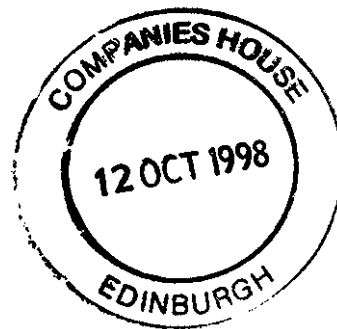


FIRST TOWER LP(10) LIMITED

DIRECTOR'S REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1997

(Company Number SC118426)



FIRST TOWER LP(10) LIMITED

DIRECTOR'S REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1997

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FIRST TOWER LP(10) LIMITED
REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 1997

1. The director presents herewith the audited accounts for the year ended 31 December 1997.

Principal activity and review of business

2. 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.
3. 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.

Results

4. The profit and loss account for the year is set out on page 5. The retained profit for the year of £15 (prior period: loss £144) has been transferred to reserves.

Dividend

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

Director

6. The director of the company who served during the year ended 31 December 1997 was Mr R S Heels.

Director's interests

7. 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 1997 and at the beginning of the year, in the shares of the company's parent undertaking were as follows:

Number of ordinary shares of 10p each

	<u>Beneficial holdings</u>		<u>Share options</u>	
	31 December <u>1997</u>	1 January <u>1997</u>	31 December <u>1997</u>	1 January <u>1997</u>
R S Heels	<u>68,115</u>	<u>26,600</u>	<u>56,422</u>	<u>81,265</u>

8. The above options are exercisable at various dates before 2007 at prices ranging between 140p and 638.5p per ordinary share. During the year Mr R S Heels was granted 28,706 and exercised 53,549 share options. No options have been exercised since the year end.
9. Mr R S Heels did not have any interest in the shares of the company or any other group company, except as disclosed above.

FIRST TOWER LP(10) LIMITED
REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 1997

Income and Corporation Taxes Act 1988

10. In the opinion of the director, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company. There have been no changes in this respect since 31 December 1997.

Charitable and political donations

11. During the year the company did not make any charitable or political donations (prior period: £Nil).

Insurance of director

12. The parent undertaking maintains insurance for the company's director in respect of his duties as a director.

Payment policy

13. The company complies with the CBI Prompt Payers Code and has registered its support. The company agrees terms and conditions for its business transactions with suppliers in advance and payment is made on these terms, subject to the terms and conditions being met by the supplier. A copy of the Code can be obtained from the parent company's registered office. There were no trade creditors outstanding at 31 December 1997.

Auditors

14. A resolution to reappoint Coopers & Lybrand as the company's auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Secretary

27 February 1998

Registered office:

Saltire Court
20 Castle Terrace
EDINBURGH
EH1 2 EN

FIRST TOWER LP(10) LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare accounts 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 year. In preparing those accounts, the director is 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 accounts; and
- prepare the accounts 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 accounts 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



Secretary
27 February 1998

FIRST TOWER LP(10) LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF
FIRST TOWER LP(10) LIMITED

We have audited the accounts on pages 5 to 9.

Respective responsibilities of director and auditors

As described on page 3 the company's director is responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand.

Coopers & Lybrand
Chartered Accountants and Registered Auditors

LEEDS

27 February 1998

FIRST TOWER LP(10) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	Year ended 31 Dec 1997 £	11 weeks ended 31 Dec 1996 £
Operating loss	2	(235)	(200)
Income from interest in fixed asset investment	1(d)	<u>250</u>	<u>56</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	15	(144)
Taxation on profit on ordinary activities	3	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		15	(144)
Dividend paid on ordinary shares		<u>-</u>	<u>-</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR		<u>15</u>	<u>(144)</u>

STATEMENT OF RETAINED PROFITS/(LOSSES)

	£	£
RETAINED PROFIT/(LOSS) FOR THE YEAR	15	(144)
RETAINED (LOSS)/PROFIT BROUGHT FORWARD	<u>(115)</u>	<u>29</u>
RETAINED LOSS CARRIED FORWARD	<u>(100)</u>	<u>(115)</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/(loss) on ordinary activities before taxation and the retained profit/(loss) for the year stated above and their historical cost equivalents.

FIRST TOWER LP(10) LIMITED

BALANCE SHEET - 31 DECEMBER 1997

	Notes	31 Dec <u>1997</u> £	31 Dec <u>1996</u> £
FIXED ASSETS			
Investment in Partnership	4	<u>167</u>	<u>167</u>
CURRENT ASSETS			
Debtors	5	330	80
Cash at bank		<u>5</u>	<u>5</u>
 CREDITORS: amounts falling due within one year	 6	 <u>335</u> (435)	 <u>85</u> (200)
 NET CURRENT LIABILITIES		 <u>(100)</u>	 <u>(115)</u>
 NET ASSETS		 <u>67</u>	 <u>52</u>
CAPITAL AND RESERVES			
Called-up share capital	7	167	167
Profit and loss account		<u>(100)</u>	<u>(115)</u>
 EQUITY SHAREHOLDERS' FUNDS	 8	 <u>67</u>	 <u>52</u>

These accounts were approved and signed on 27 February 1998 by:

R. S. Heels.

R S Heels
Director

FIRST TOWER LP(10) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1997

1. **Principal accounting policies**

The accounts 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 accounts of the company for the year ended 31 December 1997, 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 permanent diminutions 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/(loss) 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 (prior period: £Nil). Auditors' remuneration of £200 is included in the operating loss for the year (prior period: £200).

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

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

4. **Investment in Partnership**

As a limited partner, the company has contributed 8.325% of the capital of the First Tower Limited Partnership ("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(10) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1997 (Continued)

5. **Debtors**

	31 Dec 1997 £	31 Dec 1996 £
Amount due from the Partnership	330	80

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

	31 Dec 1997 £	31 Dec 1996 £
Accruals	200	200
Amount due to parent undertaking	235	-
	435	200

7. **Called-up share capital**

	31 Dec 1997 £	31 Dec 1996 £
<u>Authorised:</u>		
1,000,000 deferred ordinary shares of £1 each	1,000,000	1,000,000
100 ordinary shares of \$1 each	65	65
<u>Issued, allotted and fully paid:</u>		
Deferred ordinary shares of £1 each	102	102
100 ordinary shares of \$1 each	65	65
	167	167

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 equity shareholders' funds**

	£
As at 31 December 1996	52
Profit for the year	15
As at 31 December 1997	67

FIRST TOWER LP(10) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1997 (Continued)

9. **Ultimate parent undertaking**

The company's ultimate parent undertaking is Provident Financial plc, a company incorporated 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.