

WESTVIEW INVESTMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2000

Company Registration Number 2902264

THOMPSON TARAZ & CO

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



WESTVIEW INVESTMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2000

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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

T Walsh

Registered office

1 Portland Place
London
W1B 1PN

Auditors

Thompson Taraz & Co
Chartered Accountants
& Registered Auditors
3 New Burlington Mews
Mayfair
London
W1B 4QB

WESTVIEW INVESTMENTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 JULY 2000

The directors present their report and the financial statements of the company for the year ended 31 July 2000.

PRINCIPAL ACTIVITIES

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

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

| | Ordinary Shares of £1 each | |
|----------------|----------------------------|------------------|
| | At 31 July 2000 | At 1 August 1999 |
| R F M Adair | - | - |
| N J C Turnbull | - | - |

R F M Adair has an interest in the share capital of the company by virtue of his interest in the share capital of Westview Group Limited, the 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 8 to 9, 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.

AUDITORS

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

WESTVIEW INVESTMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JULY 2000

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



T WALSH
Company Secretary

Approved by the directors on 21 December 2000

WESTVIEW INVESTMENTS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 JULY 2000

We have audited the financial statements on pages 5 to 12 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 8 to 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2000 and of the loss of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

3 New Burlington Mews
Mayfair
London
W1B 4QB

21 December 2000

THOMPSON TARAZ & CO
Chartered Accountants
& Registered Auditors

Thompson Taraz & Co

WESTVIEW INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JULY 2000

| | Note | 2000 £ | 1999 £ |
|--|----------|------------------|------------------|
| TURNOVER | | 30,000 | 30,000 |
| Administrative expenses | | <u>30,277</u> | <u>73,771</u> |
| OPERATING LOSS | 2 | (277) | (43,771) |
| Income from shares in group undertakings | 3 | 49,009 | 48,879 |
| Interest receivable | | 3,926 | - |
| Interest payable | | <u>(764,457)</u> | <u>(652,236)</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (711,799) | (647,128) |
| Tax on loss on ordinary activities | | - | - |
| LOSS FOR THE FINANCIAL YEAR | | <u>(711,799)</u> | <u>(647,128)</u> |

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

WESTVIEW INVESTMENTS LIMITED

YEAR ENDED 31 JULY 2000

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| | 2000 £ | 1999 £ |
|---|------------------|------------------|
| Loss for the financial year attributable to the shareholders | (711,799) | (647,128) |
| Unrealised profit on revaluation of trade investments: | | |
| Revaluation - group shares | 3,342,718 | - |
| Revaluation of investments | 28,680 | - |
| Total gains and losses recognised since the last annual report | <u>2,659,599</u> | <u>(647,128)</u> |

WESTVIEW INVESTMENTS LIMITED

BALANCE SHEET

31 JULY 2000

| | Note | 2000 | 1999 |
|--|------|---------------------|--------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Tangible assets | 4 | 1,478,951 | 1,478,951 |
| Investments | 5 | 10,189,190 | 6,817,691 |
| | | <u>11,668,141</u> | <u>8,296,642</u> |
| CURRENT ASSETS | | | |
| Debtors | 6 | 3,219,950 | 339,666 |
| CREDITORS: Amounts falling due within one year | 7 | <u>(11,926,174)</u> | <u>(7,885,824)</u> |
| NET CURRENT LIABILITIES | | <u>(8,706,224)</u> | <u>(7,546,158)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>2,961,917</u> | <u>750,484</u> |
| CREDITORS: Amounts falling due after more than one year | 8 | <u>(295,868)</u> | <u>(715,354)</u> |
| | | <u>2,666,049</u> | <u>35,130</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 10 | 100 | 100 |
| Revaluation reserve | 11 | 7,728,299 | 4,385,581 |
| Profit and Loss Account | 12 | <u>(5,062,350)</u> | <u>(4,350,551)</u> |
| SHAREHOLDERS' FUNDS | 13 | <u>2,666,049</u> | <u>35,130</u> |

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

These financial statements were approved by the directors on the 21 December 2000 and are signed on their behalf by:


N J C TURNBULL

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2000

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 of Westview Group Limited, which is registered in England and Wales.

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 small.

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 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.

Investment 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.

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2000

1. ACCOUNTING POLICIES *(continued)***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. OPERATING LOSS

Operating loss is stated after charging:

| | 2000 | 1999 |
|-----------------------|------------|------------|
| | £ | £ |
| Directors' emoluments | - | - |
| Auditors' fees | <u>500</u> | <u>500</u> |

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

| | 2000 | 1999 |
|-------------------|---------------|---------------|
| | £ | £ |
| Dividend received | <u>49,009</u> | <u>48,879</u> |

4. TANGIBLE FIXED ASSETS

| | Investment Freehold Properties £ |
|-----------------------------------|---|
| COST OR VALUATION | |
| At 1 August 1999 and 31 July 2000 | <u>1,478,951</u> |
| | <u>-</u> |
| NET BOOK VALUE | |
| At 31 July 2000 | <u>1,478,951</u> |
| At 31 July 1999 | <u>1,478,951</u> |

Investment properties were valued on an open market value 31 July 2000 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 JULY 2000

