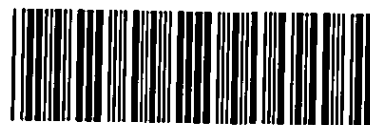


COMPANY REGISTRATION NUMBER 2902264

WESTVIEW INVESTMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2006

THURSDAY



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WESTVIEW INVESTMENTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	R F M Adair T G Walsh P A J Leech
Company secretary	Park Circus (Secretaries) Limited
Registered office	1 Portland Place London W1B 1PN
Auditor	BDO Stoy Hayward LLP Chartered Accountants & Registered Auditors 8 Baker Street London W1U 3LL

WESTVIEW INVESTMENTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2006

The directors present their report and the financial statements of the company for the year ended 31 October 2006

PRINCIPAL ACTIVITIES

The principal activity of the company is the co-ordination of the activities of its subsidiaries and associates and property investment. There have been no changes in the company's activities in the year under review.

DIRECTORS

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

R F M Adair
N J C Turnbull
T G Walsh
P A J Leech

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

T G Walsh was appointed as a director on 9 January 2006

P A J Leech was appointed as a director on 4 April 2006

N J C Turnbull resigned as a director on 11 September 2006

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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, 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditors are unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

WESTVIEW INVESTMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2006

AUDITOR

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

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII 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 16 May 2007

WESTVIEW INVESTMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
WESTVIEW INVESTMENTS LIMITED
YEAR ENDED 31 OCTOBER 2006

We have audited the financial statements of Westview Investments Limited for the year ended 31 October 2006 which comprise the Profit and Loss account, Statement of Recognised Gains and Losses, the Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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.

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.

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 October 2006 and of

WESTVIEW INVESTMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
WESTVIEW INVESTMENTS LIMITED *(continued)*
YEAR ENDED 31 OCTOBER 2006

its loss 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

BDO Stoy Hayward LLP

8 Baker Street
London W1U 3LL

BDO STOY HAYWARD LLP
Chartered Accountants
& Registered Auditors

16 May 2007

WESTVIEW INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2006

	Note	2006 £	2005 £
TURNOVER	2	30,000	30,000
Administrative expenses		<u>327,845</u>	<u>120,318</u>
OPERATING LOSS	3	(297,845)	(90,318)
Loss on disposal of fixed assets	5	<u>—</u>	<u>(1,306,463)</u>
		(297,845)	(1,396,781)
Interest receivable		<u>1,661</u>	<u>219</u>
Interest payable and similar charges	6	<u>(87,039)</u>	<u>(90,702)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(383,223)	(1,487,264)
Tax on loss on ordinary activities	7	<u>—</u>	<u>—</u>
LOSS FOR THE FINANCIAL YEAR		<u>(383,223)</u>	<u>(1,487,264)</u>

All of the activities of the company are classed as continuing

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

WESTVIEW INVESTMENTS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 OCTOBER 2006

	2006 £	2005 £
Loss for the financial year attributable to the shareholders	(383,223)	(1,487,264)
Unrealised profit on revaluation of Shares in group companies brought forward	<u>9,552,506</u>	<u>6,382,856</u>
Total gains and losses recognised since the last annual report	<u>9,169,283</u>	<u>4,895,592</u>

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

WESTVIEW INVESTMENTS LIMITED

BALANCE SHEET

31 OCTOBER 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	8	2,148,838	2,114,756
Investments	9	37,803,538	28,180,383
		<u>39,952,376</u>	<u>30,295,139</u>
CURRENT ASSETS			
Debtors	10	365,972	424,602
CREDITORS: Amounts falling due within one year	11	<u>10,444,518</u>	<u>8,715,627</u>
NET CURRENT LIABILITIES		(10,078,546)	(8,291,025)
TOTAL ASSETS LESS CURRENT LIABILITIES		29,873,830	22,004,114
CREDITORS: Amounts falling due after more than one year	12	<u>–</u>	<u>1,299,567</u>
		<u>29,873,830</u>	<u>20,704,547</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	100	100
Revaluation reserve	15	35,577,779	26,025,273
Profit and loss account	16	(5,704,049)	(5,320,826)
SHAREHOLDERS' FUNDS	17	<u>29,873,830</u>	<u>20,704,547</u>

These financial statements were approved by the board and authorised for issue on the 16 May 2007 and are signed on their behalf by



P A J LEECH

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

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2006

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 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

Turnover

Turnover represents rental income and service charges receivable excluding of Value Added Tax and arises solely in the United Kingdom

Investment properties

All completed investment properties 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 policy results in the financial statements giving a true and fair view. Profits and losses on the sale of investment properties are calculated on the difference between proceeds and net carrying amount, whether at valuation or at historic cost

