

DUELGUIDE (BOND STREET) LIMITED  
(formerly Chelsfield (Bond Street) Limited

FINANCIAL STATEMENTS

31 DECEMBER 2003



DUELGUIDE (BOND STREET) LIMITEDDIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2003.

Principal activity

The company's principal activity is investment in properties and entities which themselves hold investment in properties.

Change of name

The name of the company was changed from Chelsfield (Bond Street) Limited to Duelguide (Bond Street) Limited on 7 June 2005.

Results and dividend

The results for the year are shown in the profit and loss account on page 3. Neither an interim or final dividend has been paid or proposed (2002 - interim £25,000,000). The retained loss for the year of £1,526,508 (2002 - £20,124,204) has been transferred from reserves.

Directors and directors' interests

The directors who held office during the year were as follows:

E Bernerd	(resigned 23 November 2004)
RE Butler	(resigned 29 June 2005)
WN Hugill	(resigned 29 June 2005)
D Phillips	(resigned 20 May 2005)

Subsequent to the balance sheet date, RS Barrott, SAJ Nahum, JC Shaw and MR Turner were appointed on 17 January 2005 and RS Barrott and JC Shaw subsequently resigned on 6 April 2005. R McDiven and TP Nathan were appointed on 16 May 2005.

None of the directors had any interest in the share capital of the company during the year. Their interests in the share capital of Duelguide Holdings Limited (formerly Chelsfield plc), the ultimate holding company at 31 December 2003, are disclosed in the financial statements of that company.

Auditors

A resolution proposing the re-appointment of KPMG Audit Plc as auditor of the company will be submitted to the Annual General Meeting.

By order of the board

EL Services Limited  
Secretary  
August 2005

25 Harley Street  
London  
W1G 9BR

**FOR AND ON BEHALF OF  
E L SERVICES LIMITED  
SECRETARY**

*S. N.*

**AUTHORISED PERSON**

DUELGUIDE (BOND STREET) LIMITEDSTATEMENT 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 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; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUELGUIDE (BOND STREET) LIMITED

We have audited the financial statements on pages 3 to 12.

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 directors and auditors**

The directors are responsible for preparing the directors' report and, as described above, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

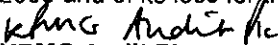
**Basis of audit opinion**

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 as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**KPMG Audit Plc**  
 Chartered Accountants  
 Registered Auditor

LONDON

22 August 2005

DUELGUIDE (BOND STREET) LIMITEDPROFIT AND LOSS ACCOUNTFor the year ended 31 December 2003

	Notes	2003 £	2002 £
Net rents receivable	1	5,499,540	3,243,473
Administrative expenses	2	(980,228)	(651,740)
Operating profit		4,519,312	2,591,733
(Loss)/profit on investment properties	3	(300,000)	4,786,077
Net finance costs	4	(6,522,346)	(2,133,057)
(Loss)/profit on ordinary activities before taxation		(2,303,034)	5,244,753
Taxation	5	776,526	(368,957)
(Loss)/profit on ordinary activities after taxation		(1,526,508)	4,875,796
Dividends		-	(25,000,000)
Retained loss for the year	14	(1,526,508)	(20,124,204)

The above results relate entirely to continuing operations.

Details of reserve movements are set out in notes 13 and 14 to these accounts.

DUELGUIDE (BOND STREET) LIMITEDBALANCE SHEETAt 31 December 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Investment property	6	74,922,000	74,182,000
Other tangible fixed assets	7	2,278,000	2,785,000
Investments	8	74,694,000	74,694,000
		<u>151,894,000</u>	<u>151,661,000</u>
<b>Current assets</b>			
Debtors	9	26,724,759	26,437,400
Cash at bank		901	836
		<u>26,725,660</u>	<u>26,438,236</u>
<b>Creditors</b> - amounts falling due within one year	10	<u>(134,578,176)</u>	<u>(133,537,498)</u>
<b>Net current liabilities</b>		<u>(107,852,516)</u>	<u>(107,099,262)</u>
<b>Total assets less current liabilities</b>		<u>44,041,484</u>	<u>44,561,738</u>
<b>Provision for liabilities and charges</b>	11	<u>(371,058)</u>	<u>-</u>
<b>Net assets</b>		<u>43,670,426</u>	<u>44,561,738</u>
<b>Capital and reserves</b>			
Called up share capital	12	4,354	4,354
Share premium account		14,429,546	14,429,546
Revaluation reserve	13	20,320,314	19,685,118
Profit and loss account	14	8,916,212	10,442,720
<b>Equity shareholders' funds</b>		<u>43,670,426</u>	<u>44,561,738</u>

