

Company Registered No: 2902264

WESTVIEW INVESTMENTS LIMITED

FINANCIAL STATEMENTS

31ST JULY 1997



Saffery Champness

CHARTERED ACCOUNTANTS

WESTVIEW INVESTMENTS LIMITED

COMPANY INFORMATION

DIRECTORS

R F M Adair
N J C Turnbull

SECRETARY

T Walsh

REGISTERED OFFICE

1 Portland Place
London W1N 3AA

REGISTERED AUDITORS

Saffery Champness
Chartered Accountants
Fairfax House
Fulwood Place
Gray's Inn
London WC1V 6UB

WESTVIEW INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the financial statements for the year ended 31st July 1997.

RESULTS

The profit and loss account shows a loss after taxation of £2,780,475 (Sixteen month period ended 31st July, 1996: £2,018).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the coordination of the activities of its subsidiaries and associates and property investment. During the period the company acquired as a single purchase the freehold interest in an island on the Thames and Port Hampton Limited a company which holds the leasehold interest in the island. The Directors do not currently envisage any major changes in the activities of the company.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the period together with their interests in the share capital at 31st July, 1997 and 1996 were as follows:

Ordinary Shares of £1 each

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.

WESTVIEW INVESTMENTS LIMITED

REPORT OF THE DIRECTORS (continued)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF
THE FINANCIAL STATEMENTS**

Company law requires the Directors to prepare financial statements for each financial period 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 period. In preparing these financial statements, the Directors are required to:

Select suitable accounting policies and apply them consistently;

Make judgements and estimates that are reasonable and prudent;

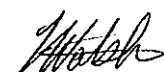
Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

REGISTERED AUDITORS

Saffery Champness, Chartered Accountants, have indicated their willingness to continue in office. A resolution to re-appoint them will be put to the members at the Annual General Meeting.

On behalf of the Board



T Walsh
Secretary

Date 31st March 1998

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
WESTVIEW INVESTMENTS LIMITED

We have audited the financial statements on pages 5 to 13.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, 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 financial statements and to report our opinion to you.

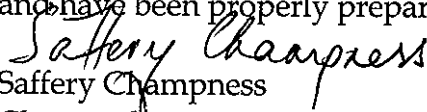
BASIS OF OPINION

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 the information in the financial statements.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31st July, 1997 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Saffery Champness
Chartered Accountants

Registered Auditors

Fairfax House

Fulwood Place

Gray's Inn

London WC1V 6UB

Date: 2nd April 1998

WESTVIEW INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31st July, 1997

	<u>Note</u>	<u>Year ended</u> <u>31st July</u> <u>1997</u> <u>£</u>	<u>16 months to</u> <u>31st July</u> <u>1996</u> <u>£</u>
TURNOVER	2	10,000	-
Cost of sales		-	-
GROSS PROFIT		10,000	-
Administrative expenses		(165,710)	(2,018)
OPERATING LOSS		(155,710)	(2,018)
Loss on sale of investments		(2,128,371)	-
Investment income	3	33,239	-
Interest payable	4	(529,633)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(2,780,475)	(2,018)
Taxation	6	-	-
RETAINED LOSS FOR THE PERIOD	14	<u>£(2,780,475)</u>	<u>£(2,018)</u>

The company has no recognised gains or losses other than those stated in the Profit and Loss Account.

All the activities of the company during the period are continuing activities.

The accompanying notes form an integral part of this Profit and Loss Account.

WESTVIEW INVESTMENTS LIMITED**BALANCE SHEET**
at 31st July, 1997

		<u>31st July</u> <u>1997</u> <u>£</u>	<u>(Restated)</u> <u>31st July</u> <u>1996</u> <u>£</u>
	<u>Note</u>		
FIXED ASSETS			
Investment properties	7	1,478,951	-
Investments	8	4,780,445	2,816,543
		<u>6,259,396</u>	<u>2,816,543</u>
CURRENT ASSETS			
Debtors	9	1,560,056	1,047,729
CREDITORS			
Amounts falling due within one year	10	<u>(2,793,975)</u>	<u>(2,106,413)</u>
NET CURRENT LIABILITIES		<u>(1,233,919)</u>	<u>(1,058,684)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,025,477	1,757,859
CREDITORS			
Amounts falling due after more than one year	11	<u>(5,780,951)</u>	<u>(1,243,234)</u>
NET (LIABILITIES) ASSETS		<u>£(755,474)</u>	<u>£514,625</u>
CAPITAL AND RESERVES			
Called-up share capital	12	100	100
Revaluation Reserve	13	2,026,919	516,543
Profit and loss account	14	<u>(2,782,493)</u>	<u>(2,018)</u>
EQUITY SHAREHOLDERS' FUNDS	15	<u>£(755,474)</u>	<u>£514,625</u>

Approved by the Board on 31st March 1998

*Robert Fm Adair*R F M Adair
Director

The accompanying notes form an integral part of this Balance Sheet.