5. INVESTMENTS

| | Investment in Subsidiary Undertakings £ | Listed Investments £ | Total £ |
|--------------------------|--|----------------------------|-------------------|
| COST OR VALUATION | | | |
| At 1 August 1999 | 6,686,581 | 131,111 | 6,817,692 |
| Additions | 100 | - | 100 |
| Revaluations | 3,342,718 | 28,680 | 3,371,398 |
| At 31 July 2000 | <u>10,029,399</u> | <u>159,791</u> | <u>10,189,190</u> |
| NET BOOK VALUE | | | |
| At 31 July 2000 | <u>10,029,399</u> | <u>159,791</u> | <u>10,189,190</u> |
| At 31 July 1999 | <u>6,686,581</u> | <u>131,111</u> | <u>6,817,692</u> |

The company owns 100% of the issued share capital of the companies listed below,

| Company Name | Nature of Business |
|---------------------------------------|--------------------------------------|
| Port Hampton Limited | Property Investment and Mooring Hire |
| Terrace Hill Limited | Investment Holding Company |
| PCG Residential Lettings No.4 Limited | Investment Holding Company |

Listed investments have been written down to the value quoted on the Alternative Investment Market at 31 July 2000 of 9.75p (1999: 8.0p) per share.

6. DEBTORS

| | 2000 £ | 1999 £ |
|------------------------------------|------------------|----------------|
| Amounts owed by group undertakings | 2,804,648 | - |
| Other debtors | 415,302 | 339,666 |
| | <u>3,219,950</u> | <u>339,666</u> |

7. CREDITORS: Amounts falling due within one year

| | 2000 £ | 1999 £ |
|---|-------------------|------------------|
| Bank loans and overdrafts | 218,946 | 200,467 |
| Trade creditors | - | 1,631 |
| Amounts owed to group undertakings and undertakings in which the company has a participating interest | 11,683,891 | 819,159 |
| Other creditors | 100 | 6,850,110 |
| Accruals and deferred income | 23,237 | 14,457 |
| | <u>11,926,174</u> | <u>7,885,824</u> |

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2000

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

| | 2000 £ | 1999 £ |
|---------------------------|----------------|----------------|
| Bank loans and overdrafts | <u>295,868</u> | <u>715,354</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 and is further secured by collateral owned by the Adair Trusts and also guarantees from Platts Eyot Limited. Interest is payable at varying commercial rates.

9. 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 following related party transactions occurred during the period:

Interest payable to Terrace Hill (Hampton) Limited of £645,481 (1999:£440,990). The balance due at the year end is £nil (1999:£6,867,870).

Interest payable to Terrace Hill Group plc on loans received from that company of £nil (1999:£91,809). The balance due at the year end is £nil (1999:nil).

Consultancy charges from Terrace Hill Partnership of £39,000 (1999:£37,500). The balance outstanding at 31 July 2000 was £nil (1999:nil).

PCG Residential Lettings (No.4) Limited was purchased for £100 from a company in which R F M Adair had an interest by virtue of being beneficiary of a life interest trust.

The collateral to support bank borrowings is pledged by the Adair Trusts. R F M Adair is a director of the parent company which is controlled by life interest trusts established for the benefit of R F M. Adair.

R F M Adair, a director of Westview Investments Limited, has an interest in the shareholding of Terrace Hill (Hampton) Limited and Terrace Hill Group plc of which company he is also a director and he is a partner in Terrace Hill Partnership.

N J C Turnbull, a director of Westview Investments Limited, is also a director of Terrace Hill (Hampton) Limited and Terrace Hill Group plc and he is a partner 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 Westview Group Limited.

WESTVIEW INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2000

10. SHARE CAPITAL**Authorised share capital:**

| | 2000 | 1999 |
|-------------------------------------|--------------|--------------|
| | £ | £ |
| 1,000 Ordinary shares of £1.00 each | <u>1,000</u> | <u>1,000</u> |

Allotted, called up and fully paid:

| | 2000 | 1999 |
|------------------------|------------|------------|
| | £ | £ |
| Ordinary share capital | <u>100</u> | <u>100</u> |

11. REVALUATION RESERVE

| | 2000 | 1999 |
|-----------------------------|------------------|------------------|
| | £ | £ |
| Balance brought forward | 4,385,581 | 4,385,581 |
| Revaluation of fixed assets | <u>3,342,718</u> | <u>-</u> |
| Balance carried forward | <u>7,728,299</u> | <u>4,385,581</u> |

Revaluation reserve is represented by changes in the investment in subsidiary undertakings.

12. PROFIT AND LOSS ACCOUNT

| | 2000 | 1999 |
|--------------------------------------|--------------------|--------------------|
| | £ | £ |
| Balance brought forward | (4,350,551) | (3,703,423) |
| Retained loss for the financial year | <u>(711,799)</u> | <u>(647,128)</u> |
| Balance carried forward | <u>(5,062,350)</u> | <u>(4,350,551)</u> |

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2000 | 1999 |
|---------------------------------------|------------------|------------------|
| | £ | £ |
| Loss for the financial year | (711,799) | (647,128) |
| Other net recognised gains and losses | 3,342,718 | - |
| Net addition/(reduction) to funds | <u>2,630,919</u> | <u>(647,128)</u> |
| Opening shareholders' equity funds | 35,130 | 682,258 |
| Closing shareholders' equity funds | <u>2,666,049</u> | <u>35,130</u> |

14. ULTIMATE PARENT COMPANY

The parent company is Westview Group Limited, which is registered in England and Wales.