210 South Street Property Company Limited

(Registered Number: 2699678)

Directors' Report and Financial Statements for the year ended 31 December 2005

210 South Street Property Company Limited

Directors' Report for the year ended 31 December 2005

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activity

The company's principal activity during the year was to hold an investment in a freehold property and receive income from a fellow subsidiary undertaking. The directors expect this activity to continue in the coming year.

Business review

The results for the year ended 31 December 2005 are presented in the profit and loss account on page 4. Trading was in line with the directors' expectations.

Results and dividends

The company's profit for the year was £430,000 (2004: £192,000).

The directors do not recommend the payment of a dividend (2004: £nil). The profit for the year has been transferred to reserves.

Directors and their interests

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

DT Bryant
TC Fisher
MJ Swatton

At no time during the year ended 31 December 2005 did any director have any interest which is required to be notified to the company under s324 of the Companies Act 1985.

Elective resolutions

On 1 October 2002, an elective resolution under Section 381A of the Companies Act 1985 was passed in respect of dispensing with the following provisions:

- The laying of the annual report and financial statements before the company in general meeting;
- The holding of an annual general meeting; and
- The requirement to reappoint annually the registered auditors of the company in general meeting.

The provisions of this elective resolution will apply for subsequent years until the election is revoked.

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Directors' Report for the year ended 31 December 2005 (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

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.

At the date of approving this report, so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors confirm that they have taken all necessary steps, as directors, to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of this information.

By order of the Board

A Abioye
Company Secretary

364-366 Kensington High Street
London
W14 8NS

6th March 2006

Independent Auditors' Report to the shareholders of 210 South Street Property Company Limited

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account, Note of Historical Cost Profits and Losses, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 11. These financial statements have been prepared under 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 auditors' 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 the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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).

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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London
8 March 2006

210 South Street Property Company Limited

Profit and loss account for the year ended 31 December 2005

	Note	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Turnover	*2*	**371**	371
Administrative expenses		**(68)**	(68)
Surplus on revaluation	*6*	**238**	-
Operating profit	*3*	**541**	303
Profit on ordinary activities before taxation		**541**	303
Tax charge on profit on ordinary activities	*5*	**(111)**	(111)
Profit on ordinary activities after tax being retained profit for the financial year	*10*	**430**	192

The results are derived entirely from continuing operations.

Note of historical cost profits and losses for the year ended 31 December 2005

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Reported profit on ordinary activities before taxation	**541**	303
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	**(6)**	(6)
Surplus on revaluation	**(238)**	-
Historical cost profit on ordinary activities before taxation	**297**	297
Historical cost retained profit for the year	**186**	186

Statement of total recognised gains and losses

	Note	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Profit on ordinary activities after tax		**430**	192
Surplus on revaluation of fixed assets	**6,10**	**654**	-
Total gains and losses recognised since last annual report		**1,084**	192

210 South Street Property Company Limited

Balance sheet as at 31 December 2005

	Note	31 December 2005 £'000	31 December 2004 £'000
Fixed assets			
Tangible assets	6	**3,345**	2,519
Current assets			
Debtors	*7*	**221**	-
Creditors: amounts falling due within one year	*8*	**(409)**	(446)
Net current liabilities		**(188)**	(446)
Total assets less current liabilities		**3,157**	2,073
Net assets		**3,157**	2,073
Capital and reserves			
Called-up share capital	*9*	**1,000**	1,000
Profit and loss account	*10*	**1,503**	1,073
Revaluation Reserve	*10*	**654**	-
Equity shareholders' funds	*10*	**3,157**	2,073

The financial statements on pages 4 to 11 were approved by the board of directors on 6th March 2006 and were signed on its behalf by:

DT Bryant
Director

Notes to the Financial Statements for the year ended 31 December 2005

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

The company is a wholly owned subsidiary of Vivendi Universal S.A. which controls 90% or more of the voting rights and is included in the consolidated financial statements of the group, which are publicly available. Consequently, the company has taken advantage of the exemption in FRS 1 from preparing a cash flow statement and the exemption of FRS 8 from disclosing transactions with entities that are part of the Vivendi Universal S.A. group or investees of that group.

Continued support from intermediate parent undertaking
The financial statements have been prepared on the going concern basis as the company has received confirmation from PolyGram B.V., the company's intermediate parent undertaking, of its intention to continue to provide financial and other support to the extent necessary to enable the company to continue to pay its liabilities as and when they become due for a year not less than one year from the date of approval of these financial statements. Having regard to this intention, the directors believe it is appropriate to prepare these financial statements on a going concern basis, notwithstanding the deficit on net current liabilities at 31 December 2005.

Rental income

Rental income is accounted for an accruals basis and represents the invoiced value of services excluding value added tax.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land at rates calculated to write-off the cost of valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows.

