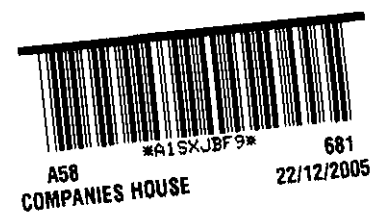


Company Registration No. 2894329

**DETERCHAZ LIMITED**

**Directors' Report and Financial Statements**

**For the year ended 31 December 2004**



**DETERCHAZ LIMITED**  
**DIRECTORS AND ADVISERS**

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|                   |  |
|-------------------|--|
| Directors         | P R Klimt<br>B M Pincus<br>P M Rogers  |
| Secretary         | M J Langridge  |
| Company number    | 2894329  |
| Registered office | 15 Grosvenor Gardens<br>London, SW1W 0BD   |
| Auditors          | Weston Kay<br>73/75 Mortimer Street<br>London, W1W 7SQ   |
| Bankers           | Barclays Bank Plc<br>PO Box 544<br>54 Lombard Street<br><br>London, EC3V 9EX<br>Bank of Scotland Plc<br>38 Threadneedle Street<br>London, EC2P 2HL |
| Solicitors        | Klimt & Co<br>49 Welbeck Street<br>London, W1G 9XN   |

**DETERCHAZ LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2004**

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The directors present their report and financial statements for the year ended 31 December 2004.

**Principal activities**

The principal activity of the company is that of property investment.

**Review of the business**

The results for the year and the financial position at the year end were considered satisfactory by the directors.

**Results and dividends**

The profit and loss account is set out on page 4.

The directors do not recommend payment of an ordinary dividend (2003 - £Nil).

It is proposed that the retained profit of £187,396 (2003 - £134,984) is transferred to the company's reserves.

**Fixed assets**

Significant changes in fixed assets during the year are explained in note 9 to the financial statements.

**Directors and their interests**

The following directors have held office since 1 January 2004:

P R Klimt

B M Pincus

C Hancock

P M Rogers

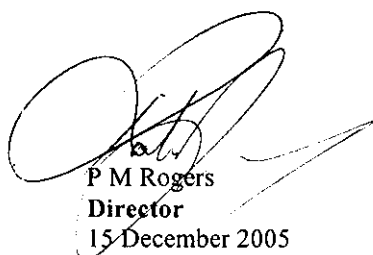
Resigned 28 September 2004

The beneficial interests of the directors in the share capital of this company's ultimate holding company, Dawnay, Day Properties Limited, are reflected in the financial statements of that company.

**Auditors**

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

For and on behalf of the board



P M Rogers  
Director  
15 December 2005

## **DETERCHAZ LIMITED**

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

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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 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;
- state whether applicable accounting standards have been followed; 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 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.

**DETERCHAZ LIMITED**  
**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF DETERCHAZ LIMITED**

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We have audited the financial statements of Deterchaz Limited for the year ended 31 December 2004 on pages 4 to 12 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 directors and auditors**

As described in the statement of directors' responsibilities, 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 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 for the above year 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.

**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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Weston Kay  
Chartered Accountants  
Registered Auditor  
73/75 Mortimer Street  
London W1W 7SQ

15 December 2005

**DETERCHAZ LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

|   | Notes     | 2004<br>£ | 2003<br>£ |
|---|-----------|-----------|-----------|
| <b>Gross rental income</b>  | <b>2</b>  | 85,052    | 162,616   |
| Irrecoverable property expenses                                   |           | (13,638)  | (2,551)   |
| <b>Net rental income</b>  |           | 71,414    | 160,065   |
| Administrative expenses   |           | (14,149)  | (25,506)  |
| Other operating income  | <b>4</b>  | 4,150     | 11,814    |
| <b>Operating profit</b>   | <b>3</b>  | 61,415    | 146,373   |
| Profit/(loss) on sale of investment properties                    | <b>5</b>  | 91,954    | (10,421)  |
| <b>Profit on ordinary activities before interest and taxation</b> |           | 153,369   | 135,952   |
| Interest receivable and similar income                            | <b>6</b>  | 45,712    | 23        |
| Interest payable and similar charges                              | <b>7</b>  | (11,685)  | (1,031)   |
| <b>Profit on ordinary activities before taxation</b>              |           | 187,396   | 134,944   |
| Taxation on profit on ordinary activities                         | <b>8</b>  | -         | 40        |
| <b>Retained profit for the year</b>                               | <b>13</b> | 187,396   | 134,984   |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**DETERCHAZ LIMITED**  
**OTHER PRIMARY STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

