

Daejan (Kingston) Limited

Directors' report and financial statements

31 March 1996

Registered number 2622396



Daejan (Kingston) Limited

Directors' report and financial statements

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Daejan (Kingston) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1996.

Business review

The principal activity of the company is property investment. There has been no significant change in the nature of the company's business during the year under review nor is any envisaged in the immediate future.

Results and dividends

The results for the year are set out in the attached profit and loss account and explanatory notes.

No interim dividend has been paid (*1995: £nil*); no final dividend is recommended (*1995: £nil*).

Properties

A professional valuation of all of the company's investment portfolio was carried out at 31 March 1996 by Cardales Chartered Surveyors and the values have been incorporated in the financial statements.

The revaluation produced a deficit of £110,000 (*1995: surplus of £330,000*) which has been transferred to the revaluation reserve.

Directors and directors' interests

The directors who held office during the year were as follows:

BSE Freshwater (Chairman)
D Davis

The Articles of Association of the company do not require the directors to retire by rotation.

The directors do not have service contracts nor do they receive any emoluments from the company.

Part of the day to day management of the company's properties is carried out by Highdorn Co Limited and by Freshwater Property Management Limited. Mr BSE Freshwater is a director of both companies and is also interested in the share capital of Highdorn Co Limited. Mr BSE Freshwater and Mr D Davis are directors of the parent company of Freshwater Property Management Limited.

Daejan (Kingston) Limited


Directors' report

Directors and directors' interests *(continued)*

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

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. Their interests, and those of their families and family trusts, in the share capital of the ultimate holding company, Daejan Holdings PLC, are set out in the directors' report of that company.

By order of the board


CC Morse
Secretary

Registered Office
Freshwater House
158-162 Shaftesbury Avenue
London WC2H 8HR

1 AUG 1996

Daejan (Kingston) Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditors' report to the members of Daejan (Kingston) Limited

We have audited the financial statements on pages 5 to 14.

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 issued by the Auditing Practices Board. 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 the company's affairs as at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

1 AUG 1996

Daejan (Kingston) Limited

Profit and loss account for the year ended 31 March 1996

	<i>Note</i>	1996 £	1995 £
Rents receivable less property outgoings	3	327,395	325,219
Administrative expenses		(1,075)	(1,000)
Operating profit from continuing activities		326,320	324,219
Interest payable and similar charges	4	(271,876)	(289,643)
Profit on ordinary activities before taxation	5	54,444	34,576
Tax on profit on ordinary activities	6	(7,405)	2,756
Retained profit for the financial year		47,039	37,332
Retained profit brought forward		195,593	158,261
Retained profit carried forward		242,632	195,593

There is no material difference between the profit for the year as disclosed and that calculated on an historical cost basis.

The notes on pages 8 to 14 form part of these financial statements.

Daejan (Kingston) Limited

Statement of total recognised gains and losses for the year ended 31 March 1996

	1996 £	1995 £
Retained profit for the financial year	47,039	37,332
Unrealised (deficit)/surplus on revaluation of properties	(110,000)	330,000
	<hr/>	<hr/>
Total gains and losses recognised since last annual report	(62,961)	367,332
	<hr/>	<hr/>

Reconciliation of movements in shareholders' funds for the year ended 31 March 1996


	1996 £	1995 £
Retained profit for the financial year	47,039	37,332
Other recognised gains and losses relating to the year (net)	(110,000)	330,000
	<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds	(62,961)	367,332
Opening shareholders' funds	775,483	408,151
	<hr/>	<hr/>
Closing shareholders' funds	712,522	775,483
	<hr/>	<hr/>

Daejan (Kingston) Limited

Balance sheet at 31 March 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	7	3,750,000		3,860,000	
Current assets					
Debtors	8	4,236		7,484	
Creditors: amounts falling due within one year	10	(1,116,714)		(1,167,001)	
Net current liabilities			(1,112,478)		(1,159,517)
Total assets less current liabilities			2,637,522		2,700,483
Creditors: amounts falling due after more than one year	11		(1,925,000)		(1,925,000)
Net assets			712,522		775,483
Capital and reserves					
Called up share capital	12		1,000		1,000
Revaluation reserve	13		468,890		578,890
Profit and loss account			242,632		195,593
			712,522		775,483

These financial statements were approved by the board of directors on 1 AUG 1996 and were signed on its behalf by:


BSE Freshwater
Director


D Davis
Director

The notes on pages 8 to 14 form part of these financial statements.

Daejan (Kingston) Limited

Notes

(forming part of the financial statements)

1 Basis of preparation

The directors have received an assurance that Daejan Holdings PLC will continue to provide such cash resources as are required by the company to enable it to meet its obligations as they fall due. On the basis of this assurance the financial statements have been prepared on a going concern basis.

2 Accounting policies

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

Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified by the policy of accounting for investment properties referred to below.

Investment properties

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 transferred to Cumulative Profit and Loss Account.

Sales of investment properties

It is company 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 valuation is included within the company profit on ordinary activities, and taxation applicable thereto is shown as part of the taxation charge.

