

Registered Number: 03010097

DST Realty (UK) Limited

Reports of the Director and financial statements
for the year ended 31 December 2013

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DST Realty (UK) Limited

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DST Realty (UK) Limited

Director and Advisors

Director

G Givens

Company Registration Number

03010097

Registered Office

DST House
St Marks Hill
Surbiton
Surrey
United Kingdom
KT6 4QD

Bankers

Lloyds TSB Bank plc
25 Gresham Street
London
E2CV 7HN

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

DST Realty (UK) Limited

Director's report

For the year ended 31 December 2013

The director presents his report and the audited financial statements of the company for the year ended 31 December 2013.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and the directors have taken the exemption to present a separate Strategic Report.

Principal activities

The company's principal activity continued to be that of real estate operations. The company owns properties that were leased in the period to DST Output (Bristol) Limited, a fellow group subsidiary, and external clients.

Review of business

The turnover for the financial year was £0.78m (2012: £0.77m) and the profit for the financial year was £0.24m (2012: £0.18m). No dividend was proposed or paid during the year (2012: £nil).

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office and are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Director

The director who served during the year end up to the date of signing these financial statements is:

G Givens

The director does not have any beneficial interest in the shares of the company.

Directors' Indemnities

DST Systems, Inc maintains liability insurance for its directors. For the purposes of the Companies Act 2006, DST Systems, Inc provides indemnity insurance for its directors and company secretary for qualifying third party provisions.

Disclosure of information to auditors

The director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This representation is made in accordance with Section 418 of the Companies Act 2006.

DST Realty (UK) Limited

Director's report

For the year ended 31 December 2013 (continued)

Statement of Director's Responsibilities

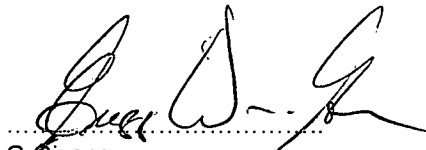
The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they 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 these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



G. Givens
Director

Date: 9/06/2014

Independent Auditors Report to the Members of DST Realty (UK) Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements for the year ended 31 December 2013, which are prepared by DST Realty (UK) Limited, comprise:

- the Profit and Loss Account
- the Balance Sheet and
- the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the director; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Director's reports and Financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditors Report to the Members of DST Realty (UK) Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Director's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of director's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the director was not entitled to prepare financial statements in accordance with the small companies' regime, take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

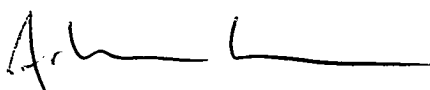
Responsibilities for the financial statements and the audit

Our responsibilities and those of the director

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Archie Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

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DST Realty (UK) Limited

Profit and loss account

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	780	770
Cost of sales		-	-
Gross profit		780	770
Administrative expenses		(203)	(238)
Operating profit	3	577	532
Interest payable and similar charges	6	(215)	(238)
Profit on ordinary activities before taxation		362	294
Tax on profit on ordinary activities	7	(126)	(119)
Profit for the financial year	13	236	175

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

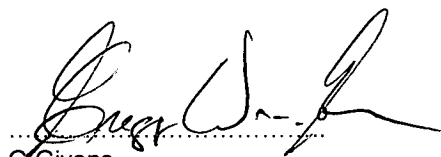
The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

DST Realty (UK) Limited

Balance Sheet As at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	8	<u>9,597</u>	<u>9,401</u>
Current assets			
Debtors	9	6,091	6,171
Creditors: amounts falling due within one year	10	<u>(1,709)</u>	<u>(1,349)</u>
Net current assets		<u>4,382</u>	<u>4,822</u>
Total assets less current liabilities		13,979	14,223
Creditors : amounts falling due after more than one year	11	<u>(3,920)</u>	<u>(4,400)</u>
Net assets		<u>10,059</u>	<u>9,823</u>
Capital and reserves			
Called up share capital	12	352	352
Share premium account	13	3,496	3,496
Profit and loss account	13	<u>6,211</u>	<u>5,975</u>
Total shareholders' funds	14	<u>10,059</u>	<u>9,823</u>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 9/06/2014 and signed on its behalf by


 G. Givens
 Director

Registered number 03010097

DST Realty (UK) Limited

Notes to the financial statements For the year ended 31 December 2013

1 Accounting policies

Accounting convention

These financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies that have been consistently applied throughout the year are set out below.

Tangible fixed assets and depreciation

Fixed assets are stated at the historic cost of acquisition less accumulated depreciation. The historic purchase cost includes the original purchase price of the asset plus the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful economic life. Depreciation is generally calculated on a straight line basis (except for office equipment and furniture which is calculated on a double declining basis) on the original cost of the assets over the following periods:

Freehold property	40 years
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Freehold land is not depreciated

Turnover

Rental income, in respect of property leases, is recognised as turnover in the profit and loss account on a straight line basis over the period to which it relates. Rental income received for future periods is deferred to the period to which it relates.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Cash flow statement and related parties

The Company is a wholly owned subsidiary of DST Output Limited and is included in the consolidated financial statements of DST Output Limited which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the DST Output Group or investees of the group.

