

## Report of the auditors to the members of PHS Investments Limited

We have audited the balance sheet and related notes on pages 3 and 4.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described below, this includes responsibility for preparing the balance sheet and related notes, in accordance with applicable United Kingdom accounting standards. United Kingdom company law requires the directors to prepare balance sheet and related notes 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 period. In preparing those balance sheet and related notes, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the balance sheet and related notes;
- prepare the balance sheet and related notes 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 balance sheet and related notes 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.

Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance. We report to you our opinion as to whether the balance sheet and related notes give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act.

## 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 balance sheet. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the balance sheet, 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 balance sheet is 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 balance sheet.



## Report of the auditors to the members of PHS Investments Limited (continued)

### Opinion

In our opinion the balance sheet and related notes give a true and fair view of the state of the company's affairs at 31 March 2001 and have been properly prepared in accordance with the provisions of the Companies Act 1985 which would have applied had the balance sheet been prepared for a financial year of the company.

*PricewaterhouseCoopers*

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Cardiff

24 April 2001

## Auditors' statement to the directors of PHS Investments Limited under Section 43(3)(b) of the Companies Act 1985

We have examined the balance sheet of PHS Investments Limited at 31 March 2001.

### Basis of opinion

The scope of our work for the purpose of this statement was limited to an examination of the relationship between the company's net assets and its called-up share capital and undistributable reserves as stated in the audited balance sheet in connection with the company's proposed re-registration as a public company.

### Opinion

In our opinion the balance sheet shows that at 31 March 2001 the amount of the company's net assets was not less than the aggregate of its called-up share capital and undistributable reserves.'

*PricewaterhouseCoopers*

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Cardiff

24 April 2001