

REGISTERED NO. 03010097

DST REALTY (UK) LIMITED

REPORT AND ACCOUNTS

for the year ended 31st December 2004



DST REALTY (UK) LIMITED

CONTENTS

Report of the Directors	Page 1 - 2
Independent Auditors' Report	Page 3
Profit and Loss Account	Page 4
Balance Sheet	Page 5
Notes to the Accounts	Page 6 - 10

DST REALTY (UK) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31st December 2004

The Directors submit their report and the audited financial statements of the Company for the year ended 31st December 2004.

PRINCIPAL ACTIVITY

The company's principal activity is that of real estate operations. This company owns properties that are leased to DST International Limited, the immediate parent company, to another group company and to other external clients.

RESULTS AND DIVIDENDS

The profit for the year after tax was £10k (2003: £324k) and will be transferred to retained reserves. No dividends were paid during the year (2003: Nil). The directors do not recommend the payment of a final dividend (2003: Nil).

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company's assets and operations have not changed significantly during 2004. Profits have fallen during the year under review due to the business now being funded by an interest bearing loan from the immediate parent undertaking, DST International Limited. No significant changes to the business are foreseen in the next year.

On 23rd December 2004 DST International Limited, the immediate parent undertaking, increased its share holding in the company by converting debt of £3.5m to 3,500 ordinary shares of with a nominal value of £1 each, with a share premium of £3,496,500.

DIRECTORS AND THEIR INTERESTS

The Directors who served at the date of signing this report and during the year were:

J M Winn
S Cooke

The directors had no interests in the shares of the company or any other corporate body in the group that are required to be disclosed under Schedule 7 of the Companies Act 1985.

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 the affairs of the Company and of the profit or loss of the Company for that year. 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 are 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.

DST REALTY (UK) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31st December 2004

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to be 'S Cooke', with a large, stylized loop at the beginning.

**S Cooke
Company Secretary**

28 October 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

DST REALTY (UK) LIMITED

For the year ended 31st December 2004

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit 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 at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

For and on behalf of the Auditor

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
West London
28 October 2005

DST REALTY (UK) LIMITED**PROFIT & LOSS ACCOUNT****For the year ended 31st December 2004**

	Note	2004 £000	2003 £000
Turnover and Gross Profit	2	1,004	945
Administrative Expenses		<u>(373)</u>	<u>(356)</u>
Operating Profit	4	631	589
Interest receivable and similar income	5	68	-
Interest payable and similar expenditure	6	<u>(565)</u>	<u>-</u>
Profit on ordinary activities before taxation		134	589
Tax charge on profit / loss on ordinary activities	7	<u>(124)</u>	<u>(265)</u>
Retained Profit for the financial year	16	<u>10</u>	<u>324</u>

All amounts relate to continuing operations.

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

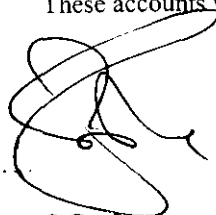
The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 6 to 10 form part of these financial statements.

DST REALTY (UK) LIMITED**BALANCE SHEET****As at 31st December 2004**

	Note	2004		2003	
		£000	£000	£000	£000
Fixed Assets:					
Tangible assets	8	<u>13,605</u>	13,605	<u>13,660</u>	13,660
Current Assets:					
Debtors	9	1,078		241	
Creditors:					
Amounts falling due within one year	10	<u>(412)</u>		<u>(13,617)</u>	
Net Current Assets / (Liabilities)			666		(13,376)
Creditors:					
Amounts falling due after more than one year	11		(10,481)		-
Provisions for liabilities and charges	12		<u>(2)</u>		<u>(6)</u>
Net Assets			<u><u>3,788</u></u>		<u><u>278</u></u>
Capital and reserves:					
Called up share capital	14		4		-
Share premium account	15		3,496		-
Profit and loss reserve	15		<u>288</u>		<u>278</u>
Total Equity Shareholders' Funds	16		<u><u>3,788</u></u>		<u><u>278</u></u>

These accounts were approved by the directors on 28 October 2005 and were signed on its behalf by:



S Cooke
Director

The notes on pages 6 to 10 form part of these accounts.

DST REALTY (UK) LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31st December 2004

1. ACCOUNTING POLICIES

(a) 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 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are disclosed below.

(b) Fixed assets and depreciation

Fixed assets are stated at the cost of acquisition less accumulated depreciation. Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets over their expected useful economic life. Depreciation is generally calculated on a straight line basis on the original cost or valuation of the assets over the following period:

Freehold Property	30 years
Equipment & Furniture	5-10 years
Freehold Land is not depreciated	

(c) Revenue Recognition

Rental income, in respect of operating leases, is recognised as turnover in the profit and loss account evenly over the period to which it relates.

(d) 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 recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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.

(e) Cashflow Statement and Related Parties

The Company is a wholly owned subsidiary of DST International Limited and is included in the consolidated financial statements of DST International 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 (but not balances) with entities that are part of the DST International Limited and DST Systems Inc. (the ultimate holding company) groups.

DST REALTY (UK) LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

For the year ended 31st December 2004

2. TURNOVER

All turnover derives from the principal activity of the company and within the United Kingdom. The company has entered into agreements to lease its real estate on operating leases. The net book value of assets held for use as operating leases was £13,603,000 (2003: £13,660,600). The aggregate amount of rentals received under operating leases was £1,004,000 (2003: £945,000)

3. DIRECTORS EMOLUMENTS

No amounts were received by the directors in respect of their services to the company (2003: Nil). There were no employees of the Company during the year (2003: Nil).

