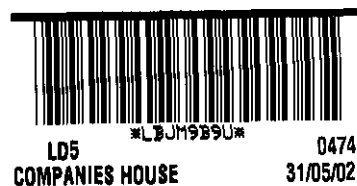


TERRACE HILL DEVELOPMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2001



Company Registration Number 2693490

TERRACE HILL DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2001

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TERRACE HILL DEVELOPMENTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R F M Adair
N J C Turnbull
K W Grundy
R E Lane
P A J Leech
H Llewellyn
A J W Pratt
C M Adair
M B Adair
S L Adair

Company secretary

T Walsh

Registered office

1 Portland Place
London
W1B 1PN

Auditors

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

TERRACE HILL DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 JULY 2001

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 July 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is property development. The Directors do not envisage any major changes in the current activities of the company.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2001 £	2000 £
Dividends paid on ordinary shares	<u>138,103</u>	<u>-</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year were as follows:

R F M Adair
N J C Turnbull
K W Grundy
R E Lane
P A J Leech
H Llewellyn
A J W Pratt
C M Adair
M B Adair
S L Adair

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

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 ultimate parent company. C M Adair and M B Adair have an interest in the share capital of the company by virtue of their interest in the share capital of Westview Investments Limited an intermediate holding 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 page 7, 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.

TERRACE HILL DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JULY 2001

DIRECTORS' RESPONSIBILITIES *(continued)*

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 as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 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 28 February 2002

TERRACE HILL DEVELOPMENTS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 JULY 2001

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on pages 2 to 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility 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 directors' 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 with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 2001 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Thompson Taraz

3 New Burlington Mews
Mayfair
London
W1B 4QB

THOMPSON TARAZ
Chartered Accountants
& Registered Auditors

28 February 2002

TERRACE HILL DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JULY 2001

	Note	2001 £	2000 £
TURNOVER	2	4,657,909	4,312,586
Cost of sales		<u>(3,506,320)</u>	<u>(3,729,292)</u>
GROSS PROFIT		1,151,589	583,294
Administrative expenses		<u>(472,046)</u>	<u>(399,810)</u>
OPERATING PROFIT	3	679,543	183,484
Interest receivable		2,363	3,175
Interest payable	6	<u>(109,204)</u>	<u>(42,573)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		572,702	144,086
Tax on profit on ordinary activities		-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		572,702	144,086
Dividends	7	<u>(138,103)</u>	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		434,599	144,086
Balance brought forward		<u>(434,599)</u>	<u>(578,685)</u>
Balance carried forward		<u>-</u>	<u>(434,599)</u>

The company has no recognised gains or losses other than the results for the year as set out above.

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

TERRACE HILL DEVELOPMENTS LIMITED

BALANCE SHEET

31 JULY 2001

	Note	2001 £	£	2000 £	£
CURRENT ASSETS					
Stocks	8	223,061		358,984	
Debtors	9	3,831,918		1,120,614	
		<u>4,054,979</u>		<u>1,479,598</u>	
CREDITORS: Amounts falling due within one year	10	<u>(3,304,979)</u>		<u>(1,164,197)</u>	
NET CURRENT ASSETS			<u>750,000</u>		<u>315,401</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>750,000</u>		<u>315,401</u>
CAPITAL AND RESERVES					
Called-up equity share capital	14		750,000		750,000
Profit and Loss Account			-		(434,599)
SHAREHOLDERS' FUNDS	15		<u>750,000</u>		<u>315,401</u>

These financial statements were approved by the directors on the 28 February 2002 and are signed on their behalf by:



N J C TURNBULL

TERRACE HILL DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2001

1. ACCOUNTING POLICIES

Basis of accounting

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

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 wholly owned and its parent publishes a consolidated cashflow statement.

Turnover

Turnover represents the sales of trading properties and rental and service charge income excluding Value Added Tax and arises solely within the United Kingdom. Sales of properties are reflected in the accounts if the property is deemed to be practically complete and an unconditional contract is exchanged by the balance sheet date and the sale is completed before the date of approval of the accounts.

