

CEC-GLP Serviced Offices Limited

Report and Financial Statements

Year Ended

31 December 2005

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Presented

**RICHARDS BUTLER LLP
BEAUFORT HOUSE
15 ST. BOTOLPH STREET
LONDON EC3A 7EE
SOLICITORS**

Ref: Smg/0005470



BDO
BDO Stoy Hayward
Chartered Accountants

CEC-GLP Serviced Offices Limited

Annual report and financial statements for the year ended 31 December 2005

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Directors

A J Grimshaw
G R B Wilson

Secretary and registered office

RB Secretariat Ltd, Beaufort House, 10th Floor 15 St Botolph Street, London, EC3A 7EE

Company number

04136922

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

Bankers

Barclays Bank plc, Ashton House Business Centre, PO Box 3261, 497 Silbury Boulevard,
Milton Keynes, MK9 2ZU

CEC-GLP Serviced Offices Limited

Report of the directors for the year ended 31 December 2005

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

Results

The profit and loss account is set out on page 5 and shows the loss for the year.

Principal activities

The company's principal activity is the provision of serviced offices.

Directors

The directors of the company during the year were:

N C G Fuchs	(resigned 21 July 2005)
A J Grimshaw	
S A Williams	(appointed 27 June 2005, resigned 14 August 2006)
G R B Wilson	(appointed 14 August 2006)

No director had any beneficial interest in the share capital of the company.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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; 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.

CEC-GLP Serviced Offices Limited

Report of the directors for the year ended 31 December 2005 (*Continued*)

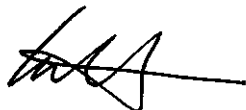
Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

G R B Wilson



Director

Date:

9/11/06

To the shareholders of CEC-GLP Serviced Offices Limited

We have audited the financial statements of CEC-GLP Serviced Offices Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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 have been 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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.

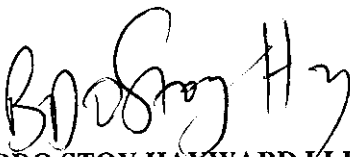
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report (*Continued*)

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 loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
London

Date: 14 November 2006

CEC-GLP Serviced Offices Limited

Profit and loss account for the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	2	753,172	695,770
Cost of sales		519,798	486,990
		<hr/>	<hr/>
Gross profit		233,374	208,780
Administrative expenses		200,921	221,937
		<hr/>	<hr/>
Operating profit/(loss)	3	32,453	(13,157)
Other interest receivable and similar income		445	744
Interest payable and similar charges	5	(127,961)	(114,296)
		<hr/>	<hr/>
Loss on ordinary activities before and after taxation for the financial year		(95,063)	(126,709)
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the loss for the year.

The notes on pages 7 to 13 form part of these financial statements.

CEC-GLP Serviced Offices Limited

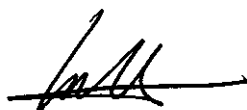
Balance sheet at 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	7		71,967		119,842
Current assets					
Debtors	8	121,582		129,812	
Cash at bank and in hand		169,363		43,375	
		<u>290,945</u>		<u>173,187</u>	
Creditors: amounts falling due within one year	9	<u>1,925,515</u>		<u>628,245</u>	
Net current liabilities			(1,634,570)		(455,058)
Total assets less current liabilities			(1,562,603)		(335,216)
Creditors: amounts falling due after more than one year	10		-		1,132,324
			<u>(1,562,603)</u>		<u>(1,467,540)</u>
Capital and reserves					
Called up share capital	11		1,000		1,000
Profit and loss account	12		(1,563,603)		(1,468,540)
Shareholders' funds	13		<u>(1,562,603)</u>		<u>(1,467,540)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board of directors and authorised for issue on 09.11.06.

G R B Wilson
Director



The notes on pages 7 to 13 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Going concern

These financial statements have been prepared on a going concern basis, as an undertaking of financial support to enable the company to pay its debts as they fall due has been given by the parent company.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold property	- Over the term of the lease
Plant and machinery	- Between 10% and 20% per annum

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

CEC-GLP Serviced Offices Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

1 Accounting policies (*continued*)

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

Turnover arises solely within the United Kingdom.

