

DENCORA SECURITIES LIMITED

DIRECTORS

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

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 1994

The directors present herewith the audited financial statements for the year ended 31st December 1994, which they confirm have been prepared on a going concern basis.

Review of activities

The results for the year are shown in the profit and loss account on Page 5.

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 hope that a similar level of activity will be achieved in the coming year.

Dividends

No dividend was paid and the directors recommend that the retained profit of £845,103 be credited to revenue reserves.



DENCORA SECURITIES LIMITED
REPORT OF THE DIRECTORS (continued)

Directors and their interests

Mr. C.R. Holmes, Mr. R.C. Youngs, Mr. C.H. Bradley-Watson and Mr R J Williams held office throughout the year.

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

The interests of the other director in the shares of the holding company were:

	<u>Ordinary 25p shares</u>		<u>Cumulative £1 Preference Shares</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
R.J. Williams	---	---	---	---

Changes in fixed assets

Changes in fixed assets during the year are set out in note 8 to the accounts.

Valuation of property

The completed properties were valued at 31st December 1994 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.

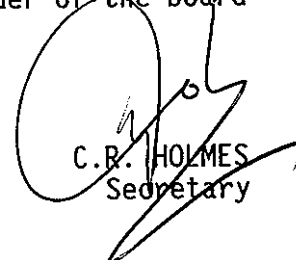
Auditors

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

Dencora House,
Beccles.

25th April 1995

By order of the board


C.R. HOLMES
Secretary

DENCORA SECURITIES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RELATION TO THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements (on pages 5 to 16), the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed, subject to any explanations and any material departures disclosed in the notes to the financial statements.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF DENCORA SECURITIES LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pannell Kerr Forster

Great Yarmouth
25th April 1995

PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

DENCORA SECURITIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
Turnover	2	6,972,075	6,966,031
Cost of sales		1,031,910	1,102,428
Gross profit		5,940,165	5,863,603
Administrative expenses		274,497	197,883
Operating profit	3	5,665,668	5,665,720
Interest receivable		1,980	1,434
		5,667,648	5,667,154
Interest payable	6	4,510,526	4,053,364
Profit on ordinary activities before taxation		1,157,122	1,613,790
Tax on profit on ordinary activities	7	312,019	449,009
Profit on ordinary activities after taxation		845,103	1,164,781
Dividend		---	---
Retained profit for the year	15	£ 845,103	£1,164,781

All amounts relate to continuing operations

DENCORA SECURITIES LIMITEDBALANCE SHEET 31st DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
FIXED ASSETS			
Tangible assets	8	64,450,003	59,695,003
CURRENT ASSETS			
Debtors (due after more than one year £133,787)	9	4,294,546	4,262,447
Cash at bank and in hand		650,636	962,183
		<u>4,945,182</u>	<u>5,224,630</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	10	3,196,951	3,510,530
NET CURRENT ASSETS		<u>1,748,231</u>	<u>1,714,100</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>66,198,234</u>	<u>61,409,103</u>
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	40,825,000	39,435,000
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	---	---
		<u>40,825,000</u>	<u>39,435,000</u>
		<u>£25,373,234</u>	<u>£21,974,103</u>
CAPITAL AND RESERVES			
Called up share capital	14	78,000	78,000
Reserves:			
Revaluation reserve	15	18,523,564	15,969,536
Profit and loss account	15	6,771,670	5,926,567
		<u>£25,373,234</u>	<u>£21,974,103</u>
Shareholders' funds	16	<u>£25,373,234</u>	<u>£21,974,103</u>

C.R. HOLMES

R.C. YOUNGS

) Directors

These accounts were approved by the Board of directors on 25th April 1995.

DENCORA SECURITIES LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31st DECEMBER 1994

	<u>1994</u>	<u>1993</u>
	£	£
Profit for the year after taxation	845,103	1,164,781
Unrealised surplus/(deficit) on revaluation of properties	2,554,028	2,779,570
Total recognised gains/(losses) relating to the year	<u>£3,399,131</u>	<u>£3,944,351</u>

Note of historical cost profits and losses

Profit on ordinary activities before taxation	1,157,122	1,613,790
Realisation of property revaluation (losses)/gains of previous years	---	---
Historical cost profit on ordinary activities before taxation	1,157,122	1,613,790
Taxation charge	312,019	449,009
Dividends	---	---
Historical cost profit/(loss) for the year retained	<u>£ 845,103</u>	<u>£1,164,781</u>

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 19941. Basis of accounting

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

Properties held as fixed assets

Completed investment properties are carried at open market value. External valuations are obtained every year and inspections of all properties are carried out every fourth year.

Investment properties under development are carried at the lower of cost and directors' valuation. However, where the basic structure of the building is complete and at least 90% of the building let, or where the building in its existing state can be sold without the need to carry out further work, then the property is carried at open market value less an estimate of the cost to complete.

