

DUELGUIDE (NEWCASTLE) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2007

Registered in England and Wales 4097359

TUESDAY



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COMPANIES HOUSE

**DUELGUIDE (NEWCASTLE) LIMITED
DIRECTORS AND ADVISERS**

Directors

M R Turner
DJ Collins
JL Tuckey
PC O'Driscoll

Secretary

E L Services Limited

Registered Office

25 Harley Street
London
W1G 9BR

Registered Auditors

KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

DUELGUIDE (NEWCASTLE) LIMITED DIRECTORS REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2007

Principal activity

The company's principal activity is investment in property

Review of business

On 2 November 2007 the company sold all of its investments in Newcastle properties for their market value and declared a dividend comprised mainly of the profits realised on this transaction to its parent company. Subsequent to these transactions the company was purchased by R&M Investments (BVI) Limited

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The profit for the year of £1,677,265 (2006 - profit of £1,290,420) has been transferred to reserves

During the year the company paid dividends of £9,253,148 (2006 - nil). The directors do not recommend the payment of a final dividend (2006 - nil)

Directors and directors' interests

The directors of the Company during the year were as follows

M R Turner	
DJ Collins	(appointed 13 February 2008)
JL Tuckey	(appointed 15 February 2008)
PC O'Driscoll	(appointed 13 December 2007)
RA McDiven	(resigned 13 February 2008)
JE McGiven	(resigned 15 February 2008)
SAJ Nahum	(resigned 13 December 2007)

None of the directors had any interest in the share capital of the company or any other company within the DGL Acquisitions Limited group

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The auditors, KPMG LLP, will continue in office as the company has passed an elective resolution to dispense with their annual re-appointment

By order of the board



DJ Collins
Director

15 May 2008

DUELGUIDE (NEWCASTLE) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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 (NEWCASTLE) LIMITED

We have audited the financial statements of Duelguide (Newcastle) Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the note of Historical Cost Profits and Losses, the Balance Sheet, the Statement of Cash Flows and the related notes. 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 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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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

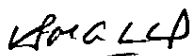
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG LLP
Chartered Accountants
Registered Auditor
London

15 May 2008

DUELGUIDE (NEWCASTLE) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	2006 £
Turnover	2	1,619,042	2,008,560
Property outgoings		<u>(799,280)</u>	<u>(149,678)</u>
Net property income		819,762	1,858,882
Administrative expenses	3	(405,577)	(448,246)
Other Operating Income		-	428
Operating profit		<u>414,185</u>	<u>1,411,064</u>
Interest receivable	4	1,157	-
Interest payable	5	(178)	(506)
Profit on sale of properties	6	102,946	-
Profit on ordinary activities before taxation		<u>518,110</u>	<u>1,410,558</u>
Taxation	7	1,159,155	(120,138)
Profit on ordinary activities after tax		<u><u>1,677,265</u></u>	<u><u>1,290,420</u></u>

The above results relate entirely to continuing operations

The notes on pages 9 to 16 form part of these audited financial statements

DUELGUIDE (NEWCASTLE) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 £	2006 £
Profit for the year	1,677,265	1,290,420
Surplus on revaluation of investment properties	-	4,915,567
Total recognised gains and losses for the year	<u>1,677,265</u>	<u>6,205,987</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Reported profit on ordinary activities before taxation		518,110	1,410,558
Realisation of property revaluation surplus of previous years	14	9,521,654	-
Historical cost profit on ordinary activities before taxation		<u>10,039,764</u>	<u>1,410,558</u>
Historical cost profit for the year retained after taxation, minority interest and dividends		<u>1,945,771</u>	<u>1,290,420</u>

The notes on pages 9 to 16 form part of these audited financial statements

DUELGUIDE (NEWCASTLE) LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2007**