**Statement of total recognised gains and losses**

|   | 2004<br>£      | 2003<br>£      |
|---|----------------|----------------|
| Retained profit for the year  | 187,396        | 134,984        |
| Unrealised surplus on revaluation of investment properties                                  | -              | 285,000        |
| Taxation on revaluation surpluses realised on sales of investment properties in prior years | -              | (1,801)        |
| <b>Total recognised gains relating to the year</b>  | <u>187,396</u> | <u>418,183</u> |

**Note of historical cost profits and losses**

|  | 2004<br>£      | 2003<br>£      |
|--|----------------|----------------|
| Reported profit on ordinary activities before taxation                           | 187,396        | 134,944        |
| Realisation of property revaluation gains of previous years                      | 301,801        | 104,494        |
| <b>Historical cost profit on ordinary activities before taxation</b>             | <u>489,197</u> | <u>239,438</u> |
| <b>Historical cost profit for the year retained after taxation and dividends</b> | <u>489,197</u> | <u>237,677</u> |

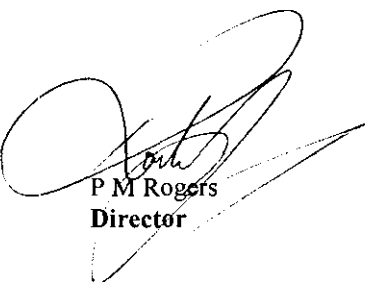
**Reconciliation of movement on shareholders funds**

|                                    | 2004<br>£        | 2003<br>£        |
|------------------------------------|------------------|------------------|
| Total recognised gains and losses  | 187,396          | 418,183          |
| Opening shareholders' funds        | 1,224,860        | 806,677          |
| <b>Closing shareholders' funds</b> | <u>1,412,256</u> | <u>1,224,860</u> |

**DETERCHAZ LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2004**

|   | Notes | 2004<br>£        | 2003<br>£        |
|---|-------|------------------|------------------|
| <b>Fixed assets</b>                                   |       |                  |                  |
| Investment properties                                 | 9     | -                | 1,675,000        |
| <b>Current assets</b>                                 |       |                  |                  |
| Debtors   | 10    | 1,471,782        | 40,025           |
| Cash at bank and in hand                              |       | 10               | 9,914            |
|   |       | <u>1,471,792</u> | <u>49,939</u>    |
| <b>Creditors: amounts falling due within one year</b> | 11    | <u>(59,536)</u>  | <u>(500,079)</u> |
| <b>Net current asset/(liabilities)</b>                |       | <u>1,412,256</u> | <u>(450,140)</u> |
| <b>Total assets less current liabilities</b>          |       | <u>1,412,256</u> | <u>1,224,860</u> |
| <b>Net assets</b>                                     |       | <u>1,412,256</u> | <u>1,224,860</u> |
| <b>Capital and reserves</b>                           |       |                  |                  |
| Called up share capital                               | 12    | 2                | 2                |
| Revaluation reserve                                   | 13    | -                | 301,801          |
| Profit and loss account                               | 13    | <u>1,412,254</u> | <u>923,057</u>   |
| <b>Equity shareholders' funds</b>                     |       | <u>1,412,256</u> | <u>1,224,860</u> |

The financial statements were approved by the board on 15 December 2005.



P M Rogers  
**Director**



**DETERCHAZ LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

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**1 Accounting policies**

**1.1 Basis of preparation**

These financial statements are prepared under the historical cost convention, modified to include the revaluation of investment properties.

The financial statements are prepared in accordance with applicable accounting standards. The true and fair override provisions of the Companies Act 1985 have been invoked see 'Investment properties'.

