

DST REALTY (UK) LIMITED
formerly HiPortfolio Limited

REPORT AND ACCOUNTS
for the year ended 31st December 2002

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DST REALTY (UK) LIMITED
formerly HiPortfolio Limited

REPORT OF THE DIRECTORS

The Directors submit their report and the accounts of the Company for the year ended 31st December 2002, which were approved by the directors on 30th October 2003.

PRINCIPAL ACTIVITY

HiPortfolio Limited changed its name to DST Realty (UK) Limited on 10 January 2002 to reflect its real estate operations which commenced during the year ended 31 December 2001. The company did not trade prior to 2001.

RESULTS AND DIVIDEND

The results for the year are set out in the attached accounts.

No dividends were paid during the year (2001: £nil). The directors do not recommend the payment of a final dividend. The loss for the year after tax of £32,000 (2001: £14,000) will be set off against retained reserves.

REVIEW OF BUSINESS

The company acquired real estate during 2001 for use by a related company.

DIRECTORS

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

J M Winn
S Cooke

No Director had any interest in the shares of the Company at the beginning or end of the year.

POST BALANCE SHEET EVENTS

On 17th January 2003 the company completed the purchase of the freehold of a second property. This property is leased to DST International Limited, the immediate parent company.

AUDITORS

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By Order of the Board



S Cooke
Company Secretary

30th October 2003

DST REALTY (UK) LIMITED
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DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the reports of the auditors set out on page 3 is made to advise shareholders on the relative responsibilities of the directors and of the auditors in respect of the financial statements.

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 period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently (other than the adoption of new accounting standards in the year);
- 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.

GOING CONCERN

The directors confirm that after making enquiries, they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

DST REALTY (UK) LIMITED **formerly HiPortfolio Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Harman House
1 George Street
Uxbridge
Middlesex UB8 1QQ
30th October 2003

DST REALTY (UK) LIMITED
formerly HiPortfolio Limited

PROFIT & LOSS ACCOUNT

for the year ended 31st December 2002

	Note	2002 £000	2001 £000
Turnover		<u>34</u>	<u>-</u>
Gross Profit		34	-
Administrative Expenses		<u>(64)</u>	<u>(20)</u>
Operating loss	4	(30)	(20)
Interest payable and similar charges	5	<u>-</u>	<u>-</u>
Loss on ordinary activities before taxation		(30)	(20)
Tax (charge) / credit on loss on ordinary activities	6	<u>(2)</u>	<u>6</u>
Loss for the financial year		<u><u>(32)</u></u>	<u><u>(14)</u></u>

A statement of movements on reserves is given in note 13.

All gains and losses recognised above are based on historical costs and are attributable to continuing operations.

There are no other recognised gains and losses other than those shown above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 6 to 9 form part of these financial statements.

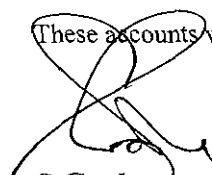
DST REALTY (UK) LIMITED
formerly HiPortfolio Limited

BALANCE SHEET

At 31st December 2002

	Note	2002		2001	
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	7	821		838	
Investment in subsidiary undertaking	8	<u>-</u>		<u>-</u>	
			821		838
Current Assets:					
Debtors	9	164		149	
Creditors:					
Amounts falling due					
Within one year	10	<u>(1,031)</u>		<u>(1,001)</u>	
Net current liabilities			(867)		(852)
Net liabilities			<u>(46)</u>		<u>(14)</u>
Capital and reserves:					
Called up share capital	11		-		-
Profit and loss account	12		(46)		(14)
Shareholders' Deficit					
(All equity Interest)	13		<u>(46)</u>		<u>(14)</u>

These accounts were approved by the directors on 30th October 2003 and were signed on its behalf by:


S Cooke
Director

The notes on pages 6 to 9 form part of these accounts.

