

COMPANY REGISTRATION NUMBER 2902264

WESTVIEW INVESTMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2004



WESTVIEW INVESTMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2004

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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 LLP
Chartered Accountants
& Registered Auditors
3 New Burlington Mews
Mayfair
London
W1B 4QB

WESTVIEW INVESTMENTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2004

The directors present their report and the financial statements of the company for the year ended 31 October 2004.

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 pages 9 to 10, 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 2004

AUDITORS

Thompson Taraz LLP will not be offering themselves for re-appointment as auditors 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 26 July 2005

WESTVIEW INVESTMENTS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
WESTVIEW INVESTMENTS LIMITED
YEAR ENDED 31 OCTOBER 2004

We have audited the financial statements of Westview Investments Limited for the year ended 31 October 2004 on pages 6 to 14 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

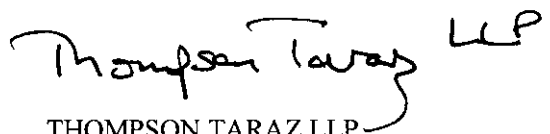
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 OF
WESTVIEW INVESTMENTS LIMITED *(continued)*
YEAR ENDED 31 OCTOBER 2004

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



THOMPSON TARAZ LLP
Chartered Accountants
& Registered Auditors

3 New Burlington Mews
Mayfair
London
W1B 4QB

26 July 2005

WESTVIEW INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2004

	Note	2004 £	2003 £
TURNOVER	2	29,999	30,001
Administrative expenses		<u>(43,841)</u>	<u>(100,480)</u>
OPERATING LOSS	3	(13,842)	(70,479)
Profit on disposal of fixed assets	5	<u>—</u>	<u>25,200</u>
		(13,842)	(45,279)
Income from shares in group undertakings	6	<u>—</u>	<u>445,289</u>
Interest receivable and similar income		284	486,369
Interest payable and similar charges	7	<u>(84,595)</u>	<u>(94,980)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(98,153)	791,399
Tax on (loss)/profit on ordinary activities	8	<u>—</u>	<u>—</u>
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>(98,153)</u>	<u>791,399</u>

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

WESTVIEW INVESTMENTS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 OCTOBER 2004

	2004 £	2003 £
(Loss)/Profit for the financial year attributable to the shareholders	(98,153)	791,399
Unrealised profit on revaluation of:		
Shares in group companies brought forward	<u>7,260,778</u>	<u>2,061,909</u>
Total gains and losses recognised since the last annual report	<u><u>7,162,625</u></u>	<u><u>2,853,308</u></u>

The notes on pages 9 to 14 form part of these financial statements.

WESTVIEW INVESTMENTS LIMITED

BALANCE SHEET

31 OCTOBER 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	9	1,976,212	1,897,323
Investments	10	23,119,308	15,858,530
		<u>25,095,520</u>	<u>17,755,853</u>
CURRENT ASSETS			
Debtors	11	318,941	3,428,732
CREDITORS: Amounts falling due within one year	12	<u>8,307,239</u>	<u>8,741,288</u>
NET CURRENT LIABILITIES		<u>(7,988,298)</u>	<u>(5,312,556)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		17,107,222	12,443,297
CREDITORS: Amounts falling due after more than one year	13	<u>1,298,267</u>	<u>3,796,967</u>
		<u>15,808,955</u>	<u>8,646,330</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	100	100
Revaluation reserve	16	19,642,417	12,381,639
Profit and loss account	17	<u>(3,833,562)</u>	<u>(3,735,409)</u>
SHAREHOLDERS' FUNDS	18	<u>15,808,955</u>	<u>8,646,330</u>

These financial statements were approved by the directors on the 26 July 2005 and are signed on their behalf by:


N J C TURNBULL

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

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 income and service charges receivable 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 changed 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 2004

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.