Investment properties under development are included in the balance 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 and 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 2006

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,

provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,

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

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

	2006	2005
	£	£
United Kingdom	<u>30,000</u>	<u>30,000</u>

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2006

3. OPERATING LOSS

Operating loss is stated after charging

	2006 £	2005 £
Directors' emoluments	—	—
Auditor's remuneration - as auditor	<u>41,800</u>	<u>59,000</u>

4. PARTICULARS OF EMPLOYEES

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

5 LOSS ON DISPOSAL OF FIXED ASSETS

	2006 £	2005 £
Loss on disposal of fixed assets	<u>—</u>	<u>(1,306,463)</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Interest payable on bank borrowing	<u>87,039</u>	<u>90,702</u>

7. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	2006 £	2005 £
Loss on ordinary activities before taxation	<u>(383,223)</u>	<u>(1,487,264)</u>
Profit/(loss) on ordinary activities by rate of tax	(114,967)	(446,179)
Expenses not deductible for tax purposes	15,000	391,939
Utilisation of tax losses	<u>99,967</u>	<u>54,240</u>
Total current tax	<u>—</u>	<u>—</u>

WESTVIEW INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2006

8 TANGIBLE FIXED ASSETS

	Freehold Property £
COST OR VALUATION	
At 1 November 2005	2,114,756
Additions	34,082
At 31 October 2006	2,148,838
DEPRECIATION	
At 1 November 2005 and 31 October 2006	—
NET BOOK VALUE	
At 31 October 2006	2,148,838
At 31 October 2005	2,114,756

The historical cost of the investment property at 31 October 2006 is £2,002,844 (2005 £1,968,762)

No depreciation is provided in respect of investment properties, as stated in the accounting policies note 1. The directors consider that this policy results in the accounts showing a true and fair view as depreciation is reflected in the open market valuation of these properties and cannot be separately quantified.

9. INVESTMENTS

	Investment in Subsidiaries £	Investment in Associates £	Total £
COST OR VALUATION			
At 1 November 2005	28,180,383	-	28,180,383
Additions	-	70,649	70,649
Revaluations	9,552,506	-	9,552,506
At 31 October 2006	37,732,889	70,649	38,803,538
NET BOOK VALUE			
At 31 October 2006	37,732,889	70,649	37,803,538
At 31 October 2005	28,180,383	-	28,180,383

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2006

10. DEBTORS

	2006 £	2005 £
Amounts owed by group undertakings	363,293	405,699
Other debtors	2,678	11,031
ACT recoverable against future taxation	–	7,871
Prepayments and accrued income	1	1
	<u>365,972</u>	<u>424,602</u>

11 CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	1,300,000	2,644
Trade creditors	17,977	918
Amounts owed to group undertakings	8,991,264	8,627,151
Other creditors	10,149	–
	<u>10,319,390</u>	<u>8,630,713</u>
Accruals and deferred income	125,128	84,914
	<u>10,444,518</u>	<u>8,715,627</u>

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

	2006 £	2005 £
Bank loans and overdrafts	–	1,299,567
	<u>–</u>	<u>1,299,567</u>
	2006 £	2005 £
Bank loans and overdraft		
Due between one to two years	–	1,299,567
	<u>–</u>	<u>1,299,567</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. 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.

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.

WESTVIEW INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2006

14 SHARE CAPITAL

Authorised share capital:

	2006	2005
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

15. REVALUATION RESERVE

	2006	2005
	£	£
Balance brought forward	26,025,273	19,642,417
Revaluation of fixed assets	—	(381,167)
Revaluation of investment in subsidiaries	<u>9,552,506</u>	<u>6,764,023</u>
Balance carried forward	<u>35,577,779</u>	<u>26,025,273</u>

16. PROFIT AND LOSS ACCOUNT

	2006	2005
	£	£
Balance brought forward	(5,320,826)	(3,833,562)
Loss for the financial year	<u>(383,223)</u>	<u>(1,487,264)</u>
Balance carried forward	<u>(5,704,049)</u>	<u>(5,320,826)</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005
	£	£
Loss for the financial year	(383,223)	(1,487,264)
Other net recognised gains and losses	—	(381,167)
Revaluation of investment in subsidiaries	<u>9,552,506</u>	<u>6,764,023</u>
Net addition to shareholders' funds	<u>9,169,283</u>	<u>4,895,592</u>
Opening shareholders' funds	<u>20,704,547</u>	<u>15,808,955</u>
Closing shareholders' funds	<u>31,178,096</u>	<u>20,704,547</u>

18 ULTIMATE PARENT COMPANY

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

Copies of the consolidated financial statements of Terrace Hill Group Plc are available from the company's registered office