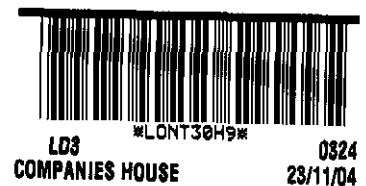


Company Registration No. 1217378 (England and Wales)



THE VANDERBILT RACQUET CLUB LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2003



GERALD EDELMAN

CHARTERED ACCOUNTANTS

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THE VANDERBILT RACQUET CLUB LIMITED

COMPANY INFORMATION

Directors	C. J. Swallow S. Swallow W. N. Hugill
Secretary	K. A. Cook
Company number	1217378
Registered office	67 Brook Street London W1K 4NJ
Auditors	Gerald Edelman 25 Harley Street London W1G 9BR

THE VANDERBILT RACQUET CLUB LIMITED

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THE VANDERBILT RACQUET CLUB LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2003

The directors present their report and financial statements for the period from 30 December 2002 to 31 December 2003.

Principal activities

The principal activity of the company until 1 July 2003 was the provision of indoor tennis facilities, after which trading ceased. The closure was necessary due to the commencement of a building development programme in and around the site where the Racquet Club was located.

Results and dividends

The results for the period are set out on page 5.

The directors do not propose to pay a dividend in respect of the period.

Directors

The following directors have held office since 30 December 2002:

C. J. Swallow

S. Swallow

W. N. Hugill

Directors' interests

None of the directors had a direct interest in the company's shares during the period.

W. N. Hugill is a director of Chelsfield Limited (formerly Chelsfield plc), the ultimate holding company as at 31 December 2003, and his interests in the share capital of that company is disclosed in that company's financial statements.

None of the other directors held an interest in the share capital of Chelsfield Limited during the period.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Gerald Edelman be reappointed as auditors of the company will be put to the Annual General Meeting.

THE VANDERBILT RACQUET CLUB LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2003

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;
- 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.

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.

By order of the board



K. A. Cook

Secretary

10 November 2004

THE VANDERBILT RACQUET CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE VANDERBILT RACQUET CLUB LIMITED

We have audited the financial statements of The Vanderbilt Racquet Club Limited on pages 5 to 11 for the period ended 31 December 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company 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 United Kingdom 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.

Going concern

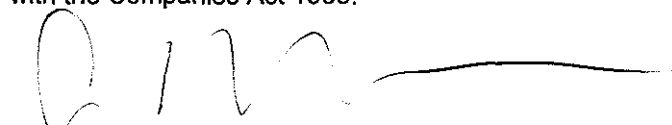
As indicated in the directors report and also in Note 1 to the financial statements, the company continued as a going concern until 1 July 2003 after which it ceased trading. Due to its significance we draw this matter to your attention although our opinion is not qualified in this respect.

THE VANDERBILT RACQUET CLUB LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF THE VANDERBILT RACQUET CLUB LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Gerald Edelman

10 November 2004

Chartered Accountants
Registered Auditor

25 Harley Street
London
W1G 9BR

THE VANDERBILT RACQUET CLUB LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE 53 WEEK PERIOD ENDED 31 DECEMBER 2002

	Notes	2003 £	2002 £
Turnover	2	193,630	802,162
Cost of sales		(504,881)	(857,666)
Gross loss		(311,251)	(55,504)
Administrative expenses		(97,044)	(184,235)
Operating loss	3	(408,295)	(239,739)
Write back of provision/(provision) for closure costs		430,834	(1,223,500)
Profit/(loss) on ordinary activities before interest		22,539	(1,463,239)
Other interest receivable and similar income		539	357
Interest payable	4	(7,148)	(5,796)
Profit/(loss) on ordinary activities before taxation		15,930	(1,468,678)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) on ordinary activities after taxation	12	15,930	(1,468,678)

The trading activities of the company ceased on 1 July 2003 and, accordingly, the profit and loss account has been prepared on the basis that all operations are discontinued operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

THE VANDERBILT RACQUET CLUB LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£	2002 £	£
Current assets					
Stocks	7	-		15,424	
Debtors	8	-		102,524	
Cash at bank and in hand		7,723		14,814	
		<u>7,723</u>		<u>132,762</u>	
Creditors: amounts falling due within one year	9	<u>(1,617,267)</u>		<u>(534,735)</u>	
Total assets less current liabilities			(1,609,544)		(401,973)
Provisions for liabilities and charges	10		-		(1,223,500)
			<u>(1,609,544)</u>		<u>(1,625,473)</u>
Capital and reserves					
Called up share capital	11		110		110
Profit and loss account	12		<u>(1,609,654)</u>		<u>(1,625,583)</u>
Shareholders' funds - equity interests	13		<u>(1,609,544)</u>		<u>(1,625,473)</u>

The financial statements were approved by the Board on 10 November 2004

C. J. Swallow

C. J. Swallow
Director

THE VANDERBILT RACQUET CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with appropriate accounting standards.

