

WBS INVESTMENT LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
for the year ended
31 December 2001



WBS INVESTMENT LIMITED

COMPANY INFORMATION

Director P J de Savary

Secretary H Patel

Company Number 3530679

Registered Office
1st Floor
59 Knightsbridge
London
SW1X 7RA

Auditors MacKenzie Kerr
Chartered Accountants and Registered Auditors
Redwood
19 Culduthel Road
Inverness
IV2 4AA

Solicitors Evans Dodd
5 Balfour Place
Mount Street
London
W1Y 5RG

WBS INVESTMENT LIMITED

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for the year ended 31 December 2001

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WBS INVESTMENT LIMITED

DIRECTOR'S REPORT

for the year ended 31 December 2001

The director presents his report and the financial statements for the year ended 31 December 2001.

Principal activity and review of the business

WBS Investment Limited was the holding company of a company engaged in the operation of a luxury country house hotel and sporting estate. During the year under review WBS Investment Limited disposed of its investment in the subsidiary company.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

		Ordinary shares	
		2001	2000
P J de Savary		-	-
W H Walton	resigned 7/12/01	-	-
P D Kazilionis	resigned 7/12/01	-	-

Director's responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements the director is required to:

- select suitable accounting policies and then 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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

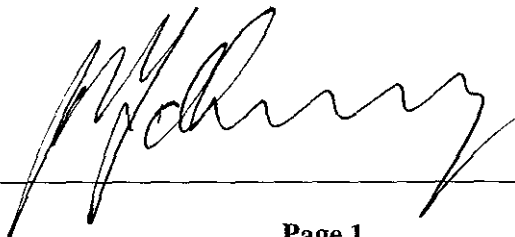
MacKenzie Kerr were appointed auditors to the company in January 2002 and, in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

Small company disclosure

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 31 July 2002 and signed on its behalf by

P J de Savary
Director



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
OF WBS INVESTMENT LIMITED**

for the year ended 31 December 2001

We have audited the financial statements of WBS Investment Limited for the year ended 31 December 2001 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of director and auditors

As described on page 1 the company's director is responsible for the preparation of 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 Director's 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 within the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements in it.

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 director in the preparation of the financial statements, and 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 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MacKenzie Kerr

MacKenzie Kerr

Chartered Accountants and Registered Auditors

Redwood

19 Culduthel Road

Inverness

IV2 4AA

31 July 2002

WBS INVESTMENT LIMITED**PROFIT AND LOSS ACCOUNT**

for the year ended 31 December 2001

		2001	2000
	Notes	£	£
Loss on sale of investment		(939,050)	-
Impairment of fixed asset investment		-	(2,260,000)
Loss on ordinary activities before interest		(939,050)	(2,260,000)
Interest payable and similar charges	4	896,349	(345,906)
Loss on ordinary activities before taxation		(42,701)	(2,605,906)
Tax on loss on ordinary activities	5	-	-
Loss for the year	11	<u>(42,701)</u>	<u>(2,605,906)</u>

WBS INVESTMENT LIMITED**BALANCE SHEET**

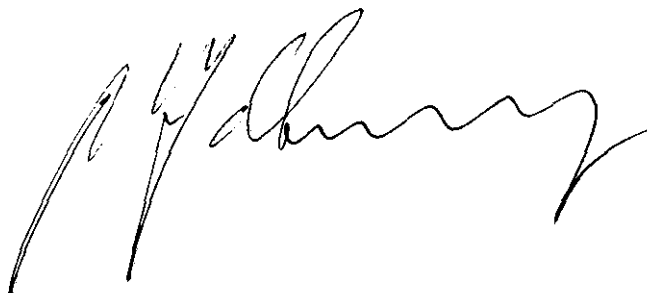
as at 31 December 2001

		2001		2000	
	Notes	£	£	£	£
Current Assets					
Debtors	6	1		1	
Investments	7	579,000		5,790,000	
		<u>579,001</u>		<u>5,790,001</u>	
Creditors: amounts falling due within one year	8	-		(896,349)	
Net Current Assets			<u>579,001</u>		<u>4,893,652</u>
Total Assets Less Current Liabilities			579,001		4,893,652
Creditors: amounts falling due after more than one year	9		(3,778,050)		(8,050,000)
Net Liabilities			<u>(3,199,049)</u>		<u>(3,156,348)</u>
Capital and Reserves					
Called up share capital	10		1		1
Profit and loss account	11		(3,199,050)		(3,156,349)
Shareholders' Funds			<u>(3,199,049)</u>		<u>(3,156,348)</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 31 July 2002 and signed on its behalf by

P J de Savary
Director



WBS INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

1. Going concern

At the balance sheet date the company shows net liabilities of £3,199,049. However, as this is caused by a loan from Westbrook Carnegie Investments LLC, which has stated that it is not likely to seek repayment within the foreseeable future, it is considered appropriate to prepare accounts on the going concern basis.

2. Accounting Policies

2.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

2.2. Investments

Current asset investments are at the lower of cost and net realisable value.

3. Information regarding directors and employees

The director of WBS Investment Limited received no remuneration in respect of this directorship. The director was the only employee of the company. The audit fee of £2,500 (2000 £3,000) is borne by Skibo Limited a fellow group company.

4. Interest payable and similar charges

2001	2000
£	£

Interest (refundable)/payable on Westbrook Carnegie Investments LLC loans	(896,349)	345,906
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Loan interest charged in prior years has been written off by Westbrook Carnegie Investments LLC, which was the company's parent at that time and has therefore been credited to the profit and loss account this year.

5. Taxation

No provision is required for taxation due to the availability of tax losses.

6. Debtors

2001	2000
£	£

Called up share capital not paid	1	1
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WBS INVESTMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2001 (continued)

7. Current asset investments	2001	2000
	£	£
Shares in subsidiary undertakings	-	5,790,000
Other unlisted investments	579,000	-
	<u>579,000</u>	<u>5,790,000</u>
8. Creditors: amounts falling due within one year	2001	2000
	£	£
Amounts due to Westbrook Carnegie Investments LLC	-	896,349
	<u>-</u>	<u>896,349</u>
9. Creditors: amounts falling due after more than one year	2001	2000
	£	£
Due between two and five years	-	3,634,000
Due on resolution of the directors or liquidation of the company	3,778,050	4,416,000
	<u>3,778,050</u>	<u>8,050,000</u>
10. Share capital	2001	2000
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and unpaid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
11. Profit and loss account	2001	2000
	£	£
(Loss) at 1 January 2001	(3,156,349)	(550,443)
Loss for the year	(42,701)	(2,605,906)
(Loss) at 31 December 2001	<u>(3,199,050)</u>	<u>(3,156,349)</u>

WBS INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001 (continued)

12. Ultimate parent undertaking

Since 7 December 2001 the ultimate controlling party has been Carnegie International BV, a company incorporated in Holland.