

DENCORA SECURITIES LIMITED

DIRECTORS

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

Secretary

C.R. Holmes

Registered Office

Dencora House,
Blyburgate,
Beccles,
Suffolk.

Auditor

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



REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st DECEMBER 1992

The directors present herewith the audited financial statements for the year ended 31st December 1992.

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 £3,000,000 was paid and the directors recommend that no further dividend be paid and that the retained loss of £4,984,506 be deducted from 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 Mr. R.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 1992 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.

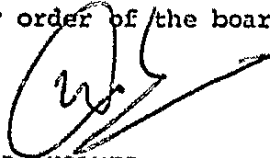
Auditor

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

Dencora House,
Beccles.

20th April 1993

By order of the board


C.R. HOLMES
Secretary

AUDITOR'S REPORT

TO THE MEMBERS OF DENCORA SECURITIES LIMITED

We have audited the financial statements on pages 4 to 14 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 1992 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pannell Kerr Forster

Pannell Kerr Forster

Great Yarmouth
20th April 1993

Chartered Accountants
Registered Auditor

DENCORA SECURITIES LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31st DECEMBER 1992

	<u>Notes</u>	<u>1992</u> £	<u>1991</u> £
Turnover	2	6,813,727	6,607,578
Cost of sales		1,008,615	956,520
Gross profit		5,805,112	5,651,058
Administrative expenses		195,198	157,572
Operating profit	3	5,609,914	5,493,486
Interest receivable		48,148	6,242
		5,658,062	5,499,728
Interest payable	6	3,993,606	2,287,578
Profit on ordinary activities before taxation		1,664,456	3,212,150
Tax on profit on ordinary activities	7	330,557	986,739
Profit on ordinary activities after taxation		1,333,899	2,225,411
Extraordinary loss	8	(3,318,405)	(4,975,000)
		(1,984,506)	(2,749,589)
Dividend		3,000,000	---
Retained loss for the year	17	£ (4,984,506) *****	£ (2,749,589) *****

DENCORA SECURITIES LIMITEDBALANCE SHEET 31st DECEMBER 1992

	<u>Notes</u>	<u>1992</u>	<u>1991</u>
		£	£
FIXED ASSETS			
Tangible assets	9	56,870,003	67,515,003
Investments	10	2,700,000	2,595,000
CURRENT ASSETS			
Debtors (due after more than one year £422,483)	11	11,318,112	14,571,052
Cash at bank and in hand		1,164,246	614,477
		<u>12,482,358</u>	<u>15,185,529</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	12	4,797,609	5,692,331
NET CURRENT ASSETS		<u>7,684,749</u>	<u>9,493,198</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>67,254,752</u>	<u>79,603,201</u>
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	49,225,000	50,000,000
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	15	---	---
		<u>49,225,000</u>	<u>50,000,000</u>
		<u>£18,029,752</u>	<u>£29,603,201</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	16	78,000	78,000
Reserves:			
Revaluation reserve	17	13,189,966	22,421,631
Profit and loss account	17	4,761,786	7,103,570
		<u>£18,029,752</u>	<u>£29,603,201</u>
		=====	=====

C.R. HOLMES)
) Directors
 R.C. YOUNGS) *Reynolds*

These accounts were approved by the board of directors on 10th April 1993.

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 19921. 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.

(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 (c) below.

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1992 (continued)

(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. 10, 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.

(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,

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1992 (continued)

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.

(h) 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.

	<u>1992</u>	<u>1991</u>
	£	£
2. <u>Turnover</u>		
Sale of property developments	---	---
Rental income and ground rents	6,813,727	6,607,578
	£6,813,727	£6,607,578
	=====	=====
3. <u>Operating profit</u>		
The operating profit is stated after charging the following amounts:		
Depreciation of tangible fixed assets	£ ---	£ ---
Auditor's remuneration	£ 5,000	£ 5,000
Hire of plant and equipment	£ ---	£ ---
Other operating leases - land and buildings	£ 522,237	£ 529,676
	=====	=====
4. <u>Employee information</u>		
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	-	-
	3	3
	=====	=====

There were no staff costs incurred during the year.

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1992 (continued)5. Directors' emoluments

None of the directors received any emoluments during the year.

	<u>1992</u>	<u>1991</u>
	£	£
6. <u>Interest payable</u>		
On bank overdrafts and loans which are not repayable by instalments and are due within five years	14,989	163,690
On loans from group undertakings	4,569,932	4,718,949
	4,584,921	4,882,639
Less:		
Interest charged to investment properties in the course of construction	---	---
Recharged to group undertakings	591,315	2,595,061
	591,315	2,595,061
	£3,993,606	£2,287,578
	=====	=====

7. Tax on profit on ordinary activities

United Kingdom corporation tax at 33% (1991 - 33.25%) on the profit for the year

Corporation tax payable	4,464	229,222
Group relief	367,587	934,985
Adjustment for prior period	(41,494)	(177,468)
Decrease in provision for deferred taxation	---	---
	£ 330,557	£ 986,739
	=====	=====