Rates of depreciation are:

Freehold buildings - 2.5%

Individual freehold properties are stated at valuation in accordance with FRS 15 with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previous recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such surplus. In accordance with FRS 15, revaluations of freehold properties are performed every five years and an interim valuation every three years.

Notes to the Financial Statements for the year ended 31 December 2005

1. Accounting policies (continued)

Deferred taxation

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 have occurred at the balance sheet date.

Timing differences are differences between the company's taxable profit and loss and its results as stated in the financial statements. No deferred tax is recognised on permanent differences.

Deferred tax is measured at the average tax rates that are expected to apply in the year in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2. Turnover

Turnover represents rental income derived entirely from the company's principal activity within the United Kingdom. It represents the invoiced value of property rented to other parties excluding value added tax.

3. Operating profit

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Operating profit is stated after charging / (crediting):		
Depreciation of tangible fixed assets – owned assets	68	68
Surplus on revaluation	(238)	-

Auditors' remuneration of £5,000 (2004: £4,000) and certain administrative costs were borne by other fellow group undertakings in both years. No costs were incurred in respect of non-audit services in either year.

4. Information regarding employees and directors

There were no employees in either year.

The directors received no remuneration in respect of their services to the company (2004: £nil).

210 South Street Property Company Limited

Notes to the Financial Statements for the year ended 31 December 2005

5. Tax on profit on ordinary activities

(a) Analysis of charge in the year

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Current tax		
UK corporation tax at 30% (31 December 2004: 30%)	**111**	111
Total Current tax (see (b) below)	**111**	111
Total taxation charge in the year	**111**	111

There is no provided or unprovided deferred tax in either year.

(b) Factors affecting tax charge/(credit) for the year

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Profit on ordinary activities before tax	**541**	303
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	**162**	91
Effects of :		
Expenses not deductible for tax purposes	**(51)**	20
Total current tax (see (a) above)	**111**	111

Notes to the Financial Statements for the year ended 31 December 2005

6. Tangible fixed assets

	Freehold Land And Buildings £'000
Cost or valuation	
As at 1 January 2005	2,655
Surplus on revaluation	690
At 31 December 2005	**3,345**
Depreciation	
At 1 January 2005	136
Charge for the year	68
Depreciation written back on revaluation	(204)
At 31 December 2005	-
Net book amount	
At 31 December 2005	**3,345**
At 31 December 2004	2,519

The freehold property was valued by external valuers, DTZ Debenham Tie Leung, Chartered Surveyors, 1 Curzon Street, London, W1A 5PZ, as at 31 January 2006. The valuation was performed on the basis of existing use, which does not take into account formal lease arrangements with Group companies or the Group's occupation of these premises. This valuation methodology is in accordance with the Appraisal and Valuation Manual of The Royal Institute of Chartered Surveyors. As a result of this valuation, an adjustment has been made to the carrying value of the property as at 31 December 2005 amounting to £894,000 of which £654,000 was transferred to Revaluation Reserves (see note 10) and £238,000 has been credited to the Profit and loss account in accordance with the company's accounting policy.

Net Book Carrying Amount of Revalued Assets Under Historical Cost Method	Freehold Land And Buildings £'000
Cost	**3,711**
Depreciation	(1,020)
Historical cost net book amount	
At 31 December 2005	**2,691**
At 31 December 2004	2,765

210 South Street Property Company Limited

Notes to the Financial Statements for the year ended 31 December 2005

7. Debtors

	31 December 2005 £'000	31 December 2004 £'000
Amounts due from group undertakings	**221**	-

8. Creditors: amounts falling due within one year

	31 December 2005 £'000	31 December 2004 £'000
Amounts due to group undertakings	**335**	372
UK Corporation tax	**74**	74
	409	446

All amounts due from group undertakings are unsecured, interest free and repayable on demand.

9. Called-up share capital

	31 December 2005 £'000	31 December 2004 £'000
Authorised:		
2,000,000 ordinary shares of £1 each	**2,000**	2,000
Allotted, called-up and fully paid:		
1,000,000 ordinary shares of £1 each	**1,000**	1,000

10. Reconciliation of movements in equity shareholders' funds

	Share Capital £'000	Revaluation Reserve £'000	Profit And Loss Account £'000	Total Equity Shareholders' Funds £'000
At 1 January 2005	1,000	-	1,073	2,073
Retained profit for the year	-	-	430	430
Revaluation during the year	-	654	-	654
At 31 December 2005	**1,000**	**654**	**1,503**	**3,157**

210 South Street Property Company Limited

Notes to the Financial Statements for the year ended 31 December 2005

11. Ultimate controlling party

The immediate parent undertaking is Universal International Holding B.V. The ultimate parent undertaking is Vivendi Universal S.A., a company incorporated in France.

The smallest and largest group in which the results of the company will be consolidated will be that headed by Vivendi Universal S.A. incorporated in France. Copies of its annual report in English may be obtained from:

Vivendi Universal S.A.
42 Avenue de Friedland
75380 Paris
Cedex 08
France