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	8	-	50,000,000
Investments	9	2	2
		<u>2</u>	<u>50,000,002</u>
Current assets			
Debtors	10	50,889,924	1,493,944
Cash at bank		237,562	-
		<u>51,127,486</u>	<u>1,493,944</u>
Current liabilities			
Creditors amounts falling due within one year	11	<u>(50,940,630)</u>	<u>(42,572,050)</u>
Net current assets/(liabilities)		<u>186,856</u>	<u>(41,078,106)</u>
Total net assets		186,858	8,921,896
Provisions for liabilities and charges	12	-	(1,159,155)
Net assets		<u><u>186,858</u></u>	<u><u>7,762,741</u></u>
Capital and reserves			
Called up share capital	13	100,000	100,000
Revaluation reserve	14	-	9,521,654
Profit and loss account	15	86,858	(1,858,913)
Equity shareholders' funds	16	<u><u>186,858</u></u>	<u><u>7,762,741</u></u>

Approved by the board of directors on 15 May 2008 and signed on its behalf by



DJ Collins
Director

The notes on pages 9 to 16 form part of these audited financial statements

DUELGUIDE (NEWCASTLE) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	2006 £
Cash flow from operating activities	17	661,964	1,311,401
Returns on investment and servicing finance.			
Interest received		1,157	-
Interest paid		(178)	(507)
Returns on investment and servicing finance		<u>979</u>	<u>(507)</u>
Capital expenditure & financial investments			
Acquisition of investment property		(222,054)	(4,329,433)
Proceeds of disposal on investment property		50,325,000	-
Cash flow from expenditure & financial investments		<u>50,102,946</u>	<u>(4,329,433)</u>
Cash flow from/to financing			
(Increase)/decrease in loans to related parties		(50,505,586)	(226,576)
Increase/(decrease) in loans from related parties		9,233,025	2,622,301
Cash flow from/to financing		<u>(41,272,561)</u>	<u>2,395,725</u>
Dividends paid on shares classified in shareholders' funds		<u>(9,253,148)</u>	<u>-</u>
Increase/(decrease) in cash for the year		<u><u>240,180</u></u>	<u><u>(622,814)</u></u>
Cash at the beginning of the year		(2,662)	620,152
Cash at the end of the year		237,518	(2,662)
Net cash movement for the year		<u><u>240,180</u></u>	<u><u>(622,814)</u></u>

The notes on pages 9 to 16 form part of these audited financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

1 ACCOUNTING POLICIES

Basis 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 land and buildings

Tangible Fixed Assets

Properties held as investments are shown as fixed assets and are stated at cost in the period 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 period of acquisition, then it is stated at valuation on the basis of open market value

Other investment properties are revalued annually on the basis of open market value in accordance with Statement of Standard Accounting Practice number 19 and accordingly

- (i) the aggregate surplus or deficit on revaluation of properties is transferred to a revaluation reserve, 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

The company's investments in subsidiary undertakings are stated at cost or, where the directors consider an impairment in value has taken place, at that lower valuation

Taxation

The charge for taxation is based on the results for the period 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

DUELGUIDE (NEWCASTLE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)****1 ACCOUNTING POLICIES (continued)****Turnover**

Turnover, which is wholly generated within the United Kingdom, represents the rental income derived from the company's investment properties during the year, and is stated net of value added tax

2	TURNOVER	2007 £	2006 £
	Rental income	<u>1,619,042</u>	<u>2,008,560</u>

3	ADMINISTRATIVE EXPENSES	2007 £	2006 £
	Group management charge	400,000	425,093
	Other administrative expenses	5,577	23,153
		<u>405,577</u>	<u>448,246</u>

None of the directors received any remuneration from the company during the year (2006 - £nil)

The company has no employees

Audit fees are paid by Duelguide Management Services Limited and accounted for on a group basis
Audit fees attributable to Duelguide (Newcastle) Limited are estimated to be £5,000 (2006 - £8,000)

4	INTEREST RECEIVABLE	2007 £	2006 £
	Bank interest receivable	545	-
	Interest receivable from tenants	612	-
		<u>1,157</u>	<u>-</u>