Daejan (Kingston) Limited

Notes *(continued)*

2 Accounting policies (continued)

Depreciation

In accordance with Statement of Standard Accounting Practice No 19 (as amended)

- investment properties are revalued annually. Surpluses or deficits arising are taken to the revaluation reserve. Any permanent diminution is taken to the profit and loss account for the year; and
- no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

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

Acquisitions and disposals of properties

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

Taxation

Current:

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

Deferred:

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

No provision is made in the financial statements for the corporation tax on chargeable capital gains which would arise if the company's investment properties were sold at the amounts stated in the balance sheet.

Repairs

The cost of repairs is written off to profit and loss account in the year in which the expenditure is incurred.

Daejan (Kingston) Limited

Notes (continued)

3 Analysis of turnover

	1996 £	1995 £
Rents receivable	337,500	337,500
Property outgoings	(10,105)	(12,281)
	<u>327,395</u>	<u>325,219</u>
Gross profit	<u>327,395</u>	<u>325,219</u>

4 Net interest payable

	1996 £	1995 £
Group finance charges payable	92,000	108,000
External interest		
Repayable within 5 years	-	2,233
Repayable after more than 5 years	179,876	179,410
	<u>271,876</u>	<u>289,643</u>

5 Profit on ordinary activities before taxation

	1996 £	1995 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration	<u>1,000</u>	<u>1,000</u>

Daejan (Kingston) Limited

Notes *(continued)*

6 Taxation

	1996	1995
	£	£
Taxation charge/(credit) based on the profit for the year of the company:		
UK corporation tax at 33% (1995: 33%) on the profit for the year on ordinary activities	7,145	(2,756)
Adjustment to prior year tax charge	250	(486)
Deferred tax	10	486
	<u>7,405</u>	<u>(2,756)</u>

7 Tangible fixed assets

	Freehold land and buildings £
<i>At valuation</i>	
At 1 April 1995	3,860,000
Revaluation	(110,000)
	<u>3,750,000</u>
At 31 March 1996	<u>3,750,000</u>

The historical cost of investment properties at 31 March 1996 (included above at valuation) is £3,281,110 (1995: £3,281,110).

A professional revaluation of all of the company's freehold property was carried out at 31 March 1996 by Cardales Chartered Surveyors. The revaluation figures are based on open market value in accordance with R.I.C.S. guidance notes.

Daejan (Kingston) Limited

Notes (continued)

8 Debtors

	1996 £	1995 £
Trade debtors	-	2,955
Prepayments and accrued income	1,001	1,284
Deferred taxation (note 9)	3,235	3,245
	<u>4,236</u>	<u>7,484</u>

9 Deferred taxation

Deferred tax asset arising from short term timing differences

	1996 £
At 1 April 1995	3,245
Charge for the year in the profit and loss account	(10)
	<u>3,235</u>
At 31 March 1996	

10 Creditors: amounts falling due within one year

	1996 £	1995 £
Rents and service charges charged and paid in advance	77,671	77,671
Amounts owed to parent undertakings	92,000	104,758
Amounts owed to fellow subsidiary undertakings	929,093	971,364
Other creditors and accruals	10,805	13,208
Corporation tax	7,145	-
	<u>1,116,714</u>	<u>1,167,001</u>

Daejan (Kingston) Limited

Notes (continued)

11 Creditors: amounts falling due after more than one year

	1996 £	1995 £
Mortgage advance	<u>1,925,000</u>	<u>1,925,000</u>

The terms of repayment involve interest payments only at 9.32% for five years from 11 December 1994 and the principal is repayable in full by 11 December 1999.

The mortgage advance is secured by a first legal charge over the freehold of the property and a floating charge over the assets of the company.

12 Called up share capital

	1996 £	1995 £
<i>Authorised, allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

13 Revaluation reserve

	£
At 1 April 1995	578,890
Net deficit on revaluation	<u>(110,000)</u>
At 31 March 1996	<u>468,890</u>

14 Contingent liabilities

The company has guaranteed loan facilities of group undertakings against which borrowings of £7,910,000 had been drawn at 31 March 1996 (1995: £7,910,000).

Daejan (Kingston) Limited

Notes *(continued)*

15 Directors' interests in contracts

Part of the day to day management of the company's properties is carried out by Highdorn Co Limited and by Freshwater Property Management Limited. Mr BSE Freshwater is a director of both companies and is also interested in the share capital of Highdorn Co Limited. Mr BSE Freshwater and Mr D Davis are directors of the parent company of Freshwater Property Management Limited. During the year £12,174 (1995: £12,018) was paid to Highdorn Co Limited for the provision of a full range of management services, which were charged for at normal commercial rates.

16 Ultimate holding company and parent undertaking of larger group of which the company is a member

The company's ultimate holding company is Daejan Holdings PLC, which is incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Daejan Holdings PLC. The consolidated financial statements of Daejan Holdings PLC are available to the public and may be obtained from: Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.

No other group financial statements include the results of the company.

17 Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking of a UK company.