As stated in the directors' report on page 1 The Vanderbilt Racquet Club Limited continued as a going concern until 1 July 2003, after which the company ceased trading. The company continues to receive the financial support of its parent company Chelsfield Limited.

1.2 Turnover

Turnover represents subscriptions and amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements and developments remaining term of lease

Flooring, curtains and nets 20% on cost

Fixtures & fittings 10% on cost

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Work in progress is valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with SSAP 24.

1.7 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.9 Comparative figures

The comparative figures are for the 52 weeks ended 29 December 2002.

THE VANDERBILT RACQUET CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2003

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss	2003 £	2002 £
Operating loss is stated after charging:		
Depreciation of tangible assets	-	29,622
Impairment provision on tangible fixed assets	-	102,201
Equipment hire	2,548	2,007
Operating lease rentals- premises	16,690	52,020
Auditors' remuneration	6,250	7,800
Staff costs	175,125	267,817
Directors' emoluments	158,882	149,039

4 Interest payable	2003 £	2002 £
On amounts payable to group companies	7,148	5,796

5 Taxation

On the basis of these financial statements no provision has been made for corporation tax.

6 Tangible fixed assets

	Leasehold improvements & developments	Fixtures & Fittings	Total
	£	£	£
Cost			
At 30 December 2002 & at 31 December 2003	582,877	459,139	1,042,016
Depreciation			
At 30 December 2002 & at 31 December 2003	582,877	459,139	1,042,016
Net book value			
At 31 December 2003	-	-	-

THE VANDERBILT RACQUET CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2003

7	Stocks	2003 £	2002 £
	Finished goods and goods for resale	-	15,424

8	Debtors	2003 £	2002 £
	Trade debtors	-	60,562
	Prepayments and accrued income	-	41,962
		-	102,524

9	Creditors: amounts falling due within one year	2003 £	2002 £
	Trade creditors	-	16,644
	Amount due to holding company	1,032,944	330,796
	Amounts owed to parent and fellow subsidiary undertakings	189,770	144,620
	Taxes and social security costs	6,674	11,804
	Other creditors	385,000	-
	Accruals and deferred income	2,879	30,871
		1,617,267	534,735

Other creditors represent the balance of the provision of closure costs made in the previous period that is now considered to be payable by the company in the foreseeable future.

10	Provisions for liabilities and charges	2003 £	2002 £
	Provision for closure costs	-	1,223,500

THE VANDERBILT RACQUET CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2003

11 Share capital	2003 £	2002 £
Authorised		
50,000 Ordinary shares of £1 each	50,000	50,000
9,000 Ordinary shares of 10p each	900	900
100 Deferred shares of £1 each	100	100
	<u>51,000</u>	<u>51,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of 10p each	10	10
100 Deferred shares of £1 each	100	100
	<u>110</u>	<u>110</u>

12 Statement of movements on profit and loss account

Profit and
loss
account
£

Balance at 30 December 2002	(1,625,584)
Retained profit for the period	15,930
Balance at 31 December 2003	<u>(1,609,654)</u>

13 Reconciliation of movements in shareholders' funds

2003
£

2002
£

Profit/(Loss) for the financial period	15,930	(1,468,678)
Opening shareholders' funds	(1,625,473)	(156,795)
Closing shareholders' funds	<u>(1,609,544)</u>	<u>(1,625,473)</u>

14 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2003 £	2002 £
Expiry date:		
Undated	-	25,350

THE VANDERBILT RACQUET CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2003

15 Directors' emoluments	2003 £	2002 £
Emoluments for qualifying services	131,982	127,204
Company pension contributions to money purchase schemes	26,900	21,835
	<u>158,882</u>	<u>149,039</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2002- 1).

16 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2003 Number	2002 Number
Club administration	<u>6</u>	<u>9</u>

Employment costs

	£	£
Wages and salaries	307,107	395,021
Social security costs	29,348	32,317
Other pension costs	26,900	21,835
	<u>363,355</u>	<u>449,173</u>

17 Control

The ultimate parent company as at 31 December 2003 was Chelsfield Limited (formerly Chelsfield plc), a company registered in England and Wales.

Subsequent to the balance sheet date, on 28 April 2004, an offer for Chelsfield Limited by Duelguide Plc was declared unconditional in all respects and Chelsfield Limited has since become a subsidiary of Duelguide Limited.

18 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.