

WESTVIEW INVESTMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2003



WESTVIEW INVESTMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

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WESTVIEW INVESTMENTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	R F M Adair N J C Turnbull
Company secretary	Park Circus (Secretaries) Limited
Registered office	1 Portland Place London W1B 1PN
Auditors	Thompson Taraz Chartered Accountants & Registered Auditors 3 New Burlington Mews Mayfair London W1B 4QB

WESTVIEW INVESTMENTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2003

The directors present their report and the financial statements of the company for the year ended 31 October 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the co-ordination of the activities of its subsidiaries and associates and property investment.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

R F M Adair
N J C Turnbull

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the ultimate parent company.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 3, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

WESTVIEW INVESTMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2003

AUDITORS

A resolution to re-appoint Thompson Taraz as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
1 Portland Place
London
W1B 1PN

Signed by order of the directors



PARK CIRCUS (SECRETARIES) LIMITED
Company Secretary

Approved by the directors on 5 March 2004

WESTVIEW INVESTMENTS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 OCTOBER 2003

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 10.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 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.

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 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.

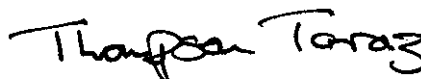
WESTVIEW INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 OCTOBER 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



THOMPSON TARAZ
Chartered Accountants
& Registered Auditors

3 New Burlington Mews
Mayfair
London
W1B 4QB

5 March 2004

WESTVIEW INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2003

	Note	Year to 31 Oct 03 £	Period from 1 Aug 01 to 31 Oct 02 £
TURNOVER	2	30,001	37,499
Administrative expenses		(100,480)	(105,581)
OPERATING LOSS	3	(70,479)	(68,082)
Profit on disposal of fixed assets	5	25,200	1,973,276
Amounts written off fixed assets investments		—	(2,847)
		(45,279)	1,902,347
Income from shares in group undertakings	6	445,289	—
Interest receivable		486,369	518,849
Interest payable	7	(94,980)	(106,166)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		791,399	2,315,030
Tax on profit on ordinary activities	8	—	—
RETAINED PROFIT FOR THE FINANCIAL YEAR		791,399	2,315,030

All of the activities of the company are classed as continuing.

The notes on pages 9 to 15 form part of these financial statements.

WESTVIEW INVESTMENTS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 OCTOBER 2003

	Year to 31 Oct 03 £	Period from 1 Aug 01 to 31 Oct 02 £
Profit for the financial year attributable to the shareholders	791,399	2,315,030
Unrealised profit on revaluation of certain fixed assets	–	145,993
Unrealised profit on revaluation of:		
Shares in group companies brought forward	2,061,909	637,445
Investments brought forward	–	(31,319)
Total gains and losses recognised since the last annual report	<u>2,853,308</u>	<u>3,067,149</u>

The notes on pages 9 to 15 form part of these financial statements.

WESTVIEW INVESTMENTS LIMITED

BALANCE SHEET

31 OCTOBER 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	9	1,897,323	1,857,793
Investments	10	15,858,530	13,907,658
		<u>17,755,853</u>	<u>15,765,451</u>
CURRENT ASSETS			
Debtors	11	3,428,732	9,542,000
CREDITORS: Amounts falling due within one year	12	<u>8,741,288</u>	<u>15,718,762</u>
NET CURRENT LIABILITIES		<u>(5,312,556)</u>	<u>(6,176,762)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,443,297</u>	<u>9,588,689</u>
CREDITORS: Amounts falling due after more than one year	13	<u>3,796,967</u>	<u>3,795,667</u>
		<u>8,646,330</u>	<u>5,793,022</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	100	100
Revaluation reserve	16	12,381,639	10,319,730
Profit and loss account	17	(3,735,409)	(4,526,808)
SHAREHOLDERS' FUNDS	18	<u>8,646,330</u>	<u>5,793,022</u>

These financial statements were approved by the directors on the 5 March 2004 and are signed on their behalf by:



N J C TURNBULL

The notes on pages 9 to 15 form part of these financial statements.