WESTVIEW INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July, 1997

1 ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards.

The directors consider the going concern concept to be appropriate due to the continued support by the parent company.

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.

b) 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. The results for the previous period have been restated using this method.

c) TURNOVER

Turnover represents the sales of trading properties and rental and service charge income excluding value added tax. Sales of properties are reflected in the accounts if an unconditional contract is exchanged by the balance sheet date and the sale is completed before the date of approval of the accounts.

d) CASH FLOW STATEMENT

The company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cash flow statement as it is a wholly owned subsidiary.

e) 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 diminution's which are charged to the profit and loss account.

WESTVIEW INVESTMENTS LIMITEDNOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July, 1997**1 ACCOUNTING POLICIES (continued)**

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 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.

f) 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.

g) COMPARATIVE FIGURES

The comparative figures are for the sixteen month period ended 31st July, 1996.

WESTVIEW INVESTMENTS LIMITEDNOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st July, 1997

2	TURNOVER	<u>Year ended</u> <u>31st July</u> <u>1997</u> <u>£</u>	<u>16 months to</u> <u>31st July</u> <u>1996</u> <u>£</u>
	Rental income	£10,000	£-
	Turnover arises entirely within the United Kingdom.		
3	INVESTMENT INCOME	<u>Year ended</u> <u>31st July</u> <u>1997</u> <u>£</u>	<u>16 months to</u> <u>31st July</u> <u>1996</u> <u>£</u>
	Dividend income from listed investments	£33,239	£-
4	INTEREST PAYABLE	<u>Year ended</u> <u>31st July</u> <u>1997</u> <u>£</u>	<u>16 months to</u> <u>31st July</u> <u>1996</u> <u>£</u>
	Interest on other loans repayable within 5 years	336,404	-
	Interest on loans repayable after more than 5 years	193,229	-
		£552,633	£-
5	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>Year ended</u> <u>31st July</u> <u>1997</u> <u>£</u>	<u>16 months to</u> <u>31st July</u> <u>1996</u> <u>£</u>
	Loss on ordinary activities before taxation is stated after charging:-		
	Auditors' remuneration	£2,000	£2,000
	Write down in value of investments	£131,795	£-

Neither Director received any emoluments in respect of their services to the company (1996: £Nil). No other persons were employed by the company during the year (1996: None).

WESTVIEW INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31st July, 1997**6 TAXATION**

There is no charge to corporation tax as the company made a loss for tax purposes.

7 INVESTMENT PROPERTIES

	<u>31st July</u> <u>1997</u> <u>£</u>	<u>31st July</u> <u>1996</u> <u>£</u>
Balance brought forward	-	-
Additions	1,478,951	-
Balance carried forward	<u>£1,478,951</u>	<u>£-</u>
Historical cost carried forward	<u>£1,478,951</u>	<u>£-</u>

Investment properties were valued on an open market value on 31st July 1997 by the Directors. No depreciation is provided in respect of investment properties, as stated in the accounting policy note 1(e). 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.

8 INVESTMENTS

	<u>Investment in</u> <u>Subsidiary</u> <u>Undertakings</u> <u>£</u>	<u>Listed</u> <u>Investments</u> <u>£</u>	<u>Total</u> <u>£</u>
Balance brought forward	2,816,543	-	2,816,543
Additions	999	6,732,245	6,733,244
Change in net assets of subsidiaries	1,510,376	-	1,510,376
Disposals	-	(6,147,923)	(6,147,923)
Write down in value	-	(131,795)	(131,795)
Balance carried forward	<u>£4,327,918</u>	<u>£452,527</u>	<u>£4,780,445</u>

Listed investments were quoted on the London Stock Exchange at the 31st July 1997 at 14.5p per share. The investment is stated in the financial statements at 18.5p per share which was the value achieved when those shares were valued for placing purposes in May 1997, and also the value of the shares in a rights issue in February 1998.

