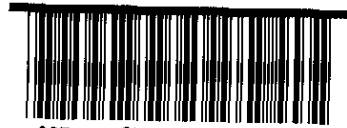


**FIRST TOWER LP(7) LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2002**

**(Company Number SC127807)**



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**FIRST TOWER LP(7) LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2002**

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**FIRST TOWER LP(7) LIMITED**  
**REPORT OF THE DIRECTOR**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

The director presents his report and the audited financial statements of the company for the year ended 31 December 2002.

**1. Principal activity and review of business**

The company owns an interest as a limited partner in the First Tower Limited Partnership ("the Partnership"), an entity which holds a beneficial leasehold interest in office accommodation.

Both the level of business and the year end financial position were satisfactory, and the director expects that the present level of activity will be sustained for the foreseeable future.

**2. Results**

The profit and loss account for the year is set out on page 5. The retained profit for the year of £27 (2001: £28) has been transferred to reserves.

**3. Dividend**

The director does not recommend the payment of a dividend in respect of the year (2001: £Nil).

**4. Director**

The director of the company who served during the year ended 31 December 2002 was R S Heels.

**5. Director's interests**

According to the register required to be kept under Section 325 of the Companies Act 1985, the interests of the director of the company at 31 December 2002 and at the beginning of the year, in the shares of the company's parent undertaking were as follows:

	<u>Number of ordinary shares of 10<sup>4</sup>/11p each</u>			
	<u>Beneficial holdings</u>		<u>Share options</u>	
	<u>31 December</u>	<u>1 January</u>	<u>31 December</u>	<u>1 January</u>
	<u>2002</u>	<u>2002</u>	<u>2002</u>	<u>2002</u>
R S Heels	<u>59,271</u>	<u>61,272</u>	<u>105,364</u>	<u>86,441</u>

The above options are exercisable at various dates before 2013 at prices ranging between 450p and 985p per ordinary share.

**FIRST TOWER LP(7) LIMITED**  
**REPORT OF THE DIRECTOR**  
**FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)**

**5. Director's interests (continued)**

R S Heels did not have any interest in the shares of the company or any other group company, except as disclosed above.

**6. Auditors**

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 23 April 2003 and PricewaterhouseCoopers LLP was appointed as auditors at an EGM on 2 September 2003.

BY ORDER OF THE BOARD



R J Marshall Smith  
Company Secretary

3 September 2003

Registered office:

Saltire Court  
20 Castle Terrace  
EDINBURGH  
EH1 2EN

**FIRST TOWER LP(7) LIMITED**

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

Company law requires the director to prepare financial statements for each financial year that 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.

The director confirms that the most appropriate accounting policies have been used and applied consistently. He also confirms that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed. He also confirms that the financial statements have been prepared on the going concern basis.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'R J Marshall Smith', with a long horizontal flourish extending to the right.

R J Marshall Smith  
Company Secretary  
3 September 2003

**FIRST TOWER LP(7) LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**FIRST TOWER LP(7) LIMITED**

We have audited the financial statements which comprise the profit and loss account, the statement of retained profits, the balance sheet, and the related notes.

**Respective responsibilities of the director and auditors**

The director's responsibilities for preparing the annual report and the financial statements 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 financial statements in accordance with relevant legal and regulatory requirements and the United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 director's remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

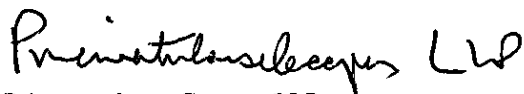
**Basis of audit opinion**

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 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 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 at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
LEEDS  
3 September 2003

**FIRST TOWER LP(7) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

	Notes	Year ended 31 Dec 2002 £	Year ended 31 Dec 2001 £
Operating loss	2	(225)	(225)
Income from interest in fixed asset investment	1(d)	<u>252</u>	<u>253</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	27	28
Taxation on profit on ordinary activities	3	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		27	28
Dividend paid on ordinary shares		<u>-</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR	8	<u>27</u>	<u>28</u>

**STATEMENT OF RETAINED PROFITS**

	£	£
RETAINED PROFIT FOR THE YEAR	27	28
RETAINED PROFIT BROUGHT FORWARD	<u>43</u>	<u>15</u>
RETAINED PROFIT CARRIED FORWARD	<u>70</u>	<u>43</u>

The results shown in the profit and loss account derive wholly from continuing activities.