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

The financial statements present information about the company as an individual undertaking and not about its group. The company is exempt from preparing group accounts under Section 228 of the Companies Act 1985 as it is a subsidiary company of a parent company, which is registered in Scotland.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement.

Turnover

Turnover represents rental and service charge income excluding value added tax and arises solely in the United Kingdom.

Investment properties

All completed investment properties are revalued by the Directors annually and by independent valuers' at least every five years, to reflect current market value. Changes in the value of investment properties are disclosed as movements on revaluation reserve, except for permanent diminutions, which are charged to the profit and loss account.

No depreciation or amortisation is provided in respect of freehold investment property in accordance with Statement of Standard Accounting Practice 19 (revised). The Directors consider that this accounting policy results in the financial statements giving a true and fair view. Profit and losses on the sale of investment properties are calculated on the difference between proceeds and net carrying amount, whether at valuation or historical cost.

Investment properties under development are included in the balanced sheet at cost or, in the case of a property which was a previously completed investment property, at book value with subsequent expenditure at cost. Cost includes interest and other attributable direct overheads less rents received where appropriate.

Investment property sales are reflected in the accounts if an unconditional contract is exchanged by the balance sheet date the sale has been completed before the date of approval of the accounts.

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2003

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Investments in subsidiary undertakings

Investments in subsidiary and associated undertakings are accounted using the equity method whereby the original cost of the investment is adjusted for changes in the value of the underlying net assets. Changes in the net asset value of subsidiaries allocated to a revaluation reserve except permanent diminution in value which are charged to the profit and loss account.

Investments

Fixed asset listed investments are stated at market value.

Listed investments held as current assets are stated at the lower of cost or market value, and unlisted current asset investments are stated at the lower of cost and estimated net realisable value.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	Year to 31 Oct 03	Period from 1 Aug 01 to 31 Oct 02
	£	£
United Kingdom	<u>30,001</u>	<u>37,499</u>

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2003

3. OPERATING LOSS

Operating loss is stated after charging:

	Year to 31 Oct 03 £	Period from 1 Aug 01 to 31 Oct 02 £
Directors' emoluments	—	—
Auditors' remuneration - as auditors	<u>2,600</u>	<u>1,000</u>

4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year.

5. PROFIT ON DISPOSAL OF FIXED ASSETS

	Year to 31 Oct 03 £	Period from 1 Aug 01 to 31 Oct 02 £
Profit on disposal of fixed assets	<u>25,200</u>	<u>1,973,276</u>

The exceptional profit on disposal in the previous period related to the sale of the Earlycall group.

6. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year to 31 Oct 03 £	Period from 1 Aug 01 to 31 Oct 02 £
Dividend received	<u>445,289</u>	<u>—</u>

7. INTEREST PAYABLE

	Year to 31 Oct 03 £	Period from 1 Aug 01 to 31 Oct 02 £
Interest payable on bank borrowing	77,943	106,166
Interest payable to group undertakings	<u>17,037</u>	<u>—</u>
	<u>94,980</u>	<u>106,166</u>

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2003

8. TAX ON PROFIT ON ORDINARY ACTIVITIES**Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2002 - 20%).

	Year to 31 Oct 03 £	Period from 1 Aug 01 to 31 Oct 02 £
Profit on ordinary activities before taxation	<u>791,399</u>	<u>2,315,030</u>
Profit/(loss) on ordinary activities by rate of tax	237,420	462,898
Profit on disposal	(7,560)	—
Dividends received	(133,587)	—
Group Relief	<u>(96,273)</u>	<u>(462,898)</u>
Total current tax	<u>—</u>	<u>—</u>

9. TANGIBLE FIXED ASSETS

	Investment Freehold Properties £
COST OR VALUATION	
At 1 November 2002	1,857,793
Additions	39,530
At 31 October 2003	<u>1,897,323</u>
DEPRECIATION	<u>—</u>
NET BOOK VALUE	
At 31 October 2003	<u>1,897,323</u>
At 31 October 2002	<u>1,857,793</u>

The historical cost of the investment property at 31 October 2003 £1,751,329 (2002:£1,711,799).