The cost of properties includes direct costs, a proportion of applicable overheads and interest (less net income received) for a period until no later than six months after the certificate of practical completion of construction has been issued, less provision in the event of a permanent diminution in value.

Surpluses and deficits on revaluations are taken to a non-distributable revaluation reserve. If a property held as a fixed asset is sold, the difference between sales proceeds and balance sheet value is treated as a profit or loss in the current year's profit and loss account, and the previous revaluation surplus or deficit is reclassified under distributable reserves.

Acquisitions and disposals of properties

Acquisitions and disposals of commercial 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, and provided that the properties being sold are substantially complete. House sales are considered to have taken place when the sale is legally complete.

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1994 (continued)Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net value realisable in the normal course of business less, where appropriate, the cost to complete. The cost of commercial properties held for resale includes direct costs, a proportion of applicable overheads, and interest (less net income received) for a period until no later than six months after the certificate of practical completion of construction has been issued. The cost of housing property includes direct costs and a proportion of applicable overheads but no interest costs.

Depreciation

Depreciation on investment properties has been taken into consideration in the annual revaluations and therefore has not been charged in the profit and loss account. This complies with the Standard Statement of Accounting Practice (SSAP19) and, although it is contrary to the Companies Act 1985, the directors consider the accounts show a true and fair view. The amount of depreciation has not been quantified as it is only one of many factors included in the valuation. Depreciation is provided on other fixed assets on a straight line basis over their expected useful lives which are: buildings for own use - 50 years; plant, machinery and vehicles - 5 years.

Deferred taxation

Deferred taxation is calculated on the liability method based on 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.

Pensions

The group operates a number of defined contribution pension schemes for certain employees. The assets of the schemes are held separately from those of the company in independently administered funds. The group's contributions to the schemes are charged against profits in the year in which the contributions are made.

Operating leases

Leasing charges in respect of operating leases are recognised in the profit and loss account over the lives of the lease agreement as incurred.

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1994 (continued)

	<u>1994</u>	<u>1993</u>
	£	£
2. <u>Turnover</u>		
Sale of property developments	---	---
Rental income and ground rents	6,972,075	6,966,031
	<hr/>	<hr/>
	£6,972,075	£6,966,031
	<hr/>	<hr/>

3. Operating profit

The operating profit is stated after charging the following amounts:

Depreciation of tangible fixed assets	£ ---	£ ---
Auditors' remuneration	£ 5,500	£ 5,250
Hire of plant and equipment	£ ---	£ ---
Other operating leases - land and buildings	£ 552,855	£ 535,175
	<hr/>	<hr/>

4. Employee information

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

Selling and administration	4	4
Building and maintenance	-	-
	<hr/>	<hr/>
	4	4
	<hr/>	<hr/>

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 1994 (continued)

	<u>1994</u>	<u>1993</u>
	£	£
6. <u>Interest payable</u>		
On bank overdrafts and loans which are not repayable by instalments and are due within five years	2,180	71,736
On loans from group undertakings	4,508,346	4,420,240
	<hr/>	<hr/>
	4,510,526	4,491,976
Less:		
Interest charged to investment properties in the course of construction	---	---
Recharged to group undertakings	---	438,612
	<hr/>	<hr/>
	---	438,612
	<hr/>	<hr/>
	£4,510,526	£4,053,364
	<hr/>	<hr/>
7. <u>Tax on profit on ordinary activities</u>		
United Kingdom corporation tax at 33% (1993 - 33%) on the profit for the year		
Corporation tax payable	117,007	412,285
Group relief	195,012	---
Adjustment for prior period	---	36,724
Decrease in provision for deferred taxation	---	---
	<hr/>	<hr/>
	£ 312,019	£ 449,009
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DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1994 (continued)8. Tangible fixed assets

	<u>Total</u>	<u>Freehold and long leasehold land and buildings</u>
	£	£
<u>Cost or valuation</u>		
Completed properties at valuation	59,695,003	59,695,003
Properties under development at cost	---	---
At 1st January 1994	59,695,003	59,695,003
Additions	2,741,237	2,741,237
Transfer from group undertaking	---	---
Disposals	(540,265)	(540,265)
Surplus on revaluation	2,554,028	2,554,028
At 31st December 1994	64,450,003	64,450,003
<u>Depreciation</u>		
At 1st January 1994	---	---
Charge for the year	---	---
Eliminated on disposals	---	---
Depreciation written back on revaluation	---	---
At 31st December 1994	---	---
<u>Net book value</u>		
Completed properties at valuation	64,450,003	64,450,003
Properties under development at cost	---	---
Total 31st December 1994	£64,450,003	64,450,003
Total 31st December 1993	£59,695,003	59,695,003

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1994 (continued)8. Tangible fixed assets (continued)

Land and buildings analysed:

	<u>At valuation or cost to date</u>		<u>On historical cost basis</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Freehold	33,630,002	33,420,002	28,082,150	28,556,793
Long leasehold	30,820,001	26,275,001	17,844,289	15,168,674
	<hr/>	<hr/>	<hr/>	<hr/>
	£64,450,003	£59,695,003	£45,926,439	£43,725,467
	<hr/>	<hr/>	<hr/>	<hr/>

The completed properties were valued at 31st December 1994 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 12).