**1.2 Cash flow statement**

The company has taken advantage of the exemption in Financial Reporting Standard 1 from the requirement to produce a cash flow statement on the grounds that its results are included in the consolidated accounts of Dawnay, Day Properties Limited, this company's ultimate parent company.

**1.3 Investment properties**

Investment properties are accounted for in accordance with SSAP 19. They are valued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless on an individual property the deficit below original cost is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

**1.4 Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of tangible fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**1.5 Group relief for corporation tax**

The company does not pay for group relief given on losses surrendered by fellow group members where there are no minority shareholders. Any losses surrendered to other group companies where there are no minority shareholders are not paid for by the company receiving the relief. All other group relief is paid for at the appropriate corporation tax rate.

**1.6 Loans**

The financing for the property is held by the parent company. The subsidiary reflects its share of the funding via the intercompany loan account with the parent and this is included in creditors falling due within one year. Loan interest payable is included in the financial statements of the parent company.

Balances between group companies bear interest at bank base rate plus a margin of 200 basis points.

**DETERCHAZ LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

**2 Rental income**

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

**3 Operating profit**

|  | 2004  | 2003  |
|--|-------|-------|
|  | £     | £     |
| Operating profit is stated after charging: |       |       |
| Auditors' remuneration                     | 5,000 | 4,750 |

**Employees**

The average number of employees during the year was nil (2003 – nil). None of the directors received any remuneration in the year.

**4 Other operating income**

|                      | 2004  | 2003 |
|----------------------|-------|------|
|                      | £     | £    |
| Miscellaneous income | 4,150 | -    |

**5 Profit on sale of investment property**

|   | 2004        | 2003      |
|---|-------------|-----------|
|   | £           | £         |
| Proceeds on sale of investment property                       | 1,845,000   | 500,000   |
| Disposal costs on sale of investment property                 | (78,047)    | (10,420)  |
| Net proceeds  | 1,766,953   | 489,580   |
| Historical cost of investment property                        | (1,373,198) | (395,507) |
| Revaluation surpluses realised on sale of investment property | (301,801)   | (104,494) |
|   | 91,954      | (10,421)  |

**6 Interest receivable and similar income**

|                | 2004   | 2003 |
|----------------|--------|------|
|                | £      | £    |
| Bank interest  | 59     | 23   |
| Group interest | 45,443 | -    |
| Other interest | 210    | -    |
|                | 45,712 | 23   |

**DETERCHAZ LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

**7 Interest payable and similar charges**

|                        | <b>2004</b>   | <b>2003</b>  |
|------------------------|---------------|--------------|
|                        | <b>£</b>      | <b>£</b>     |
| On overdue tax         | -             | 1,031        |
| Group interest payable | 11,685        | -            |
|                        | <u>11,685</u> | <u>1,031</u> |

**8 Taxation**

(a) Analysis of the charge in year

|  | <b>2004</b> | <b>2003</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| <b>U. K. current year taxation</b>       |             |             |
| U. K. corporation tax at 30%             | -           | 28,199      |
| Adjustments in respect of previous years | -           | (28,239)    |
|  | <u>-</u>    | <u>(40)</u> |
| Current year tax charge                  | <u>-</u>    | <u>(40)</u> |

(b) Factors affecting tax charge for the year

The tax charged assessed is lower than that resulting from applying the standard rate of corporation tax in the U. K. 30% (2003 – 30%). The differences are explained below:

|   | <b>2004</b> | <b>2003</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| Profit on ordinary activities before taxation | 187,396     | 134,944     |
| Tax at 30% thereon                            | 56,218      | 40,483      |
| Plus/(less) the effects of:                   |             |             |
| Permanent differences                         | -           | 309         |
| Revaluations                                  | 90,540      | -           |
| Indexation                                    | (95,934)    | -           |
| Unutilised losses                             | -           | 1,326       |
| Losses utilised                               | (1,326)     | -           |
| Group relief not paid for                     | (49,498)    | (13,919)    |
| Adjustments in respect of previous years      | -           | (28,239)    |
|   | <u>-</u>    | <u>(40)</u> |
| Current year tax charge                       | <u>-</u>    | <u>(40)</u> |

If the investment property held at the year end were to be sold, this would result in an additional tax charge of £nil (2003 - £22,894).

