

REGISTERED NO. 03010097

**DST REALTY (UK) LIMITED**

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2008**

WEDNESDAY



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# **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 Financial Statements	Page 6 – 12

# **DST REALTY (UK) LIMITED**

## **REPORT OF THE DIRECTORS**

**For the year ended 31 December 2008**

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The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

### **PRINCIPAL ACTIVITY**

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

### **RESULTS**

The profit for the year after tax of £ 2,000 (2007: £45,000) will be transferred to retained reserves.

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

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act relating to small companies, the company has taken advantage of the exemption from providing a full business review.

The directors have received confirmation from DST Systems, Inc., the ultimate controlling parent company, that it intends to provide financial support to the Company as is necessary for the foreseeable future and at least 12 months from the signing of these financial statements to enable the Company to continue in operation without any significant curtailment and to meet its liabilities as they fall due.

### **DIRECTORS**

The directors who served during the year and up to the date of signing these financial statements were:

T Abraham  
S Cooke

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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 31 December 2008**

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### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that:

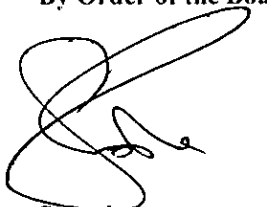
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

### **INDEPENDENT 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**



S Cooke  
Company Secretary  
21/5/2009

# INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF

## DST REALTY (UK) LIMITED

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We have audited the financial statements of DST Realty (UK) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 Report of the Directors 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 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors  
West London

22 May 2009

**DST REALTY (UK) LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2008**

	<b>Note</b>	<b>2008 £000</b>	<b>2007 £000</b>
<b>Turnover and gross profit</b>	<b>2</b>	<b>1,449</b>	<b>1,052</b>
Administrative expenses		<u>(540)</u>	<u>(418)</u>
<b>Operating profit</b>	<b>3</b>	<b>909</b>	<b>634</b>
Interest receivable and similar income	6	66	165
Interest payable and similar charges	7	<u>(791)</u>	<u>(603)</u>
<b>Profit on ordinary activities before taxation</b>		<b>184</b>	<b>196</b>
Tax charge on profit on ordinary activities	8	<u>(182)</u>	<u>(151)</u>
<b>Retained profit for the financial year</b>	<b>15, 16</b>	<b><u>2</u></b>	<b><u>45</u></b>

All amounts relate to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the financial 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

As at 31 December 2008

	Note	2008 £000	2007 £000
<b>Fixed Assets</b>			
Tangible fixed assets	9	23,082	12,615
<b>Current Assets</b>			
Debtors	10	521	2,730
<b>Creditors</b>			
Amounts falling due within one year	11	<u>(9,247)</u>	<u>(991)</u>
<b>Net current (liabilities) / assets</b>		(8,726)	1,739
<b>Total assets less current liabilities</b>		<u>14,356</u>	<u>14,354</u>
<b>Creditors</b>			
Amounts falling due after more than one year	12	<u>(10,481)</u>	<u>(10,481)</u>
<b>Net Assets</b>		<u><u>3,875</u></u>	<u><u>3,873</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>375</u>	<u>373</u>
<b>Total Equity Shareholders' Funds</b>	16	<u><u>3,875</u></u>	<u><u>3,873</u></u>

The financial statements on pages 4 to 12 were approved by the board of directors on 21/5/2009 and were signed on its behalf by:



S Cooke  
Director

# **DST REALTY (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2008**

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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 throughout the year are set out below.

#### **(b) Going Concern**

The directors have received confirmation from DST Systems, Inc. the ultimate controlling parent company, that it intends to provide financial support to the Company as is necessary for the foreseeable future and at least 12 months from the signing of these financial statements to enable the Company to continue in operation without any significant curtailment and to meet its liabilities as they fall due.

#### **(c) Tangible fixed assets and depreciation**

Fixed assets are stated at the historic 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	

#### **(d) 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.

#### **(e) 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.

#### **(f) Cashflow Statement and Related Parties**

The company is a wholly owned subsidiary of DST Group LLP and is included in the consolidated financial statements of DST Group LLP, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 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 Group LLP and DST Systems Inc.

# DST REALTY (UK) LIMITED

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

For the year ended 31 December 2008

### 2. TURNOVER

All turnover derives 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 £23,081,000 (2007: £12,614,000). The aggregate amount of rentals received under operating leases was £1,449,000 (2007: £1,052,000).

### 3. OPERATING PROFIT

Operating profit is stated after charging	2008 £000	2007 £000
Auditors' remuneration - audit services	8	7
Depreciation - owned tangible fixed assets	<u>460</u>	<u>330</u>

### 4. DIRECTORS EMOLUMENTS

None of the directors received any emoluments for their services as directors of the company during the year (2007: None). The directors were remunerated by other group companies and no recharges were made. It is not possible to apportion the proportion of the directors' work that was done for the company.

### 5. STAFF NUMBERS AND COSTS

There were no employees of the company during the year (2007: Nil).