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

**FIRST TOWER LP(7) LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 2002**

	Notes	<u>31 Dec</u> <u>2002</u> £	<u>31 Dec</u> <u>2001</u> £
FIXED ASSETS			
Investment in the Partnership	4	<u>167</u>	<u>167</u>
CURRENT ASSETS			
Debtors	5	1,590	1,338
Cash at bank		<u>5</u>	<u>5</u>
		1,595	1,343
CREDITORS: amounts falling due within one year	6	<u>(1,525)</u>	<u>(1,300)</u>
NET CURRENT ASSETS		<u>70</u>	<u>43</u>
NET ASSETS		<u>237</u>	<u>210</u>
CAPITAL AND RESERVES			
Called-up share capital	7	167	167
Profit and loss account		<u>70</u>	<u>43</u>
SHAREHOLDERS' FUNDS	8	<u>237</u>	<u>210</u>
Equity shareholders' funds		135	108
Non-equity shareholders' funds		<u>102</u>	<u>102</u>
SHAREHOLDERS' FUNDS		<u>237</u>	<u>210</u>

These financial statements were approved and signed on 3 September 2003 by:

*R S Heels*

R S Heels  
Director



**FIRST TOWER LP(7) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

**1. Principal accounting policies**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. FRS 19 'Deferred taxation' has been adopted in the current year, but this did not result in a material impact on the result for the year. A summary of the more important accounting policies applied in preparing the financial statements of the company for the year ended 31 December 2002, which have been applied on a consistent basis, is set out below:

a) Investment in the Partnership

The company's Partnership interest is stated at cost less provision for impairment in value.

b) Cash flow statement

As permitted by Financial Reporting Standard 1 (Revised), no cash flow statement is presented as the company is a wholly owned subsidiary undertaking of a company incorporated in the UK.

c) Deferred taxation

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the balance sheet date and is determined using the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax assets are recognised only to the extent that they are expected to be recoverable. Deferred tax is measured on a non-discounted basis.

d) Income from fixed asset investment

In each year the company recognises as income a share of the net profits of the Partnership for the same year. This share is calculated on an accruals basis in proportion to the company's contribution to the Partnership's capital.

**2. Profit on ordinary activities before taxation**

The company does not employ any staff. The director did not receive any emoluments in respect of his services to the company during the year (2001: £Nil). Auditors' remuneration of £192 is included in the operating loss for the year (2001: £192).

**3. Taxation on profit on ordinary activities**

There is no charge to corporation tax for the year (2001: £Nil).

**4. Investment in the Partnership**

As a limited partner, the company has contributed 8.325% of the capital of the Partnership, an entity which holds a beneficial leasehold interest in office accommodation.

Under partnership law, there is a possibility that the company may, in certain circumstances, be required to re-contribute to the Partnership some or all of the capital previously returned to it by the Partnership (in total £8,741,250). No liability is expected to arise.

**FIRST TOWER LP(7) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)**

**5. Debtors**

	<u>31 Dec</u> <u>2002</u> £	<u>31 Dec</u> <u>2001</u> £
Amount due from the Partnership	<u>1,590</u>	<u>1,338</u>

**6. Creditors: amounts falling due within one year**

	<u>31 Dec</u> <u>2002</u> £	<u>31 Dec</u> <u>2001</u> £
Amount due to parent undertaking	<u>1,525</u>	<u>1,300</u>

**7. Called-up share capital**

	<u>31 Dec</u> <u>2002</u> £	<u>31 Dec</u> <u>2001</u> £
<u>Authorised:</u>		
100,000 deferred ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
100 ordinary shares of \$1 each	<u>65</u>	<u>65</u>
<u>Issued, allotted and fully paid:</u>		
Deferred ordinary shares of £1 each	102	102
100 ordinary shares of \$1 each	<u>65</u>	<u>65</u>
	<u>167</u>	<u>167</u>

The deferred ordinary shares of £1 each do not carry a right to receive notice of, or attend and vote at, any general meeting of the company. Under the Articles of Association the holders of the deferred ordinary shares will only be entitled to any participation in the profit or assets of the company in very limited and specified circumstances. The company has the power and authority at any time to purchase all or any of these shares for an aggregate consideration of £1.

**8. Reconciliation of movements in shareholders' funds**

	£
As at 31 December 2001	210
Profit for the year	<u>27</u>
As at 31 December 2002	<u>237</u>

**FIRST TOWER LP(7) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)**

9. **Parent undertaking**

The company's parent undertaking and controlling party is Provident Financial plc, which is the smallest and largest group to consolidate these accounts and is a company registered in England. Copies of that company's consolidated accounts can be obtained from the Company Secretary, Provident Financial plc, Colonnade, Sunbridge Road, Bradford, BD1 2LQ.