5	INTEREST PAYABLE	2007 £	2006 £
	Bank interest payable	<u>178</u>	<u>506</u>

DUELGUIDE (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

6	PROFIT ON SALE OF INVESTMENT PROPERTIES	2007	2006
		£	£
	Sale proceeds	50,325,000	-
	Cost of sales	(50,222,054)	-
	Profit of sale of investment properties	<u>102,946</u>	<u>-</u>
7	TAXATION	2007	2006
		£	£
	(i) Analysis of (credit)/charge for the year		
	Current tax (refer (ii) below)		
	UK Corporation tax on profit of the year	-	-
	Deferred tax (refer note 12):		
	Accelerated capital allowances	1,159,155	(120,138)
	Tax credit/(charge) on ordinary activities	<u>1,159,155</u>	<u>(120,138)</u>
	(ii) Factors affecting tax charge for the year		
	Profit on ordinary activities before tax	518,110	1,410,558
	Realised gain on sale of properties	9,521,654	-
	Adjusted profit	<u>10,039,764</u>	<u>1,410,558</u>
	Adjusted profit multiplied by standard rate of corporation tax in the UK of 30 per cent (2006 - 30 per cent)	3,011,929	423,167
	Effects of		
	Capital gains covered by available group capital losses	(2,887,380)	-
	Receipt of losses from other group companies for which no compensation will be paid	(124,549)	(423,167)
	Current tax charge for the year	<u>-</u>	<u>-</u>

DUELGUIDE (NEWCASTLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)**

8	FIXED ASSETS - TANGIBLE	2007	2006
	Freehold property	£	£
	Cost		
	At 1 January	40,478,346	36,148,913
	Additions	222,054	4,329,433
	Disposals	(40,700,400)	-
	At 31 December	<u>-</u>	<u>40,478,346</u>
	Revaluation		
	At 1 January	9,521,654	4,606,087
	Movement during year	-	4,915,567
	Transfer on Disposal	(9,521,654)	-
	At 31 December	<u>-</u>	<u>9,521,654</u>
	Book value as at 31 December	<u>-</u>	<u>50,000,000</u>

9 **FIXED ASSETS – INVESTMENTS**

Subsidiary undertakings

At 1 January and 31 December	<u><u>2</u></u>
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Details of the subsidiary undertakings held are as follows

Name of company	Country of Incorporation	Proportion of Shares held	Nature of business
Newcastle Properties Limited	Jersey	100%	Non Trading Company

DUELGUIDE (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

10 DEBTORS amounts falling due within one year

	2007 £	2006 £
Trade debtors	-	355,864
Rent debtors	-	528,481
Amounts due from other group undertakings	-	551,222
Amounts due from related parties	50,831,647	-
Other debtors	-	58,377
VAT	58,277	-
	<u>50,889,924</u>	<u>1,493,944</u>

The company was sold outside the Duelguide group on 2nd November 2007, therefore the loan with Duelguide Management Services Limited, previously considered a loan with other group undertakings, became a related party loan on this date

11 CREDITORS amounts falling due within one year

	2007 £	2006 £
Bank overdraft	43	2,662
Trade creditors	63,806	138,927
Amounts owed to group undertakings	-	41,405,149
Amounts owed to related parties	50,532,297	146,124
VAT	-	146,902
Other creditors	344,484	218,423
Accruals and deferred income	-	513,863
	<u>50,940,630</u>	<u>42,572,050</u>

The company was sold outside the Duelguide group on 2nd November 2007, therefore the loan with Duelguide (UK) Limited, previously considered a loan with other group undertakings, became a related party loan on this date

12 PROVISIONS FOR LIABILITIES AND CHARGES

	2007 £	2006 £
Deferred tax provision at 1 January	1,159,155	1,039,017
(Credit)/charge for the year	-	-
Accelerated capital allowances	(1,159,155)	120,138
Deferred tax provision at 31 December	<u>-</u>	<u>1,159,155</u>