DST Realty (UK) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

2 Turnover

All turnover is derived from a single class of business within the United Kingdom. The company leases its real estate to group companies and external clients under operating leases. The net book value of assets held for use as operating leases was £9.6m (2012: £9.4m). The aggregate amount of rentals received under operating leases was £0.78m (2012: £0.77m).

3 Operating profit

	2013	2012
	£'000	£'000
Operating profit is stated after charging:		
Auditors' remuneration – audit services	9	16
Depreciation – owned tangible fixed assets	<u>205</u>	<u>191</u>

4 Director's emoluments

The director did not receive any emoluments for his services as director of the company during the year (2012: £nil). The director was remunerated by other group companies and no recharges were made. It is not possible to apportion the proportion of the director's work performed for the company.

5 Staff numbers and costs

There were no employees of the company during the year (2012: nil).

6 Interest payable and similar charges

	2013	2012
	£'000	£'000
Bank interest	<u>215</u>	<u>238</u>

DST Realty (UK) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

7 Tax charge on profit on ordinary activities

	2013 £'000	2012 £'000
Analysis of the charge in the year		
Current tax:		
UK corporation tax on profit for the year	126	119
Total tax charge on profit on ordinary activities	126	119
Factors affecting tax charge for the year		
The tax assessed for the year is higher than the standard rate of corporation tax in the UK 23.25% (2012: 24.5%). The differences are explained below		
Profit on ordinary activities before taxation	362	294
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	84	72
Effects of:		
Expenses not deductible for tax purposes	42	47
Current tax charge for the year	126	119

Factors which may affect future tax charges

Finance Act 2013, which was enacted on 17 July 2013, includes legislation reducing the main UK corporation tax rate from 23% to 21%, effective from 1 April 2014. A further reduction to 20% was also enacted on this date and will be effective from 1 April 2015. The deferred tax balances have been re-measured to 20% to reflect this reduction. The director is of the opinion that the financial effect of these future rate reductions will not be significant.

8 Tangible fixed assets

	Land £'000	Building £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 January 2013	2,620	7,782	-	10,402
Additions	-	-	401	401
At 31 December 2013	2,620	7,782	401	10,803
Accumulated depreciation				
At 1 January 2013	-	1,001	-	1,001
Charge in the year	-	191	14	205
At 31 December 2013	-	1,192	14	1,206
Net book value :				
At 31 December 2013	2,620	6,590	387	9,597
At 31 December 2012	2,620	6,781	-	9,401

The freehold land and property is subject to security arising from a £4.4m (2012: £4.9m) loan with Lloyds TSB PLC.

DST Realty (UK) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

9 Debtors

	2013	2012
	£'000	£'000
Trade debtors	3	2
Amounts owed by group undertakings	6,035	6,110
Other debtors	53	59
	<u>6,091</u>	<u>6,171</u>

Intercompany debtors are unsecured, repayable on demand and do not bear any interest.

10 Creditors: Amounts falling due within one year

	2013	2012
	£'000	£'000
Bank overdraft	171	-
Bank loan	480	480
Amounts owed to group undertakings	837	609
Other taxation and social security	23	23
Other creditors	-	26
Accruals and deferred income	198	211
	<u>1,709</u>	<u>1,349</u>

Intercompany creditors are unsecured, repayable on demand and do not bear any interest.

11 Creditors: Amounts falling due after more than one year

	2013	2012
	£'000	£'000
Bank loan	<u>3,920</u>	<u>4,400</u>

On 30 June 2011, the company undertook a mortgage with Lloyds TSB totalling £5.6m in relation to the freehold property held. The mortgage is secured on the property and bears interest at LIBOR + 2.45% per annum. It is subject to financial covenants and is repayable over 7 years. Repayment terms are £120,000 per quarter with a final balloon payment in 2018.

12 Called up share capital

	2013	2012
	£'000	£'000
Allotted, called up and fully paid		
352,000 (2012: 352,000) Ordinary shares of £1 each	<u>352</u>	<u>352</u>

DST Realty (UK) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

13 Reserves

	Share premium account	Profit and loss account
	£'000	£'000
At 1 January 2013	3,496	5,975
Profit for the financial year	-	236
At 31 December 2013	3,496	6,211

14 Reconciliation of movements in shareholders' funds

	2013	2012
	£'000	£'000
Shareholders' funds at 1 January	9,823	9,648
Profit for the financial year	236	175
Shareholders' funds at 31 December	10,059	9,823

15 Ultimate parent undertaking and controlling party

The immediate parent undertaking is DST Output Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is DST Systems, Inc, a company incorporated in the United States of America.

DST Output Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of DST Output Limited can be obtained from Evolution House, Choats Road, Dagenham, Essex, RM9 6BF.

DST Systems, Inc is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of DST Systems, Inc are available from 333 West 11th Street, Kansas City, MO 64105, USA.