Approved by the board of directors on 19 August 2005 and signed on its behalf by:



, Director

**ROSS A McDIVEN**

DUELGUIDE (BOND STREET) LIMITEDSTATEMENT OF TOTAL RECOGNISED GAINS AND LOSSESFor the year ended 31 December 2003

	2003 £	2002 £
Loss for the year	(1,526,508)	(20,124,204)
Surplus on revaluation of investment properties	635,196	19,685,118
Total recognised gains and losses for the year	<u>(891,312)</u>	<u>(439,086)</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSESFor the year ended 31 December 2003

(Loss)/profit on ordinary activities before taxation	(2,303,034)	5,244,753
Realisation of property revaluation surplus of previous years	-	36,238,751
Historical cost (loss)/profit on ordinary activities before taxation	<u>(2,303,034)</u>	<u>41,483,504</u>
Historical cost (loss)/profit on ordinary activities after taxation and dividends	<u>(1,526,508)</u>	<u>15,097,803</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDSFor the year ended 31 December 2003

Total recognised gains and losses, as above	(891,312)	(439,086)
Opening shareholders' funds	44,561,738	45,000,824
Closing shareholders' funds	<u>43,670,426</u>	<u>44,561,738</u>

DUELGUIDE (BOND STREET) LIMITEDACCOUNTING POLICIESBasis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules, as modified for the revaluation of certain land and buildings. The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to produce group accounts.

Going concern

The financial statements have been prepared on a going concern basis, as the company has relied on the continuing support from GS Finco Limited for its working capital on funds. GS Finco Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as they are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for repayment. As with any company placing reliance on any other group entities for financial support, the directors acknowledge that there can be no certainty that support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Properties

Properties held as investments are shown as fixed assets and are stated at cost in the year of acquisition and at valuation on the basis of open market value in subsequent years. If, in the opinion of the directors, a property has been subject to a material change in value as a result of a change in circumstances in the year of acquisition, then it is stated at valuation on the basis of open market value.

In accordance with Statement of Standard Accounting Practice No. 19 (as amended):

- (i) investment properties are revalued annually at open market value. All surpluses and deficits arising on valuation are taken directly to the revaluation reserve, except that any permanent diminution in the value of an investment property is taken to the profit and loss account for the year; and
- (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the property valuations and the amount which might otherwise have been shown cannot be separately identified or quantified.

Profit on sales of investment properties is recognised in the profit and loss account on completion of the sale and by reference to carrying value.

Investments

Fixed asset investments are stated in the balance sheet at cost and would only be provided against if, in the opinion of the directors, there had been a permanent diminution in value. Investments in subsidiaries are treated as an investment pool and are only provided against if, in the opinion of the directors, there had been a permanent diminution in the value of the pool of subsidiaries.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax on all timing differences that have originated but not reversed at the balance sheet date, where an event has occurred that results in an obligation to pay more or less tax in the future, except that:

- (i) provision is not made in respect of property revaluation surpluses unless an unconditional sales agreement has been signed and rollover relief is not available to cover any gain arising; and
- (ii) deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profit from which future reversal of the relevant timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates, which apply at the balance sheet date.

DUELGUIDE (BOND STREET) LIMITEDACCOUNTING POLICIES (continued)Cashflow statement

A consolidated cashflow is published in the group accounts of Chelsfield plc, the ultimate holding company at 31 December 2003. The company is exempt under Financial Reporting Standard No. 1 from publishing its own cashflow statement.

Related party transactions

As the company was a wholly owned subsidiary of Chelsfield plc at 31 December 2003, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Chelsfield plc, within which this company is included, can be obtained from the address given in note 15.