2. TURNOVER

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

	2004	2003
	£	£
United Kingdom	<u>29,999</u>	<u>30,001</u>

3. OPERATING LOSS

Operating loss is stated after charging:

	2004	2003
	£	£
Directors' emoluments	—	—
Auditors' remuneration		
- as auditors	<u>2,500</u>	<u>2,600</u>

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

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

	2004	2003
	£	£
Profit on disposal of fixed assets	—	25,200

6. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2004	2003
	£	£
Dividend received	—	445,289

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Interest payable on bank borrowing	84,595	77,943
Interest payable to group undertakings	—	17,037
	<u>84,595</u>	<u>94,980</u>

8. TAXATION ON ORDINARY ACTIVITIES**Factors affecting current tax charge**

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004	2003
	£	£
(Loss)/profit on ordinary activities before taxation	(98,153)	791,399
Profit/(loss) on ordinary activities by rate of tax	(29,446)	237,420
Profit on disposal	—	(7,560)
Dividends received	—	(133,587)
Group Relief	29,446	(96,273)
Total current tax	<u>—</u>	<u>—</u>

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

9. TANGIBLE FIXED ASSETS

	Investment Freehold Properties £
COST OR VALUATION	
At 1 November 2003	1,897,323
Additions	78,889
At 31 October 2004	<u><u>1,976,212</u></u>
DEPRECIATION	<u><u>-</u></u>
NET BOOK VALUE	
At 31 October 2004	<u><u>1,976,212</u></u>
At 31 October 2003	<u><u>1,897,323</u></u>

The historical cost of the investment property at 31 October 2004 £1,830,218 (2003:£1,751,329).

Investment properties were valued on an open market value 31 October 2004 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.

10. INVESTMENTS

	Investment in Subsidiary Undertakings £
COST OR VALUATION	
At 1 November 2003	15,858,530
Revaluations	7,260,778
At 31 October 2004	<u><u>23,119,308</u></u>
NET BOOK VALUE	
At 31 October 2004	<u><u>23,119,308</u></u>
At 31 October 2003	<u><u>15,858,530</u></u>

11. DEBTORS

	2004 £	2003 £
Amounts owed by group undertakings	311,070	3,373,430
Other debtors	-	47,431
ACT recoverable against future taxation	7,871	7,871
	<u><u>318,941</u></u>	<u><u>3,428,732</u></u>

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

12. CREDITORS: Amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	6,041	2,150
Trade creditors	3,380	2,805
Amounts owed to group undertakings	8,023,557	8,663,568
Other creditors including taxation:		
Other taxation	259,636	—
	<u>8,292,614</u>	<u>8,668,523</u>
Accruals and deferred income	14,625	72,765
	<u>8,307,239</u>	<u>8,741,288</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

	2004	2003
	£	£
Bank loans and overdrafts	1,298,267	1,296,967
(Due between 2 – 5 yrs)		
Amounts owed to group undertakings	—	2,500,000
	<u>1,298,267</u>	<u>3,796,967</u>

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 £nil (2003:£36,000).

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:**

	2004	2003
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2004		2003
	No	£	No
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2004

16. REVALUATION RESERVE

	2004 £	2003 £
Balance brought forward	12,381,639	10,319,730
Revaluation of investment in subsidiaries	7,260,778	2,061,909
Balance carried forward	<u>19,642,417</u>	<u>12,381,639</u>

17. PROFIT AND LOSS ACCOUNT

	2004 £	2003 £
Balance brought forward	(3,735,409)	(4,526,808)
(Accumulated loss)/retained profit for the financial year	(98,153)	791,399
Balance carried forward	<u>(3,833,562)</u>	<u>(3,735,409)</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
(Loss)/Profit for the financial year	(98,153)	791,399
Revaluation of investment in subsidiaries	7,260,778	2,061,909
Net addition to shareholders' equity funds	<u>7,162,625</u>	<u>2,853,308</u>
Opening shareholders' equity funds	8,646,330	5,793,022
Closing shareholders' equity funds	<u>15,808,955</u>	<u>8,646,330</u>

19. POST BALANCE SHEET EVENTS

On 20 May 2005, Tannochside Developments (No. 3) Limited formerly known as TH (One Portland Place) Limited was sold for £1.

20. ULTIMATE PARENT COMPANY

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