DUELGUIDE (NEWCASTLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)**

13	CALLED UP SHARE CAPITAL	2007	2006
		£	£
	Authorised		
	Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	Allotted, called up and fully paid		
	Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
14	REVALUATION RESERVE	2007	2006
		£	£
	Balance brought forward	9,521,654	4,606,087
	Revaluation surplus for the year	-	4,915,567
	Transfer to profit and loss of realised profit on sale of properties during the year	(9,521,654)	-
	Balance carried forward	<u>-</u>	<u>9,521,654</u>
15	PROFIT AND LOSS ACCOUNT	2007	2006
		£	£
	Balance brought forward	(1,858,913)	(3,149,333)
	Profit for year	1,677,265	1,290,420
	Transfer from revaluation reserve	9,521,654	-
	Dividends paid	(9,253,148)	-
	Balance carried forward	<u>86,858</u>	<u>(1,858,913)</u>
16	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2007	2006
		£	£
	Balance brought forward	7,762,741	1,556,754
	Profit for the year	1,677,265	4,915,567
	Movement in revaluation reserve	-	1,290,420
	Dividends paid	(9,253,148)	-
	Balance carried forward	<u>186,858</u>	<u>7,762,741</u>

DUELGUIDE (NEWCASTLE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)**

17	RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES	2007 £	2006 £
	Cash flow from operating activities		
	Profit on ordinary activities before taxation	518,110	1,290,419
	Addback Net financing costs	(979)	506
	Addback Profit on sale of investment property	(102,946)	-
		<u>414,185</u>	<u>1,290,925</u>
	Add/subtract Movement in working capital		
	Movement in prepayments	16,858	-
	Movement in other debtors	724,764	(656,379)
	Movement in trade creditors	121,314	1,058
	Movement in other creditors	(101,292)	44,159
	Movement in accruals/provisions	(513,865)	511,500
	Movement in working capital	<u>247,779</u>	<u>(99,662)</u>
	Cash flow from operating activities	<u><u>661,964</u></u>	<u><u>1,191,263</u></u>
18	RELATED PARTY TRANSACTIONS	2007 £	2006 £
	Related party loans receivable/(payable)		
	Brookfield Group	25,063,339	(146,124)
	Aldersgate Investments Limited	25,036,500	(126,000)
	Duelguide Management Services Limited	731,808	-
	Duelguide (UK) Limited	(50,532,297)	-
		<u>299,350</u>	<u>(272,124)</u>
	Brookfield Group		
	At 1 January	(146,124)	-
	Transactions		
	50% working capital funding	-	(126,000)
	Working capital repayment/(funding)	20,124	(20,124)
	50% interest in investment properties sold 2 Nov 2008	25,162,500	-
	Development costs recharged	26,839	-
		<u>25,063,339</u>	<u>(146,124)</u>

DUELGUIDE (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

18	RELATED PARTY TRANSACTIONS (continued)	2007 £	2006 £
	Aldersgate Investments Limited		
	At 1 January	(126,000)	-
	Transactions		
	50% Working capital funding	-	(126,000)
	50% interest in investment properties sold 2 Nov 2008	25,162,500	-
		<u>25,036,500</u>	<u>(126,000)</u>
	Duelguide Management Services Limited		
	At 1 January	-	-
	Reclassification at date of sale outside Duelguide group	1,187,502	-
	Transactions		
	Repayment of loan	(470,000)	-
	Invoices paid on behalf of Duelguide Newcastle Limited	14,306	-
		<u>731,808</u>	<u>-</u>
	Duelguide (UK) Limited		
	At 1 January	-	-
	Reclassification at date of sale outside Duelguide group	(50,532,297)	-
		<u>(50,532,297)</u>	<u>-</u>

Related party loans receivable/(payable)

The company was sold outside the Duelguide group on 2nd November 2007. On this date the loans with Duelguide Management Services Limited and Duelguide (UK) Limited, previously considered loans with other group undertakings, became related party loans.

19 HOLDING COMPANIES

During the year the company was sold by Duelguide (UK) Limited to R&M Investments (BVI) Limited. R&M Investments (BVI) Limited, which is incorporated in the British Virgin Islands, is the company's immediate and ultimate parent undertaking.