

REGISTERED NO. 03010097

**DST REALTY (UK) LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31st December 2005**



# **DST REALTY (UK) LIMITED**

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# **DST REALTY (UK) LIMITED**

## **REPORT OF THE DIRECTORS**

**For the year ended 31st December 2005**

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The Directors submit their report and the audited financial statements of the company for the year ended 31st December 2005.

### **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, DST International Billing Limited and external clients.

### **RESULTS AND DIVIDENDS**

The loss for the year after tax was £10,000 (2004: Profit £10,000) and will be transferred to retained reserves. No dividends were paid during the year (2004: Nil). The directors do not recommend the payment of a final dividend (2004: Nil).

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The company's assets and operations have not changed significantly during 2005. No significant changes to the business are foreseen in the next year. A small loss resulted from some once off professional fees but a profit is expected in 2006. A building with a net book value of £12,232,000 at year end was externally valued at £14,500,000 in January 2006. No other buildings were revalued during the year.

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year and up to the date of signing these financial statements 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 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 with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 6 under Note 1 'Accounting Policies';
- 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 (Cont'd)**

**For the year ended 31st December 2005**

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**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', written over the printed name and title.

**S Cooke**  
**Company Secretary**

**4th September 2006**

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

## DST REALTY (UK) LIMITED

For the year ended 31st December 2005

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We have audited the financial statements of DST Realty (UK) Limited for the year ended 31<sup>st</sup> December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
West London  
4th September 2006

**DST REALTY (UK) LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31st December 2005**

	Note	2005 £000	2004 £000
<b>Turnover and gross profit</b>	2	1,048	1,004
Administrative expenses		<u>(395)</u>	<u>(373)</u>
<b>Operating profit</b>	4	653	631
Interest receivable and similar income	5	98	68
Interest payable and similar charges	6	<u>(632)</u>	<u>(565)</u>
<b>Profit on ordinary activities before taxation</b>		119	134
Tax charge on profit on ordinary activities	7	<u>(129)</u>	<u>(124)</u>
<b>(Loss) / retained profit for the financial year</b>	15	<u><u>(10)</u></u>	<u><u>10</u></u>

All amounts relate to continuing operations.


There is no material difference between the profit on ordinary activities before taxation and the loss 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.

**DST REALTY (UK) LIMITED****BALANCE SHEET****For the year ended 31st December 2005**

		<b>2005</b>		<b>2004</b>	
	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed Assets:</b>					
Tangible assets	8	<u>13,275</u>	13,275	<u>13,605</u>	13,605
<b>Current Assets:</b>					
Debtors	9	1,561		1,078	
<b>Creditors:</b>					
Amounts falling due within one year	10	<u>(577)</u>		<u>(412)</u>	
<b>Net Current Assets</b>			984		666
<b>Creditors:</b>					
Amounts falling due after more than one year	11		(10,481)		(10,481)
<b>Provisions for liabilities and charges</b>	12		<u>-</u>		<u>(2)</u>
<b>Net Assets</b>			<u><u>3,778</u></u>		<u><u>3,788</u></u>
<b>Capital and reserves:</b>					
Called up share capital	14		4		4
Share premium account	15		3,496		3,496
Profit and loss account	15		<u>278</u>		<u>288</u>
<b>Total Equity Shareholders' Funds</b>	16		<u><u>3,778</u></u>		<u><u>3,788</u></u>

The financial statements on pages 1 to 11 were approved by the directors on 4th September 2006 and were signed on its behalf by:



**S Cooke**  
**Director**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31st December 2005**

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**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 that have been consistently applied, except for any changes arising on adoption of new accounting standards, are set out 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, 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 of the assets over the following periods:

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

**(c) Turnover**

Rental income, in respect of operating 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.

**(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 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.

**(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 has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', which requires the disclosure of the details of material transactions between the reporting entity and any related parties, on the grounds that it is a wholly owned subsidiary of groups headed by DST International Limited and DST Systems Inc.



# DST REALTY (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December 2005

### 2. TURNOVER

All turnover derives from a single class of business 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 £13,273,000 (2004: £13,603,000). The aggregate amount of rentals received under operating leases was £1,048,000 (2004: £1,004,000)

### 3. DIRECTORS EMOLUMENTS

None of the directors received any emoluments for their services as directors of the company during the year (2004: None). The directors were remunerated by other group companies and no recharges were made. There were no employees of the company during the year (2004: Nil).