4. OPERATING PROFIT / (LOSS)

	2004 £000	2003 £000
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration – audit services	7	13
Depreciation - owned assets	329	304

5. INTEREST RECEIVABLE

	2004 £000	2003 £000
Interest receivable from immediate parent company	68	-

6. INTEREST PAYABLE

	2004 £000	2003 £000
Interest payable to immediate parent company	565	-

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 £000	2003 £000
(a) Analysis of the charge in the year		
Current Tax:		
Corporation tax in the UK of 30% (2003: 30%)	117	259
Adjustments in respect of previous periods	11	-
Total Current Tax Charge	128	259
Deferred tax:		
Origination and reversal of timing differences	(4)	6
Total deferred tax (Note 13)	(4)	6
Tax charge on profit on ordinary activities	124	265

DST REALTY (UK) LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

For the year ended 31st December 2004

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

2004	2003
£000	£000

Factors affecting tax charge for the year

The tax assessed for the year is higher (2003: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

(b) Profit on ordinary activities	134	589
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	40	177
Effects of:		
Expenses not deductible for tax purposes	83	88
Capital allowances in excess of depreciation	4	(6)
Adjustments in respect of prior periods	11	-
Group relief surrendered by other companies	(10)	-
Current tax charge for the year	128	259

8. TANGIBLE FIXED ASSETS

	Equipment & Furniture £000	Freehold Land & Property £000	Total £000
Cost:			
At 1st January 2004	-	13,981	13,981
Additions	2	272	274
At 31st December 2004	2	14,253	14,255
Accumulated Depreciation:			
At 1st January 2004	-	321	321
Charge in year	-	329	329
At 31st December 2004	-	650	650
Net Book Value:			
At 31st December 2004	2	13,603	13,605
At 31st December 2003	-	13,660	13,660

9. DEBTORS

2004	2003
£000	£000

Trade debtors	22	37
Amounts owed by immediate parent undertaking	807	-
Amounts owed by group undertakings	249	191
Other debtors	-	13
	1,078	241

Interest is receivable on inter company debtors

DST REALTY (UK) LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

For the year ended 31st December 2004

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £000	2003 £000
Trade creditors	8	2
Amounts owed to immediate parent undertaking	-	13,190
Amounts owed to group undertakings	208	9
Corporation Tax	142	-
Other creditors	-	67
Other taxes and social security	1	97
Accruals and deferred income	53	252
	<u>412</u>	<u>13,617</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £000	2003 £000
Amounts owed to immediate parent undertaking	<u>10,481</u>	<u>-</u>

The amount shown above represents monies due to DST International Limited. Interest is payable at the rate per annum equal to 1% above the bank base rate. The loan is repayable in full on the expiry of 15 years from the date of the formal loan agreement which was in December 2004.

12. PROVISIONS FOR LIABILITIES AND CHARGES

	2004 £000	2003 £000
Deferred Taxation (Note 13)	<u>2</u>	<u>6</u>

13. DEFERRED TAXATION

Full provision is made in the accounts for deferred tax as follows:

	2004 £000	2003 £000
Accelerated capital allowances	<u>2</u>	<u>6</u>
	<u>2</u>	<u>6</u>
At 1 January	6	-
(Credit) / charge to profit and loss account	<u>(4)</u>	<u>6</u>
Liability at 31 December	<u>2</u>	<u>6</u>

DST REALTY (UK) LIMITED

NOTES TO THE ACCOUNTS (Cont'd)

For the year ended 31st December 2004

14. CALLED UP SHARE CAPITAL	2004 £	2003 £
(A) AUTHORISED 1,000,000 (2003: 2) Ordinary shares of £1 each	<u>1,000,000</u>	<u>2</u>
(B) ALLOTTED, CALLED UP AND FULLY PAID 3,502 (2003: 2) Ordinary shares of £1 each	<u>3,502</u>	<u>2</u>

On 23rd December 2004 the company increased its authorised share capital to 1million shares with a nominal value of £1 each. On the same date DST International Limited, the immediate parent undertaking, increased its share holding in the company by converting debt of £3.5m to 3,500 ordinary shares of with a nominal value of £1 each, with a share premium of £3,496,500.

15. OTHER RESERVES	Share Premium Account £000	Profit & Loss Account £000
At 1 January 2004	-	278
Retained profit for the financial year	-	10
Premium on shares issued (see note 14)	<u>3,496</u>	<u>-</u>
At 31 December 2004	<u>3,496</u>	<u>288</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2004 £000	2003 £000
At 1 January	278	(46)
Profit for the financial year	10	324
Ordinary shares of £1each issued to immediate parent undertaking	<u>3,500</u>	<u>-</u>
At 31 December	<u>3,788</u>	<u>278</u>

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is DST International Limited.

The ultimate parent undertaking and controlling party is DST Systems Inc., a company incorporated in the USA.

DST Systems Inc is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2004. The consolidated financial statements of DST Systems Inc are available from 333 W 11th Street, Kansas City, Missouri, 64105-1594, USA.

DST International Ltd is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of DST International Limited can be obtained from DST House, St. Mark's Hill, Surbiton, Surrey, KT6 4QD, UK.