DUELGUIDE (BOND STREET) LIMITEDNOTES TO THE ACCOUNTS

	2003 £	2002 £
1 <u>NET RENTS RECEIVABLE</u>		
Gross rents receivable	5,504,019	3,875,189
Property outgoings	(4,479)	(631,716)
	<u>5,499,540</u>	<u>3,243,473</u>

2 <u>ADMINISTRATIVE EXPENSES</u>		
Group management charge	473,184	581,257
Other administrative expenses	44	2,365
Depreciation	507,000	68,118
	<u>980,228</u>	<u>651,740</u>

None of the directors received any remuneration from the company during the year (2002 - £nil).

The company has no employees.

Audit fees are accounted for on a group basis.

3 <u>(LOSS)/PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENT PROPERTIES</u>		
Sale proceeds	-	86,000,000
Property cost of sales	-	(80,311,347)
Other costs of sale	(300,000)	(902,576)
	<u>(300,000)</u>	<u>4,786,077</u>

The loss on disposal represents the write off of property costs previously considered recoverable from the tenant.

4 <u>NET FINANCE COSTS</u>		
Bank interest payable	-	1,218
Interest payable to ultimate holding company	-	1,781,105
Interest payable to other group undertaking	7,716,745	1,356,616
	<u>7,716,745</u>	<u>3,138,939</u>
Bank interest receivable	-	(11,979)
Interest receivable from ultimate holding company	(1,194,399)	(988,394)
Other interest receivable	-	(5,509)
	<u>(1,194,399)</u>	<u>(1,005,882)</u>
	<u>6,522,346</u>	<u>2,133,057</u>

DUELGUIDE (BOND STREET) LIMITEDNOTES TO THE ACCOUNTS (continued)

5	<u>TAXATION</u>	2003 £	2002 £
	<b>(i) Analysis of credit/(charge) for the year</b>		
	<b>Current tax:</b>		
	UK Corporation tax credit/(charge) (note 5 (ii))	1,147,584	(137,926)
	<b>Deferred tax:</b>		
	Arising from origination and reversal of timing differences:		
	Capital allowances	(371,058)	-
	Tax losses	-	(256,553)
	Capitalised interest	-	25,522
	Total deferred tax	(371,058)	(231,031)
	<b>Tax on profit/(loss) on ordinary activities</b>	<b>776,526</b>	<b>(368,957)</b>
	<b>(ii) Factors affecting tax charge for the period</b>		
	(Loss)/profit on ordinary activities before tax	(2,303,034)	5,244,753
	Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in UK of 30 per cent (2002 - 30 per cent)	690,910	(1,573,426)
	Effects of:		
	Capital allowances in excess of depreciation	371,058	-
	Differences arising from taxation of chargeable gains	85,616	1,435,823
	Expenses not deductible for tax	-	(323)
	Current tax credit/(charge)	1,147,584	(137,926)

**(iii) Factors that may affect future tax charges**

No provision has been made for taxation which might become payable if the company's investment properties were sold at the net amount at which they are stated in the financial statements; the additional taxation liability could amount to approximately £6,000,000 (2002 - £5,800,000).

6	<u>FIXED ASSET INVESTMENT PROPERTY</u>	Investment property £
	At 1 January 2003	74,182,000
	Additions	104,804
	Revaluation surplus	635,196
	At 31 December 2003	74,922,000

The investment property comprises a freehold building at valuation and as independently valued at 31 December 2003 by CB Richard Ellis Limited, Chartered Surveyors. The valuation was on the basis of 'open market value' as defined in The Guidance Notes prepared by the Assets Valuation Standards Committee of the Royal Institution of Chartered Surveyors.

The cost of the building held at valuation was £54,601,686 (2002 - £54,496,882).

The investment property has been charged as part security for a bank loan facility made available to a fellow subsidiary undertaking.

