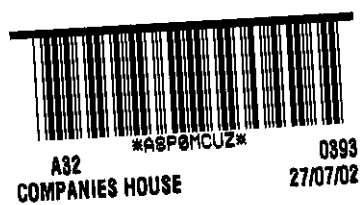


COUNTYWIDE WATERSIDE DEVELOPMENT LIMITED

REPORT AND ACCOUNTS

30 SEPTEMBER 2001

3339078



COUNTYWIDE WATERSIDE DEVELOPMENT LIMITED

CONTENTS

Director's report	1
Report of the independent auditors	2
Profit and loss account	3
Statement of total recognised gains and losses	3
Balance sheet	4
Notes on the accounts	5

COUNTYWIDE WATERSIDE DEVELOPMENT LIMITED

DIRECTOR'S REPORT

The director presents his report and the audited accounts for the year ended 30 September 2001.

ACTIVITIES

The principal activity of the company is that of property investment.

RESULTS

The result for the year is satisfactory, as are future prospects.

The loss after tax for the financial year was £22,000 (2000: restated profit of £85,000).

CHANGES IN FIXED ASSETS

The movements in fixed assets in the year are set out in note 6 to the accounts.

DIVIDENDS

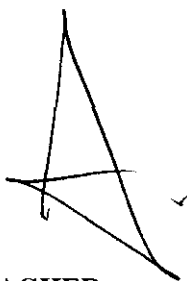
The director does not recommend the payment of a dividend.

DIRECTOR AND HIS INTERESTS

Mr A C Gallagher acted as sole director during the year ended 30 September 2001. He did not have a direct legal or beneficial interest in the share capital of the company during the year.

Mr A C Gallagher is also a director of the parent company and his interest in the shares of the parent company are disclosed in the director's report of that company.

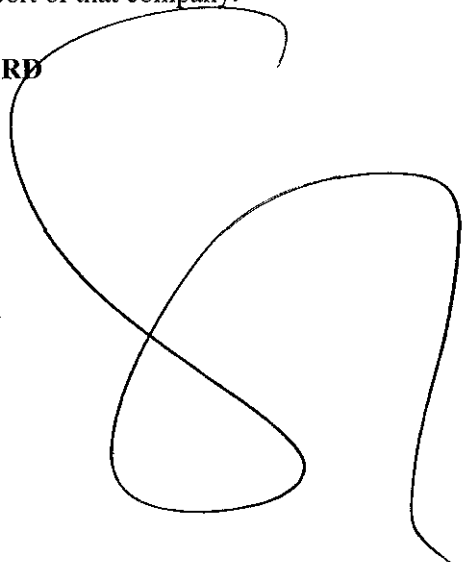
BY ORDER OF THE BOARD



A C GALLAGHER

Chairman

22 July 2002



COUNTYWIDE WATERSIDE DEVELOPMENT LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES FOR THE ACCOUNTS

The director is required by UK company law to prepare accounts for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The director confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 30 September 2001. The director also confirms that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The director is responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COUNTYWIDE WATERSIDE DEVELOPMENT LIMITED

We have audited the accounts on pages 3 to 8.

Respective responsibilities of director and auditors

The director's responsibilities for preparing the report and accounts in accordance with applicable United Kingdom law and accounting standards are set out in the statement of director's responsibilities. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. We report to you our opinion as to whether the accounts 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 director's report is not consistent with the accounts, 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 director's remuneration and transactions is not disclosed. We read the other information contained in the report and accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. The other information comprises only the director's report.

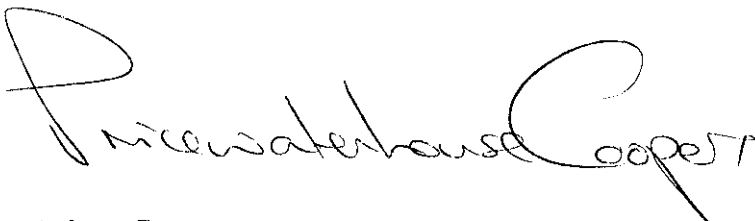
Basis of audit opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 September 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Birmingham

22 July 2002

COUNTYWIDE WATERSIDE DEVELOPMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2001

	Notes	2001 £000	2000 £000 Restated
TURNOVER		1,805	1,737
NET OPERATING EXPENSES	3	(213)	(162)
OPERATING PROFIT		1,592	1,575
INTEREST	4	(1,484)	(1,490)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		108	85
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	(130)	-
RETAINED (LOSS)/PROFIT FOR THE YEAR	11	(22)	85

All operations are of a continuing nature.

