,346,870
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	46,000,000	35,325,000
PROVISIONS FOR LIABILITIES AND CHARGES Deferred taxation	15	---	46,704
		<hr/>	<hr/>
		46,000,000	35,371,704
		<hr/>	<hr/>
		£40,053,598	£46,975,166
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	16	78,000	78,000
Reserves:			
Revaluation reserve	17	30,122,439	36,713,635
Profit and loss account	17	9,853,159	10,183,531
		<hr/>	<hr/>
		£40,053,598	£46,975,166
		=====	=====

C.R. HOLMES)
) Directors
 R.C. YOUNGS)

These accounts were approved by the board of directors on 23rd April 1991.

DENCORA SECURITIES LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 31st DECEMBER 1990

	<u>1990</u>	<u>1989</u>
	£	£
SOURCE OF FUNDS		
Generated from operations:		
Profit before taxation	2,638,028	2,161,150
Extraordinary item	---	87,647
Adjustment for item not involving the movement of funds:		
Depreciation charge for the year	---	---
	<hr/>	<hr/>
	2,638,028	2,248,797
Funds from other sources:		
Proceeds from sale of investment property	---	3,637,497
	<hr/>	<hr/>
TOTAL SOURCE OF FUNDS	2,638,028	5,886,294
APPLICATION OF FUNDS		
Corporation tax paid	354,831	---
Dividends paid	500,000	---
Purchase of fixed assets	181,196	5,179,100
Loans to group undertakings	200,000	1,400,000
	<hr/>	<hr/>
TOTAL APPLICATION OF FUNDS	1,236,027	6,579,100
NET SOURCE/ (APPLICATION) OF FUNDS	<hr/>	<hr/>
	£ 1,402,001	£ (692,806)
	=====	=====
INCREASE/ (DECREASE) IN WORKING CAPITAL		
Stock and work in progress	---	---
Debtors	6,524,391	1,756,559
Creditors	(10,885,010)	1,903,963
	<hr/>	<hr/>
	(4,360,619)	3,660,522
Movement in net liquid funds:		
Bank and cash balances	5,762,620	(4,353,328)
	<hr/>	<hr/>
	£ 1,402,001	£ (692,806)
	=====	=====

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 19901. Principal accounting policies

The accounts are prepared under the historical cost convention modified to include the revaluation of properties held as fixed assets and comply with applicable accounting standards.

(a) Turnover

Turnover, which excludes value added tax, represents work done at invoice value.

(b) Classification of properties

Investment properties are classified as fixed assets. Development properties and properties held for resale are classified as current assets and included in stocks and work in progress. Properties are so classified according to the intention of the directors.

(c) Investment properties

(i) Completed properties are carried at open market value. External valuations will be obtained every year.

(ii) For the purpose of accounting for interest and outgoings, properties are considered to be under construction until a date approximately 6 months after practical completion or, in the case of investment properties, when the property is substantially let if earlier.

(iii) Investment properties under construction are carried on the following bases:

(A) Where letting agreements for not less than 90% of the building have been entered into by the year end, and the basic structure of the building in its existing state can be sold without the need to carry out further work, the properties are carried at open market value less estimates of costs to complete.

(B) In other cases, the properties are carried at cost, less provision in the event of a permanent diminution in value.

(iv) Surpluses and deficits on revaluation are taken to a non-distributable property revaluation reserve. If properties held as fixed assets are sold, the profit or loss, being the difference between sales proceeds and balance sheet value, is treated as an extraordinary item in the profit and loss account, and previously recognised surpluses are reclassified as distributable.

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1990 (continued)

(v) No depreciation or amortisation is provided on investment properties except those held on leases having an unexpired term of less than 20 years.

Buildings for own use are depreciated - see (e) below.

(vi) Cost of properties is determined on the same basis as described in (g) below

(d) Acquisitions and disposals of properties

Acquisitions and disposals of properties are considered to have taken place where (even if legal completion has not taken place) there is a legally binding, unconditional and irrevocable contract provided that (in the case of disposals where development work is taking place) the properties are substantially complete.

(e) Depreciation

Depreciation on investment properties has been taken into consideration in the values at which these properties are stated in the accounts and therefore has not been charged in the profit and loss account. In the opinion of the directors this accounting policy, which complies with Statement of Standard Accounting Practice No. 19, results in the accounts giving a true and fair view.

Depreciation is provided on a straight line basis for fixed assets, other than freehold land, at rates calculated to write off the cost or valuation over the expected useful lives of the assets concerned. Principal annual rates are:-

Buildings for own use	2%
Plant, equipment and motor vehicles	20%

Charges for depreciation of buildings included in these accounts are based on their value at the beginning of the period.

(f) Deferred taxation

Deferred taxation is calculated on the liability method in respect of the excess of capital allowances over depreciation and in respect of other timing differences. Provision is made to the extent that it is probable that a liability will crystallise.