DST REALTY (UK) LIMITED
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NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) 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. The principal accounting policies, which have been applied consistently other than the adoption of FRS 19, are disclosed below. Interest payable and similar charges and administrative expenses are accounted for on an accruals basis. No interest is receivable on inter company debtors

(b) Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible and intangible fixed assets over their expected useful lives. 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
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(c) Revenue Recognition

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

(d) Deferred Tax

The Company has adopted FRS 19 'Deferred Tax' during the period, and this is reflected in these financial statements. 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 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 a non-discounted basis. The adoption of FRS 19 has not had a material impact upon the results for the period.

(e) Cashflow 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.

2. TURNOVER

All turnover derives from a single segment within the United Kingdom.

3. DIRECTORS EMOLUMENTS

None of the Directors of the Company received or were due to receive emoluments (2001: £nil). There were no employees of the Company during the year (2001: £nil). The remuneration of the directors was borne by the immediate parent company, DST International Limited.

DST REALTY (UK) LIMITED
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NOTES TO THE ACCOUNTS

4. OPERATING LOSS

Loss on ordinary activities is stated after charging	2002	2001
	£000	£000
Auditors' remuneration		
- audit	7	2
- other non-audit services	-	-
Depreciation	17	-

5. INTEREST PAYABLE AND SIMILAR CHARGES

2002	2001
£000	£000
-	-

6. TAX ON LOSS ON ORDINARY ACTIVITIES

2002	2001
£000	£000
(a) Group relief on tax losses surrendered to group companies	4
Prior year adjustment	(6)
Tax (credit) / charge	(2)
	6

Factors affecting tax charge for period

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

(b) Loss on ordinary activities before tax	(30)	(20)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	9	6
Effects of:		
Expenses not deductible for tax purposes	(5)	-
UK corporation tax (credit) / charge	4	6

DST REALTY (UK) LIMITED
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NOTES TO THE ACCOUNTS

7. TANGIBLE FIXED ASSETS

**Freehold
Property
£000**

Cost:

At 1st January 2002 838

Additions -

Disposals -

At 31st December 2002 838

Depreciation:

At 1st January 2002 -

Charged in year 17

Disposals -

At 31st December 2002 17

Net Book Value:

At 31st December 2002 821

At 31st December 2001 838

8. INVESTMENT IN SUBSIDIARY UNDERTAKING

**2002
£000**

**2001
£000**

At 1 January - 13

Write-off upon liquidation of subsidiary - (13)

At 31 December -

9. DEBTORS

**2002
£000**

**2001
£000**

Other debtors 43 -

Corporation tax - 6

VAT receivable 4 143

Amounts owed by group undertakings 117 -

164

149

**10. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

**2002
£000**

**2001
£000**

Amounts owed to immediate parent undertaking 1,020 994

Amounts owed to group undertakings 3 3

Accruals and deferred income 8 4

1,031

1,001

DST REALTY (UK) LIMITED
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NOTES TO THE ACCOUNTS (Cont'd)

11. CALLED UP SHARE CAPITAL	2002	2001
	£	£
(A) AUTHORISED		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
 (B) ALLOTTED, CALLED UP AND FULLY PAID		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
 12. PROFIT AND LOSS ACCOUNT	2002	2001
	£000	£000
At 1 January	(14)	-
Loss for the financial year	<u>(32)</u>	<u>(14)</u>
At 31 December	<u>(46)</u>	<u>(14)</u>
 13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT	2002	2001
	£000	£000
At 1 January	(14)	-
Loss for the financial year	<u>(32)</u>	<u>(14)</u>
At 31 December	<u>(46)</u>	<u>(14)</u>

14. ULTIMATE PARENT COMPANY

The immediate parent company and controlling party is DST International Limited, which is the smallest undertaking to consolidate the results of the Company. The ultimate parent company is DST Systems Inc., a company incorporated in the USA. Group accounts can be obtained from 333 W 11th Street, Kansas City, Missouri, 64105-1594, USA.

15. COMMITMENTS

The company had a capital commitment of £13,000,000 as at 31st December 2002 in respect of the purchase of a second property. This purchase was completed on 17th January 2003.