Investment properties were valued on an open market value 31 October 2003 by the Directors. No depreciation is provided in respect of investment properties, as stated in the accounting policy note 1. The Directors consider that this policy results in the financial statements showing a true and fair view as depreciation is reflected in the open market valuation of the property and cannot be separately quantified.

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2003

10. INVESTMENTS

	Investment in Subsidiary Undertakings £	Listed Investments £	Total £
COST OR VALUATION			
At 1 November 2002	13,796,617	111,041	13,907,658
Additions	4	–	4
Disposals	–	(111,041)	(111,041)
Revaluations	2,061,909	–	2,061,909
At 31 October 2003	<u>15,858,530</u>	<u>–</u>	<u>15,858,530</u>
NET BOOK VALUE			
At 31 October 2003	<u>15,858,530</u>	<u>–</u>	<u>15,858,530</u>
At 31 October 2002	<u>13,796,617</u>	<u>111,041</u>	<u>13,907,658</u>

11. DEBTORS

	2003 £	2002 £
Amounts owed by group undertakings	3,373,430	9,462,881
Other debtors	47,431	71,248
ACT recoverable against future taxation	7,871	7,871
	<u>3,428,732</u>	<u>9,542,000</u>

12. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	2,150	11,128
Trade creditors	2,805	1,372
Amounts owed to group undertakings	8,663,568	15,655,958
Accruals and deferred income	72,765	50,304
	<u>8,741,288</u>	<u>15,718,762</u>

The bank loans are secured by a fixed charge on the company's property and a floating charge over the company's other assets. Interest is payable at varying commercial rates.

13. CREDITORS: Amounts falling due after more than one year

	2003 £	2002 £
Bank loans and overdrafts	1,296,967	1,295,667
Amounts owed to group undertakings	2,500,000	2,500,000
	<u>3,796,967</u>	<u>3,795,667</u>

WESTVIEW INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

14. RELATED PARTY TRANSACTIONS

The controlling party during the period was Saffery Champness Trust Corporation, trustees of a life interest trust of which R F M Adair is a beneficiary.

Consultancy charges from Terrace Hill Partnership of £36,000 (2002:£60,000).

R F M Adair and N J C Turnbull, directors of Westview Investments Limited are partners in Terrace Hill Partnership.

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related Party Transactions', not to disclose any transactions with entities that are included in the consolidated financial statements of Terrace Hill Group Plc.

15. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

16. REVALUATION RESERVE

	Year to 31 Oct 03 £	Period from 1 Aug 01 to 31 Oct 02 £
Balance brought forward	10,319,730	7,605,289
Revaluation of fixed assets	—	145,993
Transfer from the Profit and Loss Account on realisation	—	1,959,475
Revaluation of investment in subsidiaries	2,061,909	637,444
Revaluation of listed investments	—	(28,471)
Balance carried forward	<u>12,381,639</u>	<u>10,319,730</u>

17. PROFIT AND LOSS ACCOUNT

	Year to 31 Oct 03 £	Period from 1 Aug 01 to 31 Oct 02 £
Balance brought forward	(4,526,808)	(4,882,363)
Retained profit for the financial year	791,399	2,315,030
Transfer to revaluation reserve	—	(1,959,475)
Balance carried forward	<u>(3,735,409)</u>	<u>(4,526,808)</u>

WESTVIEW INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2003

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	791,399	2,315,030
Other net recognised gains and losses	—	145,993
	<u>791,399</u>	<u>2,461,023</u>
Transfer from revaluation reserve	—	(1,959,475)
Transfer to profit and loss account	—	1,959,475
Revaluation of investment in subsidiaries	2,061,909	637,444
Revaluation of listed investments	—	(28,471)
	<u>2,853,308</u>	<u>3,069,996</u>
Net addition to funds	2,853,308	3,069,996
Opening shareholders' equity funds	5,793,022	2,723,026
	<u>8,646,330</u>	<u>5,793,022</u>
Closing shareholders' equity funds	8,646,330	5,793,022

19. ULTIMATE PARENT COMPANY

The parent company is Terrace Hill Group Plc, which is registered in Scotland.