3 Operating profit/(loss)

	2005 £	2004 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	59,462	89,936
Hire of other assets - operating leases	222,480	236,696
Audit services	4,200	4,200
	<hr/>	<hr/>

4 Directors' remuneration

No director received any emoluments during the current year (2004 - £NIL).

5 Interest payable and similar charges

	2005 £	2004 £
Loans from group companies	127,961	114,296
	<hr/>	<hr/>

6 Taxation on loss on ordinary activities

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Loss on ordinary activities before tax	(95,063)	(126,709)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 - 30%)	(28,518)	(38,013)
Effect of:		
Excess of depreciation over capital allowances	8,015	9,879
Tax losses carried forward	20,503	28,134
Current tax charge for period	-	-

Factors that may affect future tax charges

A deferred tax asset of approximately £341,000 has not been recognised on tax losses of £1,135,000 outstanding at the year end. This asset is not currently recoverable as CEC-GLP Serviced Offices Limited is not expected to make taxable profits in the foreseeable future.

7 Tangible fixed assets

	Leasehold property £	Plant and machinery etc £	Total £
<i>Cost</i>			
At 1 January 2005	130,172	300,044	430,216
Additions	-	11,587	11,587
At 31 December 2005	130,172	311,631	441,803
<i>Depreciation</i>			
At 1 January 2005	93,114	217,260	310,374
Provided for the year	26,717	32,745	59,462
At 31 December 2005	119,831	250,005	369,836
<i>Net book value</i>			
At 31 December 2005	10,341	61,626	71,967
At 31 December 2004	37,058	82,784	119,842

CEC-GLP Serviced Offices Limited**Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)****8 Debtors**

	2005 £	2004 £
Trade debtors	24,159	8,895
Other debtors	97,423	120,917
	<hr/>	<hr/>
	121,582	129,812
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

9 Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts (secured)	60,501	116,685
Trade creditors	74,159	42,611
Amounts owed to group undertakings	1,560,500	300,215
Taxation and social security	6,000	17,845
Other creditors	224,355	150,889
	<hr/>	<hr/>
	1,925,515	628,245
	<hr/>	<hr/>

10 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Amounts owed to group undertakings	-	1,132,324
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CEC-GLP Serviced Offices Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

11 Share capital

	2005 £	2004 £
<i>Authorised</i>		
Ordinary A shares of £1 each	350	350
Ordinary B shares of £1 each	350	350
Ordinary C shares of £1 each	300	300
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>
	2005 £	2004 £
<i>Allotted, called up and fully paid</i>		
Ordinary A shares of £1 each	350	350
Ordinary B shares of £1 each	350	350
Ordinary C shares of £1 each	300	300
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

12 Reserves

	Profit and loss account £
At 1 January 2005	(1,468,540)
Loss for the year	(95,063)
	<hr/>
At 31 December 2005	(1,563,603)
	<hr/>

13 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Loss for the year	(95,063)	(126,709)
Opening shareholders' funds	(1,467,540)	(1,340,831)
	<hr/>	<hr/>
Closing shareholders' funds	(1,562,603)	(1,467,540)
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14 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2005 Land and buildings £	2004 Land and buildings £
Operating leases which expire:		
After five years	222,480	236,696
	<hr/>	<hr/>

15 Related party disclosures*Related party transactions and balances*

	2004	2003
GLP Properties AB		
Rent	222,480	236,696
Service Charges	88,330	78,077
Insurance	4,516	1,320
Loan interest	127,961	114,296
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During the year the company was charged the above fees by GLP Properties AB, the ultimate parent undertaking.

The amount due to GLP Properties AB as at 31 December 2005 amounted to £1,560,500 (2004: £1,432,539), which includes a loan balance of £1,132,324 (2004: £1,132,324) accruing interest at 4% above base rate.

CEC-GLP Serviced Offices Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

16 Ultimate parent company and parent undertaking of larger group

The immediate parent company is GLP Properties AB, a company incorporated in Sweden.

The ultimate controlling party is Walbrook Trustees (Jersey) Limited as trustee of the GV Settlement, a discretionary trust.