The result based on historical cost is no different from the result above.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED
30 SEPTEMBER 2001**

	2001 £000	2000 £000 Restated
(Loss)/profit for the financial year	(22)	85
Total recognised (loss)/gain for the year	(22)	85
Prior year adjustment (note 2)	89	
Total gain recognised since 30 September 2000	67	

COUNTYWIDE WATERSIDE DEVELOPMENT LIMITED**BALANCE SHEET AT 30 SEPTEMBER 2001**

	Notes	2001 £000	2000 £000 Restated
FIXED ASSETS			
Tangible assets	6	31,033	29,860
CURRENT ASSETS			
Debtors	7	807	700
Cash at bank and in hand		625	520
		1,432	1,220
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	8	(3,137)	(1,680)
NET CURRENT LIABILITIES			
		(1,705)	(460)
Creditors: amounts falling due after more than one year	9	(18,200)	(18,250)
NET ASSETS			
		11,128	11,150
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Revaluation reserve	11	10,994	10,994
Profit and loss account	11	134	156
EQUITY SHAREHOLDER'S FUNDS			
	12	11,128	11,150

APPROVED BY THE BOARD ON 22 JULY 2002
A C GALLAGHER
Chairman

COUNTYWIDE WATERSIDE DEVELOPMENT LIMITED

NOTES ON THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

ACCOUNTING BASIS

The accounts have been prepared on the historical cost basis, as modified by the revaluation of certain fixed assets, and conform with applicable UK accounting standards.

The accounting policies set out below have been consistently applied, except as explained in note 2.

(a) TURNOVER

Turnover represents rental income receivable, service charges and other recoveries from investment properties in the United Kingdom.

In circumstances where a tenant has been given an incentive to enter into a lease by way of a payment the incentive is treated as a reduction in rental income and is amortised on a straight line basis over the period from term commencement to the date of the first rent review in accordance with UITF 28. Where an incentive is given to a tenant by way of a rent free period the total rental income receivable for the period to the first rent review is recognised on a straight line basis from term commencement to the date of the first rent review in accordance with UITF 28.

(b) INVESTMENT PROPERTY

Until investment properties are completed they are included in the accounts at cost.

Once completed open market valuations are performed on a 3 year cycle subject to an annual impairment review.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP19. The director considers that, because these properties are not held for consumption but for their investment potential, to depreciate them would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot reasonably be separately identified or quantified.

(c) DEFERRED TAX

Deferred tax is provided at the current rate of tax unless it is expected not to become payable in the foreseeable future.

(d) CASH FLOW STATEMENT

The company is a wholly-owned subsidiary of Countywide Developments Limited and is included in the consolidated accounts of Countywide Developments Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised).

(e) GOING CONCERN

Notwithstanding the fact that at 30 September 2001 the company had net current liabilities, the accounts have been prepared on a going concern basis as the company has received confirmation of financial support from the parent company and its shareholder, for a period of at least one year from the date of approval of the accounts.

COUNTYWIDE WATERSIDE DEVELOPMENT LIMITED

NOTES ON THE ACCOUNTS

2. PRIOR YEAR ADJUSTMENT

Comparative figures have been restated to reflect the change in accounting policy required to conform with UITF 28 regarding operating lease incentives.

The new policy is described in note 1. Previously turnover was recognised on a rent receivable basis and payments to tenants were capitalised.

Current year profit before tax is decreased by £103,000 as a result.