DUELGUIDE (BOND STREET) LIMITEDNOTES TO THE ACCOUNTS (continued)7 OTHER TANGIBLE FIXED ASSETSPlant and  
machinery  
£Cost

At 1 January 2003

2,853,118

Additions

-

At 31 December 2003

2,853,118

Depreciation

At 1 January 2003

68,118

Charge for the year

507,000

At 31 December 2003

575,118

Net book value

At 31 December 2003

2,278,000

At 31 December 2002

2,785,000

8 FIXED ASSET INVESTMENTSSubsidiary  
undertakings  
£

At 1 January and 31 December 2003

74,694,000

Subsidiary undertakings

The principal subsidiary undertakings, all of which have share capitals consisting entirely of ordinary shares are as follows:

Name	Principle activity	Percentage owned	Country of registration or incorporation
Echo Property Investments Limited	Property Investment	100%	Isle of Man
Global Switch (London) Limited	Provision of management services	100%	England and Wales

9 DEBTORS2003  
£2002  
£

Trade debtors

313,057

613,057

Amount owed by holding company

25,382,715

24,646,245

Group relief receivable

1,021,940

-

Other debtors

-

33,790

Prepayments and accrued income

7,047

1,144,308

26,724,759

26,437,400

10 CREDITORS: amounts falling due within one year

Trade creditors

-

172

Amount owed to other group undertakings

134,578,166

132,051,047

Group relief payable

-

125,644

Accruals and deferred income

10

1,360,635

134,578,176

133,537,498

DUELGUIDE (BOND STREET) LIMITEDNOTES TO THE ACCOUNTS (continued)

11	<u>PROVISION FOR LIABILITIES AND CHARGES</u>		2003 £
	Deferred tax movement in provision:		
	At 1 January		-
	Charge for the year		371,058
			<hr/>
	At 31 December		371,058
			<hr/>
	Analysis of balances:		
	Accelerated capital allowances		371,058
			<hr/>
12	<u>CALLED UP SHARE CAPITAL</u>		Allotted, called up and fully paid £
		Authorised £	
	'A' ordinary shares of £1 each	2,500	2,177
	'B' ordinary shares of £1 each	2,500	2,177
		<hr/>	<hr/>
	Ordinary shares of £1 each	5,000	4,354
		<hr/>	<hr/>
	There were no changes during the year in the authorised or called up share capital.		
13	<u>REVALUATION RESERVE</u>	2003 £	2002 £
	At 1 January	19,685,118	36,238,751
	Revaluation surplus for the year	635,196	19,685,118
	Revaluation surplus realised on sale of properties	-	(36,238,751)
		<hr/>	<hr/>
	At 31 December	20,320,314	19,685,118
		<hr/>	<hr/>
14	<u>PROFIT AND LOSS ACCOUNT</u>		
	At 1 January	10,442,720	(5,671,827)
	Retained loss for the year	(1,526,508)	(20,124,204)
	Revaluation surplus realised on sale of properties	-	36,238,751
		<hr/>	<hr/>
	At 31 December	8,916,212	10,442,720
		<hr/>	<hr/>
15	<u>POST BALANCE SHEETS EVENTS</u>		

Subsequent to the year end the company has contributed its properties into the Global Switch Limited Partnership for £75 million in exchange for units. No profit has been recognised on the disposal.

DUELGUIDE (BOND STREET) LIMITEDNOTES TO THE ACCOUNTS (continued)16 HOLDING COMPANIES

The immediate holding and controlling company at 31 December 2003 was Duelguide (UK) Limited (formerly Chelsfield (UK) Limited). Subsequent to the balance sheet date, on 27 February 2004, the immediate holding and controlling company became GS Finco Limited. Both companies are registered in England and Wales.

The ultimate holding and controlling company at 31 December 2003 was Chelsfield plc. Subsequent to the balance sheet date, on 28 April 2004, an offer for Chelsfield plc by Duelguide plc was declared unconditional in all respects. Chelsfield plc therefore became a subsidiary of Duelguide plc and was subsequently re-registered as a private company with the name of Chelsfield Limited. Subsequently, on 23 November 2004, an offer for Duelguide plc by DGL Acquisitions Limited was declared unconditional in all respects and the company's ultimate holding and controlling company became DGL Acquisitions Limited. On 30 June 2005, the ultimate holding and controlling company became R&M Investments (BVI) Limited a company registered in the British Virgin Islands.

The accounts of Chelsfield plc, which is both the largest and smallest group in which these results of the company are consolidated, are available from 17 Grosvenor Street, London, W1K 4QG.