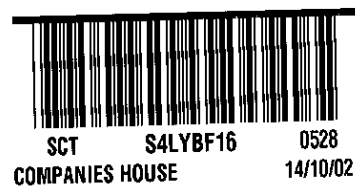


FIRST TOWER LP(7) LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2001

(Company Number SC127807)



FIRST TOWER LP(7) LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2001

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FIRST TOWER LP(7) LIMITED
DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2001

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

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 £28 (2000: £36) has been transferred to reserves.

3. Dividend

The director does not recommend the payment of a dividend in respect of the year (2000: £Nil).

4. Director

The director of the company who served during the year ended 31 December 2001 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 2001 and at the beginning of the year, in the shares of the company's parent undertaking were as follows:

Number of ordinary shares of 10 ⁴/₁₁p each

	<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>2001</u>	<u>2001</u>	<u>2001</u>	<u>2001</u>
R S Heels	<u>61,272</u>	<u>54,391</u>	<u>86,441</u>	<u>91,930</u>

The above options are exercisable at various dates before 2012 at prices ranging between 395p and 985p per ordinary share.

During the year R S Heels was granted options over 6,603 shares. He exercised 11,526 share options during the year and surrendered 566 share options during the year.

FIRST TOWER LP(7) LIMITED

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2001 (continued)

On 23 January 2002 R S Heels exercised a Save As You Earn share option. The number of shares exercised was 698 at a price of 395p per share. This changes the lowest exercisable price above to 498p.

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

BY ORDER OF THE BOARD



R J Marshall Smith
Company Secretary

5 April 2002

Registered office:

Saltire Court
20 Castle Terrace
EDINBURGH
EH1 2EN

FIRST TOWER LP(7) LIMITED

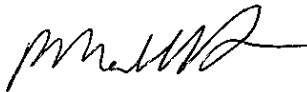
STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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 2001 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



R J Marshall Smith
Company Secretary
5 April 2002

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 balance sheet and the related notes which have been prepared under the historic cost convention and the accounting policies set out in the statement of principal accounting policies.

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 Standards Board.

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 United Kingdom Companies Act. 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. 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 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 affairs of the company at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

LEEDS

5 April 2002

FIRST TOWER LP(7) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	Year ended 31 Dec 2001 £	Year ended 31 Dec 2000 £
Operating loss	2	(225)	(219)
Income from interest in fixed asset investment	1(d)	<u>253</u>	<u>255</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	28	36
Taxation on profit on ordinary activities	3	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		28	36
Dividend paid on ordinary shares		<u>-</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR		<u>28</u>	<u>36</u>

STATEMENT OF RETAINED PROFITS/(LOSSES)

	£	£
RETAINED PROFIT FOR THE YEAR	28	36
RETAINED PROFIT/(LOSS) BROUGHT FORWARD	<u>15</u>	<u>(21)</u>
RETAINED PROFIT CARRIED FORWARD	<u>43</u>	<u>15</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.

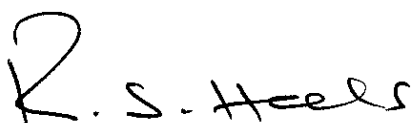
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

FIRST TOWER LP(7) LIMITED

BALANCE SHEET - 31 DECEMBER 2001

	Notes	<u>31 Dec</u> <u>2001</u> £	<u>31 Dec</u> <u>2000</u> £
FIXED ASSETS			
Investment in the Partnership	4	<u>167</u>	<u>167</u>
CURRENT ASSETS			
Debtors	5	1,338	1,084
Cash at bank		<u>5</u>	<u>5</u>
		1,343	1,089
CREDITORS: amounts falling due within one year	6	<u>(1,300)</u>	<u>(1,074)</u>
NET CURRENT ASSETS		<u>43</u>	<u>15</u>
NET ASSETS		<u>210</u>	<u>182</u>
CAPITAL AND RESERVES			
Called-up share capital	7	167	167
Profit and loss account		<u>43</u>	<u>15</u>
SHAREHOLDERS' FUNDS	8	<u>210</u>	<u>182</u>
Equity shareholders' funds		108	80
Non-equity shareholders' funds		<u>102</u>	<u>102</u>
SHAREHOLDERS' FUNDS		<u>210</u>	<u>182</u>

These financial statements were approved and signed on 5 April 2002 by:



R S Heels
Director



FIRST TOWER LP(7) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

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. A summary of the more important accounting policies applied in preparing the financial statements of the company for the year ended 31 December 2001, which have been applied on a consistent basis, is set out below:

a) **Investment in 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**

To the extent that either a liability or benefit is expected to arise in the foreseeable future, deferred taxation is calculated on all timing differences at the rates of tax ruling at the dates when these timing differences are expected to reverse.

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 (2000: £Nil). Auditors' remuneration of £192 is included in the operating loss for the year (2000: £186).

3. Taxation on profit on ordinary activities

There is no charge to corporation tax for the year (2000: £Nil).

4. Investment in 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 2001 (continued)

5. Debtors

	<u>31 Dec</u> <u>2001</u> £	<u>31 Dec</u> <u>2000</u> £
Amount due from the Partnership	<u>1,338</u>	<u>1,084</u>

6. Creditors: amounts falling due within one year

	<u>31 Dec</u> <u>2001</u> £	<u>31 Dec</u> <u>2000</u> £
Amount due to parent undertaking	<u>1,300</u>	<u>1,074</u>

7. Called-up share capital

	<u>31 Dec</u> <u>2001</u> £	<u>31 Dec</u> <u>2000</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 2000	182
Profit for the year	<u>28</u>
As at 31 December 2001	<u>210</u>

FIRST TOWER LP(7) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 (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.