(g) Stocks and work in progress

(i) Development properties and properties held for resale are included in the accounts at the lower of cost and net realisable value. Cost of properties represents direct costs and a proportion of applicable overheads, and includes interest on any loans directly related to developments and the appropriate portion of interest on general development loans and any other property outgoings incurred (less income received) during the construction period.

DENCONA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1990 (continued)

(ii) Other stocks and work in progress are stated at the lower of cost (plus in the case of building work in progress on contracts lasting over one year, a proportion of the estimated total profit attributable to the work completed to date) and net realisable value. Cost of stocks and work in progress comprises materials, direct labour costs and other costs chargeable direct to contracts and a proportion of applicable overheads. Progress payments received and receivable are deducted. In general, cost of stocks is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which the stocks and work in progress can be realised in the normal course of business less where appropriate the cost of conversion from their existing state to a finished condition. Provision is made for obsolete, slow moving and defective stocks and for all losses expected to arise on completion of contracts entered into at the balance sheet date.

	<u>1990</u>	<u>1989</u>
	£	£
2. <u>Turnover</u>		
Sale of property developments	---	---
Rental income and ground rents	5,908,978	4,750,896
	<hr/>	<hr/>
	£5,908,978	£4,750,896
	=====	=====

3. Operating profit

The operating profit is stated after charging the following amounts:

Depreciation of tangible fixed assets
Auditors' remuneration
Hire of plant and equipment

£	---	£	---
£	5,000	£	3,750
£	---	£	6,393
	=====		=====

4. Employee information

The average number of persons employed by the company during the year, including directors, is analysed below:

Selling and administration	3	3
Building and maintenance	-	-
	<hr/>	<hr/>
	3	3
	=====	=====

There were no staff costs incurred during the year.

5. Directors' emoluments

None of the directors received any emoluments during the year.

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1990 (continued)

	<u>1990</u>	<u>1989</u>
	£	£
6. <u>Interest payable</u>		
On bank overdrafts and loans which are not repayable by instalments and are due within five years	736,371	854,089
On loans from group undertakings	3,529,861	2,770,173
	<hr/>	<hr/>
	4,266,232	3,624,262
Less:		
Interest charged to investment properties in the course of construction	---	520,526
Recharged to group undertakings	1,979,757	1,252,094
	<hr/>	<hr/>
	1,979,757	1,772,620
	<hr/>	<hr/>
	£2,286,475	£1,851,642
	=====	=====
7. <u>Tax on profit on ordinary activities</u>		
United Kingdom corporation tax at 34.25% (1989 - 35%) on the profit for the year		
Corporation tax payable	261,765	274,831
Group relief	669,762	---
Adjustment for prior period (Decrease)/increase in provision for deferred taxation	133,577	---
	(46,704)	46,704
	<hr/>	<hr/>
	£1,018,400	£ 321,535
	=====	=====
8. <u>Extraordinary (loss)/profit</u>		
Surplus on sale of investment properties	---	687,647
Less: taxation	---	80,000
	<hr/>	<hr/>
	---	607,647
Loan to group undertaking waived	200,000	600,000
	<hr/>	<hr/>
	£ (200,000)	£ 7,647
	=====	=====

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1990 (continued)9. Tangible fixed assets

	<u>Total</u>	<u>Freehold and Long Leasehold land and buildings</u>
	£000	£000
<u>Cost or valuation</u>		
Completed properties at valuation	73,825,003	73,825,003
Properties under development at cost	---	---
At 1st January 1990	73,825,003	73,825,003
Additions	181,196	181,196
Disposals	---	---
Transfers from work in progress	---	---
Deficit on revaluation	(6,591,196)	(6,591,196)
At 31st December 1990	67,415,003	67,415,003
<u>Depreciation</u>		
At 1st January 1990	---	---
Charge for the year	---	---
Eliminated on disposals	---	---
Depreciation written back on revaluation	---	---
At 31st December 1990	---	---
<u>Net book value</u>		
Completed properties at valuation	67,415,003	67,415,003
Properties under development at cost	---	---
Total 31st December 1990	£67,415,003	67,415,003
Total 31st December 1989	£73,825,003	73,825,003

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1990 (continued)9. Tangible fixed assets (continued)

Land and buildings analysed:

	At valuation or cost to date		On historical cost basis	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
Freehold	33,730,002	37,650,002	20,815,957	20,755,229
Long leasehold	33,685,001	36,175,001	16,476,607	16,356,139
	<hr/>	<hr/>	<hr/>	<hr/>
	£67,415,003	£73,825,003	£37,292,564	£37,111,368
	=====	=====	=====	=====

The completed properties were valued at 31st December 1990 by Drivers Jonas, Chartered Surveyors, on an open market basis in accordance with the Statement of Asset Valuation Practice published by the Royal Institution of Chartered Surveyors.