8. Extraordinary loss

Deficit on sale of investment property	(48,405)	---
Loan from group undertaking waived	---	1,750,000
Loans to group undertakings waived	(3,270,000)	(6,725,000)
	£ (3,318,405)	£ (4,975,000)
	=====	=====

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1992 (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	67,515,003	67,515,003
Properties under development at cost	---	---
At 1st January 1992	67,515,003	67,515,003
Additions	3,943	3,943
Transfer from group undertaking	---	---
Disposals	(4,060,000)	(4,060,000)
Deficit on revaluation	(6,588,943)	(6,588,943)
At 31st December 1992	56,870,003	56,870,003
<u>Depreciation</u>		
At 1st January 1992	---	---
Charge for the year	---	---
Eliminated on disposals	---	---
Depreciation written back on revaluation	---	---
At 31st December 1992	---	---
<u>Net book value</u>		
Completed properties at valuation	56,870,003	56,870,003
Properties under development at cost	---	---
Total 31st December 1992	£56,870,003	56,870,003
Total 31st December 1991	£67,515,003	67,515,003

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS - 31st DECEMBER 1992 (continued)9. Tangible fixed assets (continued)

Land and buildings analysed:

	At valuation or cost to date		On historical cost basis	
	<u>1992</u>	<u>1991</u>	<u>1992</u>	<u>1991</u>
Freehold	31,475,002	35,985,002	28,533,488	28,526,970
Long leasehold	25,395,001	31,530,001	15,146,549	16,566,402
	£56,870,003	£67,515,003	£43,680,037	£45,093,372
	=====	=====	=====	=====

The completed properties were valued at 31st December 1992 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>1992</u>	<u>1991</u>
	£	£
10. <u>Investments</u>		
Loans to group undertakings	£2,700,000	£2,595,000
	=====	=====
11. <u>Debtors</u>		
Amounts falling due within one year:		
Trade debtors	659,393	561,182
Other debtors	5,087	1,330,650
Prepayments and accrued income	64,617	85,759
Amounts owed by group undertakings	10,094,191	12,593,461
Corporation tax	72,341	---
	10,895,629	14,571,052
Amounts falling due after one year:		
Other debtors	422,483	---
	£11,318,112	£14,571,052
	=====	=====

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS 31st DECEMBER 1992 (continued)

	<u>1992</u>	<u>1991</u>
	£	£
12. <u>Creditors - amounts falling due within one year</u>		
Bank loans (secured - see note 14)	---	2,000,000
Trade creditors	113,727	137,979
Corporation tax	4,464	229,222
Other creditors	49,996	---
Accruals and deferred income	1,529,567	1,561,724
Amounts owed to group undertakings	3,099,855	1,763,406
Dividends proposed	---	---
	£ 4,797,609	£ 5,692,331
	=====	=====
13. <u>Creditors - amounts falling due after more than one year</u>		
Amounts owed to group undertakings	£49,225,000	£50,000,000
	=====	=====
<u>Amounts falling due after more than one year analysed by maturity</u>		
Between one and two years	---	---
Between two and five years	49,225,000	50,000,000
After five years	---	---
	£49,225,000	£50,000,000
	=====	=====
14. <u>Secured liabilities</u>		
Bank loans and accrued interest secured by fixed charges over freehold and leasehold property	£ ---	£ 2,011,217
	=====	=====

DENCORA SECURITIES LIMITED

NOTES TO THE ACCOUNTS 31st DECEMBER 1992 (continued)

15. <u>Deferred taxation</u>	<u>1992</u>		<u>1991</u>	
	<u>Full</u> <u>potential</u> <u>liability</u>	<u>Provided</u> <u>in</u> <u>accounts</u>	<u>Full</u> <u>potential</u> <u>liability</u>	<u>Provided</u> <u>in</u> <u>accounts</u>
Corporation tax payable on chargeable gains if properties were disposed of at their revalued amounts	632,023	---	3,526,670	---
Industrial building allowances	2,442,007	---	2,368,098	---
Accelerated capital allowances	186,304	186,304	106,607	106,607
Other timing differences	(244,479)	(186,304)	(313,439)	(106,607)
	<u>£3,015,855</u>	<u>£ ---</u>	<u>£5,687,936</u>	<u>£ ---</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 1992.

16. <u>Share capital</u>	<u>1992 and 1991</u>
<u>Authorised</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</u> <u>(non-distributable)</u>	<u>Profit and</u> <u>loss account</u>
At 1st January 1992	22,421,631	7,103,570
Retained loss for the year	---	(4,984,506)
Deficit on revaluation	(6,588,943)	---
Realised profit	(2,642,722)	2,642,722
	<u>£13,189,966</u>	<u>£ 4,761,786</u>
	=====	=====

DENCORA SECURITIES LIMITEDNOTES TO THE ACCOUNTS 31st DECEMBER 1992 (continued)18. Capital expenditure approved

There was no outstanding capital expenditure approved at 31st December 1992.

19. Contingent liabilities

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

20. Leasing Commitments

At 31st December 1992 the company had annual commitments under non-cancellable operating leases of land and buildings as follows:-

	<u>1992</u>	<u>1991</u>
	£	£
Leases expiring in over five years	£ 522,237 =====	£ 542,592 =====

21. 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 9TQ.