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £000	2007 £000
Interest receivable from immediate parent company	64	165
Other interest receivable	<u>2</u>	<u>-</u>
	<u>66</u>	<u>165</u>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £000	2007 £000
Interest payable to immediate parent company	<u>791</u>	<u>603</u>

**DST REALTY (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****For the year ended 31 December 2008**

<b>8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>2008 £000</b>	<b>2007 £000</b>
<b>(a) Analysis of the charge in the year</b>		
<b>Current Tax:</b>		
UK Corporation tax on profit of the year at 28.5% (2007: 30%)	<u>183</u>	<u>159</u>
<b>Total Current Tax Charge</b>	<b>183</b>	<b>159</b>
<b>Deferred Tax:</b>		
Origination and reversal of timing differences	<u>(1)</u>	<u>(8)</u>
<b>Total Deferred Tax Credit (Note 13)</b>	<b>(1)</b>	<b>(8)</b>
<b>Total Tax Charge on Profit on Ordinary Activities</b>	<b><u>182</u></b>	<b><u>151</u></b>
<b>(b) Factors affecting tax charge for the year</b>		
The tax assessed for the year is higher (2007: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
Profit on ordinary activities before tax	<u>184</u>	<u>196</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	<u>52</u>	<u>59</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	<u>123</u>	<u>92</u>
Depreciation in excess of capital allowances	<u>8</u>	<u>8</u>
<b>Current Tax Charge for the Year</b>	<b><u>183</u></b>	<b><u>159</u></b>

**DST REALTY (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (Cont'd)****For the year ended 31 December 2008****9. TANGIBLE FIXED ASSETS**

	<b>Equipment &amp; Furniture £000</b>	<b>Freehold Land &amp; &amp; Property £000</b>	<b>Total £000</b>
<b>Cost:</b>			
At 1 January 2008	3	14,253	14,256
Additions	-	10,927	10,927
At 31 December 2008	<u>3</u>	<u>25,180</u>	<u>25,183</u>
<b>Accumulated Depreciation:</b>			
At 1 January 2008	2	1,639	1,641
Charge in year	<u>-</u>	<u>460</u>	<u>460</u>
At 31 December 2008	<u>2</u>	<u>2,099</u>	<u>2,101</u>
<b>Net Book Value:</b>			
At 31 December 2008	<u>1</u>	<u>23,081</u>	<u>23,082</u>
At 31 December 2007	<u>1</u>	<u>12,614</u>	<u>12,615</u>

On 3rd July 2008, the company purchased an industrial building occupied by DST International Output Limited, another group company, and an external tenant for total consideration and costs of £10,296,000.

# DST REALTY (UK) LIMITED

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

For the year ended 31 December 2008

10. DEBTORS	2008 £000	2007 £000
Trade debtors	38	45
Amounts owed by group undertakings	460	2,627
Other debtors	10	46
Deferred taxation (note 13)	13	12
	<u>521</u>	<u>2,730</u>

Intercompany debtors are unsecured and repayable on demand. Intercompany balances with DST International Limited, another group company, interest bearing at the US Prime Rate because the company acts as banker for all UK companies and holds their cash. All other intercompany balances are non-interest bearing.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2008 £000	2007 £000
Trade creditors	2	4
Amounts owed to group undertakings	8,613	665
Corporation Tax	-	269
Other taxation and social security	16	7
Other creditors	1	-
Accruals and deferred income	615	46
	<u>9,247</u>	<u>991</u>

Intercompany creditors are unsecured and repayable on demand. Intercompany balances with DST International Limited, another group company, are interest bearing at the US Prime Rate because the company acts as banker for all UK companies and holds their cash. All other intercompany balances are non-interest bearing.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2008 £000	2007 £000
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.

# DST REALTY (UK) LIMITED

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

For the year ended 31 December 2008

### 13. DEFERRED TAXATION ASSET

	2008 £000	2007 £000
Deferred tax assets recognized are as follows:		
Accelerated capital allowances	12	12
Other short term timing differences	1	-
Deferred tax asset	13	12
At 1 January	12	4
Credit to profit and loss account	1	8
Asset at 31 December	13	12

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future to realise the deferred tax asset, therefore the asset has been recognised in these financial statements.

### 14. CALLED UP SHARE CAPITAL

	2008 £	2007 £
(A) AUTHORISED		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
(B) ALLOTTED, CALLED UP AND FULLY PAID		
3,502 ordinary shares of £1 each	3,502	3,502

### 15. OTHER RESERVES

	Share Premium Account £000	Profit and Loss Account £000
At 1 January 2008	3,496	373
Retained profit for the financial year	-	2
At 31 December 2008	3,496	375

### 16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2008 £000	2007 £000
Opening equity shareholders' funds	3,873	3,828
Retained profit for the financial year	2	45
Closing equity shareholders' funds	3,875	3,873

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

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

**For the year ended 31 December 2008**

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#### **17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

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

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 2008. The consolidated financial statements of DST Systems Inc. are available from 333 W 11th Street, Kansas City, Missouri, 64105-1594, USA.

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