<u>1994</u>	<u>1993</u>
£	£

9. Debtors

Amounts falling due within one year:

Trade debtors	769,269	628,998
Other debtors	5,535	---
Prepayments and accrued income	159,460	108,967
Amounts owed by group undertakings	3,150,000	3,025,504
Corporation tax	76,495	76,495
	<hr/>	<hr/>
	4,160,759	3,839,964

Amounts falling due after one year:

Other debtors	133,787	422,483
	<hr/>	<hr/>
	£4,294,546	£4,262,447
	<hr/>	<hr/>

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS 31st DECEMBER 1994 (continued)

	<u>1994</u>	<u>1993</u>
	£	£
10. <u>Creditors - amounts falling due within one year</u>		
Bank loans (secured - see note 12)	---	---
Trade creditors	201,247	124,034
Corporation tax	117,007	123,373
Other creditors	52,993	43,447
Accruals and deferred income	1,595,273	1,626,015
Amounts owed to group undertakings	1,230,431	1,593,661
Dividends proposed	---	---
	<hr/>	<hr/>
	£3,196,951	£3,510,530
	<hr/>	<hr/>
11. <u>Creditors - amounts falling due after more than one year</u>		
Amounts owed to group undertakings repayable between two and five years	£40,825,000	£39,435,000
	<hr/>	<hr/>
12. <u>Secured liabilities</u>		
Bank loans and accrued interest secured by fixed charges over freehold and leasehold property	£ ---	£ 291
	<hr/>	<hr/>

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS 31st DECEMBER 1994 (continued)13. Deferred taxation

	<u>1994</u>		<u>1993</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	2,642,001	---	2,230,234	---
Industrial building allowances	2,357,721	---	2,256,376	---
Accelerated capital allowances	298,194	---	220,205	---
Other timing differences	(297,610)	---	(285,816)	---
	<u>£5,000,306</u>	<u>£ ---</u>	<u>£4,420,999</u>	<u>£ ---</u>

(i) 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 1994.

(ii) The deferred tax is calculated at 33% and assumes no group relief will be available

14. Share capital

	<u>Authorised £</u>	<u>Called up and Fully Paid £</u>
Ordinary shares of £1 each	22,000	---
"A" ordinary shares of £1 each	5,000	5,000
"B" ordinary shares of £1 each	73,000	73,000
	<u>£ 100,000</u>	<u>£ 78,000</u>

There was no change in share capital during the year.

As all classes of share are owned by the ultimate holding company, the rights attaching to each class of share as set out in the company's Memorandum and Articles of Association, have not been detailed.

15. Reserves

	<u>Revaluation reserve (non-distributable)</u>	<u>Profit and loss account</u>
At 1st January 1994	15,969,536	5,926,567
Retained profit for the year	---	845,103
Surplus on revaluation	2,554,028	---
Realised profit	---	---
	<u>£18,523,564</u>	<u>£ 6,771,670</u>

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS 31st DECEMBER 1994 (continued)

	<u>1994</u>	<u>1993</u>
	£	£
16. <u>Reconciliation of movements in shareholders' funds</u>		
Retained profit for the year before dividends	845,103	1,164,781
Dividends	---	---
	<hr/>	<hr/>
	845,103	1,164,781
Other recognised gains/(losses) relating to the year	2,554,028	2,779,570
	<hr/>	<hr/>
Net increase/(reduction) in shareholders' funds	3,399,131	3,944,351
Opening shareholders' funds	21,974,103	18,029,752
	<hr/>	<hr/>
Closing shareholders' funds	<u>£25,373,234</u>	<u>£21,974,103</u>

17. Capital expenditure approved

There was no outstanding capital expenditure approved at 31st December 1994.

18. Contingent liabilities

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

19. Leasing Commitments

At 31st December 1994 the company had annual commitments under non-cancellable operating leases of land and buildings as follows:-

	<u>1994</u>	<u>1993</u>
	£	£
Leases expiring in over five years	<u>£ 587,777</u>	<u>£ 535,175</u>

20. Holding company

The company is a wholly owned subsidiary of Dencora plc, a company incorporated in England. A copy of the accounts of Dencora plc is available from the Secretary, Dencora plc, Dencora House, Blyburgate, Beccles, Suffolk, NR34 9TY.