3. NET OPERATING EXPENSES	2001 £000	2000 £000
Net operating expenses comprise:		
Cost of sales	191	144
Administrative expenses	22	18
	<u>213</u>	<u>162</u>
Net operating expenses are stated after charging:		
Auditors' remuneration - audit	3	3
- non audit	1	1
Director's remuneration and staff costs	<u>Nil</u>	<u>Nil</u>
	Number	Number
The average number of persons (including director) employed by the company during the year was	<u>1</u>	<u>1</u>

4. INTEREST	2001 £000	2000 £000
Receivable	18	11
Payable on bank loans	(1,501)	(1,501)
Amortisation of issue costs relating to bank loans	<u>(1)</u>	<u>-</u>
	<u>(1,484)</u>	<u>(1,490)</u>

5. TAX	2001 £000	2000 £000
Group relief payable	<u>(130)</u>	<u>-</u>
	<u>(130)</u>	<u>-</u>

The amount of tax on the capital gain which would become payable in the event of the sale of the investment property for the amount at which it is stated in Note 6 is in the region of £2,954,000.

The tax charge is affected by the prior year adjustment and the tax treatment of lease incentive amortisation.

COUNTYWIDE WATERSIDE DEVELOPMENT LIMITED

NOTES ON THE ACCOUNTS

6. TANGIBLE ASSETS

Freehold Investment Property 2001 £000

Net Book Value at 1 October 2000 (Restated)	29,860
Additions at cost	1,173
Net Book Value at 30 September 2001	<u>31,033</u>

The carrying value of freehold investment property as at 30 September 2001 was reviewed by the director, and based on his assessment of current and expected future yields, continues to be appropriate.
The historic cost of freehold investment property is £20,039,000.

All of the above assets are held for leasing.

7. DEBTORS

2001 £000 2000 £000 Restated

Trade debtors	313	161
Other debtors	494	539
	<u>807</u>	<u>700</u>

8. CREDITORS: amounts falling due within one year

2001 £000 2000 £000

Trade creditors	936	91
Bank loan	50	-
Other creditors	294	298
Amount due to parent undertaking	1,242	895
Amount due to fellow group undertakings	130	-
Deferred income	485	396
	<u>3,137</u>	<u>1,680</u>

9. CREDITORS: amounts falling due after more than one year

2001 £000 2000 £000

Bank loan repayable by instalments due between 1 and 2 years	200	50
Bank loan repayable by instalments due between 2 and 5 years	18,000	18,200
	<u>18,200</u>	<u>18,250</u>

The bank loan is on normal commercial terms and is secured by way of a fixed and floating charge over the assets of the company. Associated interest is payable at a fixed rate of 8.37%.

COUNTYWIDE WATERSIDE DEVELOPMENT LIMITED

NOTES ON THE ACCOUNTS

10. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised:		
Ordinary £1 shares	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid:		
Ordinary £1 shares	<u>2</u>	<u>2</u>

11. RESERVES

	Profit & Loss Account £000	Revaluation Reserve £000
At 1 October 2000 as reported	67	10,994
Prior year adjustment	89	-
As restated	156	10,994
Retained loss for the year	(22)	-
At 30 September 2001	<u>134</u>	<u>10,994</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2001 £000	2000 £000
Retained (loss)/profit for the year	(22)	85
Opening shareholder's funds (Originally £11,061,000, restated for prior year adjustment of £89,000)	11,150	11,065
Closing shareholder's funds	<u>11,128</u>	<u>11,150</u>

13. CAPITAL COMMITMENTS

No capital expenditure was contracted by the company at 30 September 2001 (2000: £Nil).

14. PARENT COMPANY AND CONTROLLING PARTY

Countywide Waterside Development Limited is a wholly owned subsidiary of Countywide Developments Limited (incorporated in England and Wales). The ultimate controlling party is Mr A C Gallagher by virtue of his control of the parent undertaking.

15. RELATED PARTIES

All of the subsidiary undertakings of Countywide Developments Limited are wholly owned and, in accordance with the provisions of FRS 8, transactions between group companies are not disclosed. There are no other related party disclosures to be made concerning the year ended 30 September 2001.

During the year ended 30 September 2000 construction work was undertaken by J J Gallagher Limited, a company controlled by Mr A C Gallagher, to the value of £109,000. This transaction was on an arm's length basis and was settled during the year.