Work in progress

Development work in progress is valued at the lower of cost and net realisable value. Interest and other attributable costs are included in the value of work in progress where appropriate.

Work in progress is recorded as turnover when a contract is unconditional and total profit can be assessed with reasonable certainty. Provision is made for the full amount of foreseeable losses.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2001	2000
	£	£
United Kingdom	<u>4,657,909</u>	<u>4,312,586</u>

TERRACE HILL DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2001

3. OPERATING PROFIT

Operating profit is stated after charging:

	2001	2000
	£	£
Auditors' remuneration		
- as auditors	<u>2,500</u>	<u>2,500</u>

4. PARTICULARS OF EMPLOYEES

The aggregate payroll costs of the above were:

	2001	2000
	£	£
Wages and salaries	36,319	179,913
Social security costs	<u>4,232</u>	<u>37,230</u>
	<u>40,551</u>	<u>217,143</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2001	2000
	£	£
Emoluments receivable	<u>36,319</u>	<u>179,913</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2001	2000
	No.	No.
Money purchase schemes	<u>3</u>	<u>3</u>

6. INTEREST PAYABLE

	2001	2000
	£	£
Interest payable on bank borrowing	33,527	15,888
Other similar charges payable	<u>75,677</u>	<u>26,685</u>
	<u>109,204</u>	<u>42,573</u>

Interest paid to group undertakings amounted to £75,547 (2000:£26,685).

7. DIVIDENDS

The following dividends have been paid in respect of the year:

	2001	2000
	£	£
Dividend paid on ordinary shares	<u>138,103</u>	<u>-</u>

TERRACE HILL DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2001

8. STOCKS

	2001	2000
	£	£
Work in progress	<u>223,061</u>	<u>358,984</u>

Development work in progress included £nil (2000:£20,347) of interest.

9. DEBTORS

	2001	2000
	£	£
Trade debtors	43,426	69,230
Amounts owed by group undertakings	3,698,689	1,016,776
Other debtors	13,932	12,881
Prepayments and accrued income	75,871	21,727
	<u>3,831,918</u>	<u>1,120,614</u>

10. CREDITORS: Amounts falling due within one year

	2001	2000
	£	£
Bank loans and overdrafts	444,667	548,085
Trade creditors	87,346	84,924
Amounts owed to group undertakings	2,172,101	176,685
Other creditors	574,800	80,600
Accruals and deferred income	26,065	273,903
	<u>3,304,979</u>	<u>1,164,197</u>

The bank borrowings are secured by legal charges on the development work in progress. Interest is payable at 1.5% over bank base rate.

11. FINANCIAL COMMITMENTS

The amount of capital expenditure authorised and contracted for at the year end was £nil (2000:£180,412).

12. CONTINGENCIES

The company is party to a cross corporate guarantee arrangement securing the bank overdrafts of fellow subsidiaries.

TERRACE HILL DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2001

13. RELATED PARTY TRANSACTIONS

The controlling party of the company during the year was Saffery Champness Trust Corporation, trustees of a life interest trust of which R F M Adair is a beneficiary.

R F M Adair is a director of Westview Group Limited.

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 Terrace Hill Limited.

14. SHARE CAPITAL

Authorised share capital:

	2001 £	2000 £
1,000,000 Ordinary shares of £1.00 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2001 £	2000 £
Ordinary share capital	<u>750,000</u>	<u>750,000</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	572,702	144,086
Dividends	(138,103)	-
	<u>434,599</u>	<u>144,086</u>
Opening shareholders' equity funds	315,401	171,315
Closing shareholders' equity funds	<u>750,000</u>	<u>315,401</u>

16. ULTIMATE PARENT COMPANY

The immediate parent company is Terrace Hill Limited and the ultimate parent company is Westview Group Limited. Both companies are registered in England and Wales.