**DETERCHAZ LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

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**9 Investment properties**

|                          | <b>Freehold<br/>£</b> |
|--------------------------|-----------------------|
| <b>Cost or valuation</b> |                       |
| As at 1 January 2004     | 1,675,000             |
| Disposals                | (1,675,000)           |
|                          | <hr/>                 |
| As at 31 December 2004   | -                     |
|                          | <hr/> <hr/>           |

On an historical cost basis the property would have been included at an original cost of £nil (2003 - £1,373,200).

**10 Debtors**

|                                    | <b>2004<br/>£</b> | <b>2003<br/>£</b> |
|------------------------------------|-------------------|-------------------|
| Trade debtors                      | 41,043            | 38,244            |
| Amounts owed by group undertakings | 1,424,956         | -                 |
| Other debtors                      | 5,783             | 1,781             |
|                                    | <hr/>             | <hr/>             |
|                                    | 1,471,782         | 40,025            |
|                                    | <hr/> <hr/>       | <hr/> <hr/>       |

**11 Creditors: amounts falling due within one year**

|                                    | <b>2004<br/>£</b> | <b>2003<br/>£</b> |
|------------------------------------|-------------------|-------------------|
| Trade creditors                    | -                 | 2,946             |
| Amounts owed to group undertakings | -                 | 426,061           |
| Taxation and social security costs | -                 | 28,444            |
| Accruals                           | 59,536            | 42,628            |
|                                    | <hr/>             | <hr/>             |
|                                    | 59,536            | 500,079           |
|                                    | <hr/> <hr/>       | <hr/> <hr/>       |

**DETERCHAZ LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

**12 Share capital**

|   | <b>2004</b>       | <b>2003</b>       |
|---|-------------------|-------------------|
|   | <b>£</b>          | <b>£</b>          |
| <b>Authorised</b>                         |                   |                   |
| 1,000 Ordinary shares of £1 each          | 1,000             | 1,000             |
|   | <u>          </u> | <u>          </u> |
| <b>Allotted, called up and fully paid</b> |                   |                   |
| 2 Ordinary shares of £1 each              | 2                 | 2                 |
|   | <u>          </u> | <u>          </u> |

**13 Statement of movements on reserves**

|                              | <b>Revaluation<br/>reserve</b> | <b>Profit and<br/>loss<br/>account</b> |
|------------------------------|--------------------------------|--|
|                              | <b>£</b>                       | <b>£</b>                               |
| As at 1 January 2004         | 301,801                        | 923,057                                |
| Retained profit for the year | -                              | 187,396                                |
| Reserve written back         | (301,801)                      | 301,801                                |
|                              | <u>          </u>              | <u>          </u>                      |
| As at 31 December 2004       | -                              | 1,412,254                              |
|                              | <u>          </u>              | <u>          </u>                      |

**14 Transactions with directors**

P R Klimt is a consultant to Klimt & Co, Solicitors, who provide legal services to the company on normal commercial terms.

**16 Related party transactions**

The company has taken advantage of the exemption conferred by Financial Reporting Standard number 8 from the requirement to make disclosures concerning group companies, since the results of this company are to be included in the consolidated financial statements of Dawnay, Day Properties Limited.

During the year property management fees of £6,054 (2003 - £1,745) were charged by Dawnay, Day Property Investment Limited.

Included in other creditors are accruals of £nil (2003 - £2,686) relating to property management fees payable to Dawnay, Day Property Investment Limited.

P R Klimt is a director of has a material interest in Dawnay, Day Property Investment Limited. B M Pincus and P M Rogers are directors of Dawnay, Day Property Investment Limited.

**DETERCHAZ LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

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**17 Control**

The parent ultimate undertaking of the largest group, which includes the company and for which group accounts are prepared, is Dawnay, Day Properties Limited, a company incorporated in England and Wales. Copies of the group financial statements of Dawnay, Day Properties Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The ultimate controlling party is P R Klimt.