WESTVIEW INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31st July, 1997

9	DEBTORS	<u>31st July</u> <u>1997</u>	<u>31st July</u> <u>1996</u>
		£	£
	Due within one year:		
	Called up share capital not paid	100	100
	Trade debtors	16,648	-
	Other debtors	1,295	-
	Due after one year:		
	Amounts due from subsidiary undertaking	1,542,013	1,047,629
		<u>£1,560,056</u>	<u>£1,047,729</u>
10	CREDITORS	<u>31st July</u> <u>1997</u>	<u>31st July</u> <u>1996</u>
		£	£
	Amounts falling due within one year:-		
	Bank loans (see note 11)	165,148	-
	Trade creditors	8,695	-
	Amounts due to parent undertaking	2,387,038	2,104,413
	Amounts due to subsidiary undertakings	35,411	-
	Other creditors	64,710	-
	Accruals	132,973	2,000
		<u>£2,793,975</u>	<u>£2,106,413</u>
11	CREDITORS	<u>31st July</u> <u>1997</u>	<u>31st July</u> <u>1996</u>
		£	£
	Amounts falling due after more than one year:-		
	Bank loans	1,610,191	-
	Other loans	4,170,760	1,243,234
		<u>£5,780,951</u>	<u>£1,243,234</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. The loans are guaranteed by fellow subsidiary undertakings, with further guarantees from Platts Eyot Limited and Terrace Hill (Hampton) Limited. Interest is charged at varying commercial rates.

WESTVIEW INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31st July, 1997**11 CREDITORS**

Amounts falling due after more than one year:-(Continued)

Other loans include loans from C M Adair and M B Adair totalling £1,160,894 (1996: £1,243,234), who have an interest in the shareholding of the company. The loans are unsecured and non interest bearing.

12 SHARE CAPITAL

	<u>31st July</u> <u>1997</u> £	<u>31st July</u> <u>1996</u> £
Authorised 1,000 ordinary shares of £1 each	£1,000	£1,000
	<hr/>	<hr/>
Allotted and called-up 100 Ordinary shares of £1 each	£100	£100
	<hr/>	<hr/>

13 REVALUATION RESERVE

	<u>31st July</u> <u>1997</u> £	<u>31st July</u> <u>1996</u> £
Balance brought forward	516,543	-
Change in investment in subsidiary undertakings	1,510,376	516,543
	<hr/>	<hr/>
Balance carried forward	£2,026,919	£516,543
	<hr/>	<hr/>

14 PROFIT AND LOSS ACCOUNT

	<u>Year ended</u> <u>31st July</u> <u>1997</u> £	<u>16 months to</u> <u>31st July</u> <u>1996</u> £
Balance brought forward	(2,018)	-
Loss for the period	(2,780,475)	(2,018)
	<hr/>	<hr/>
Balance carried forward	£(2,782,493)	£(2,018)
	<hr/>	<hr/>

WESTVIEW INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31st July, 1997

15 MOVEMENTS IN SHAREHOLDERS' FUNDS	<u>Year ended</u> <u>31st July</u> <u>1997</u> <u>£</u>	<u>16 months to</u> <u>31st July</u> <u>1996</u> <u>£</u>
New share capital subscribed	-	98
Loss for the period	(2,780,475)	(2,018)
Change in investment in subsidiary undertakings	1,510,376	516,543
Opening shareholders' funds	514,625	2
Closing shareholders' funds	<u>£(755,474)</u>	<u>£514,625</u>

16 GUARANTEES AND FINANCIAL COMMITMENTS

There were no guarantees or financial commitments authorised or contracted for at the year end (1996: £Nil).

17 RELATED PARTY TRANSACTION

The following related party transactions occurred during the period:

Interest payable to Terrace Hill (Hampton) Limited £130,497 (1996: £Nil). Purchase of listed investments of £5,116,245 (1996: £Nil) and purchase of a subsidiary and investment property £1,450,000 (1996: £Nil). The balance due at the year end to Terrace Hill (Hampton) Limited is £3,009,866 (1996: £Nil).

RFM Adair a Director of Westview Investments Limited has an interest in the shareholding of Terrace Hill (Hampton) Limited.

NJC Turnbull a Director of Westview Investments Limited is also a Director of Terrace Hill (Hampton) Limited.

18 PARENT COMPANY

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