### 4. OPERATING PROFIT

Operating profit is stated after charging	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Research and development	120	-
Auditors' remuneration - audit services	7	7
Depreciation - owned assets	331	329

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Interest receivable from immediate parent company	98	68

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Interest payable to immediate parent company	632	565

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
(a) Analysis of the charge in the year		
Current Tax:		
UK Corporation tax on profit of the year (2004: 30%)	129	117
Adjustments in respect of previous periods	2	11
<b>Total Current Tax Charge</b>	131	128
Deferred tax:		
Origination and reversal of timing differences	(2)	(4)
<b>Total deferred tax credit (Note 13)</b>	(2)	(4)
<b>Total tax charge on profit on ordinary activities</b>	129	124

# DST REALTY (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December 2005

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES (Cont'd)

	2005 £000	2004 £000
<b>(b) Factors affecting tax charge for the year</b>		
The tax assessed for the year is higher (2004: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
Profit on ordinary activities before tax	119	134
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	36	40
<i>Effects of:</i>		
Expenses not deductible for tax purposes	91	83
Depreciation in excess of capital allowances	3	4
Adjustments in respect of prior periods	2	11
Group relief claimed from other companies	(1)	(10)
<b>Current tax charge for the year</b>	<b>131</b>	<b>128</b>

### 8. TANGIBLE FIXED ASSETS

	Equipment & Furniture £000	Freehold Land & Property £000	Total £000
<b>Cost:</b>			
At 1st January 2005	2	14,253	14,255
Additions	1	-	1
At 31st December 2005	3	14,253	14,256
<b>Accumulated Depreciation:</b>			
At 1st January 2005	-	650	650
Charge in year	1	330	331
At 31st December 2005	1	980	981
<b>Net Book Value:</b>			
At 31st December 2005	2	13,273	13,275
At 31st December 2004	2	13,603	13,605

A building with a net book value of £12,232,000 at year end was externally valued at £14,500,000 in January 2006.

**DST REALTY (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****For the year ended 31st December 2005**

<b>9. DEBTORS</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	8	22
Amounts owed by immediate parent undertaking	1,257	807
Amounts owed by group undertakings	291	249
Other debtors	5	-
	<u>1,561</u>	<u>1,078</u>

Intercompany debtors are unsecured, interest bearing at the US Prime rate and repayable on demand.

<b>10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	15	8
Amounts owed to group undertakings	253	208
Corporation Tax	267	142
Other taxes and social security	-	1
Accruals and deferred income	42	53
	<u>577</u>	<u>412</u>

Intercompany creditors are unsecured, interest bearing at the US Prime rate and repayable on demand.

<b>11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to immediate parent undertaking	<u>10,481</u>	<u>10,481</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.

<b>12. PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Deferred Taxation Liability (Note 13)	<u>-</u>	<u>2</u>

**DST REALTY (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****For the year ended 31st December 2005****13. DEFERRED TAXATION**

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

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Accelerated capital allowances	-	2
	<u>-</u>	<u>2</u>
At 1st January	2	6
Credit to profit and loss account	(2)	(4)
Liability at 31st December	<u>-</u>	<u>2</u>

**14. CALLED UP SHARE CAPITAL**

	<b>2005</b> <b>£</b>	<b>2004</b> <b>£</b>
(A) AUTHORISED		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
(B) ALLOTTED, CALLED UP AND FULLY PAID		
3,502 Ordinary shares of £1 each	<u>3,502</u>	<u>3,502</u>

**15. OTHER RESERVES**

	<b>Share Premium Account £000</b>	<b>Profit &amp; Loss Account £000</b>
At 1st January 2005	3,496	288
Loss for the financial year	-	(10)
At 31st December 2005	<u>3,496</u>	<u>278</u>

**16. RECONCILIATION OF MOVEMENT IN EQUITY  
SHAREHOLDERS' FUNDS**

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Opening equity shareholders' funds	3,788	278
(Loss) / profit for the financial year	(10)	10
Ordinary shares of £1 each issued to immediate parent undertaking	-	3,500
Closing equity shareholders' funds	<u>3,778</u>	<u>3,788</u>

## **DST REALTY (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**For the year ended 31st December 2005**

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#### **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 2005. The consolidated financial statements of DST Systems Inc. are available from 333 W 11th Street, Kansas City, Missouri, 64105-1594, USA.

DST International Limited 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.