The investment properties have been charged as security for the group borrowings with exception of those specifically charged on the company's borrowings (see note 14).

	<u>1990</u>	<u>1989</u>
	£	£
10. <u>Investments</u>		
Loans to group undertakings	£1,900,000	£2,600,000
	=====	=====
11. <u>Debtors</u>		
Amounts falling due within one year:		
Trade debtors	563,915	635,345
Other debtors	---	19,367
Prepayments and accrued income	46,096	---
Amounts owed by group undertakings	19,882,584	13,082,019
	<hr/>	<hr/>
	£20,492,595	£13,736,731
	=====	=====

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS 31st DECEMBER 1990 (continued)

	<u>1990</u>	<u>1989</u>
	£	£
12. <u>Creditors - amounts falling due within one year</u>		
Bank loans (secured - see note 14)	1,500,000	5,825,000
Trade creditors	96,363	249,916
Corporation tax	395,342	354,831
Other creditors	25,140	---
Accruals and deferred income	1,362,873	1,303,919
Amounts owed to group undertakings	1,117,989	637,285
Dividends proposed	1,250,000	---
	<hr/>	<hr/>
	£ 5,747,707	£ 8,370,951
	=====	=====
13. <u>Creditors - amounts falling due after more than one year</u>		
Bank loans	---	---
Amounts owed to group undertakings	46,000,000	35,325,000
	<hr/>	<hr/>
	£46,000,000	£35,325,000
	=====	=====
<u>Amounts falling due after more than one year analysed by maturity</u>		
Between one and two years	---	---
Between two and five years	26,825,000	26,575,000
After five years	19,175,000	8,750,000
	<hr/>	<hr/>
	£46,000,000	£35,325,000
	=====	=====
14. <u>Secured liabilities</u>		
Bank loans and accrued interest secured by fixed charges over freehold and leasehold property	£ 1,506,183	£ 5,928,315
	=====	=====

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS 31st DECEMBER 1990 (continued)

15. <u>Deferred taxation</u>	<u>1990</u>		<u>1989</u>	
	<u>Full potential liability</u>	<u>Provided in accounts</u>	<u>Full potential liability</u>	<u>Provided in accounts</u>
Corporation tax payable on chargeable gains if properties were disposed of at their revalued amounts	6,261,458	---	10,381,878	---
Industrial building allowances	2,302,098	---	2,341,494	---
Accelerated capital allowances	78,324	78,324	46,704	46,704
Other timing differences	(214,096)	(78,324)	---	---
	<u>£ 8,427,784</u>	<u>£ ---</u>	<u>£12,770,076</u>	<u>£ 46,704</u>

No provision has been made for the corporation tax which would be payable if properties were to be disposed of at their revalued amounts as no significant sales have been made since 31st December 1990.

16. <u>Share capital</u>	<u>1990 and 1989</u>
<u>Authorized</u>	<u>£</u>
Ordinary shares of £1 each	22,000
"A" ordinary shares of £1 each	5,000
"B" ordinary shares of £1 each	73,000
	<u>£ 100,000</u>
<u>Called up and fully paid</u>	
Ordinary shares of £1 each	---
"A" ordinary shares of £1 each	5,000
"B" ordinary shares of £1 each	73,000
	<u>£ 78,000</u>

17. <u>Reserves</u>	<u>Revaluation reserve (non-distributable)</u>	<u>Profit and loss account</u>
At 1st January 1990	36,713,635	10,183,531
Retained loss for the year	---	(330,372)
Deficit on revaluation	(6,591,196)	---
	<u>£30,122,439</u>	<u>£ 9,853,159</u>

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DENCORA SECURITIES LIMITED

NOTES TO THE ACCOUNTS 31st DECEMBER 1990 (continued)

	<u>1990</u>	<u>1989</u>
	£	£
<u>18. Capital expenditure approved</u>		
Expenditure contracted for	---	---
Approved by the directors not yet contracted for	---	---
	£ --- =====	£ --- =====

19. Contingent liabilities

In connection with building contracts, guarantees amounting to nil (1989 - £15,700) have been given to banks in consideration for the banks providing road, drainage and contract bonds. These arise in the ordinary course of business and no loss is expected to be incurred.

The company has given unlimited guarantees in respect of borrowings of certain fellow group undertakings.

20. Leasing Commitments

At 31st December 1990 the company had annual commitments under non-cancellable operating leases of land and buildings as follows:-

	<u>1990</u>	<u>1989</u>
	£	£
Leases expiring in over five years	£ 474,865 =====	£ 414,451 =====

21. Holding company

The company is a wholly owned subsidiary of Dencora plc, a company incorporated in England.