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PACEMAKER DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

28 FEBRUARY 2002

Company Registration Number: 680921

PACEMAKER DEVELOPMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2002

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PACEMAKER DEVELOPMENTS LIMITED
REPORT OF THE DIRECTORS

The Directors present their report together with financial statements for the year ended 28 February 2002.

Principal activities

The principal activity of the company is that of property development.

The directors anticipate no significant change in the level of trading during the ensuing year.

Change of registered office

On 12 February 2002 the company changed its registered office to Breakspear House, Bury Street, Ruislip, Middlesex, HA4 7SY.

Results

The profit for the year after taxation amounted to £24,277 (2001: £nil). The directors do not recommend the payment of a dividend (2001: £nil) leaving £24,277 retained.

Directors

The Directors in office during the year were as follows:

R Templeman (resigned 30 January 2002)

S D Mantell

S J Rosier (appointed 1 March 2001, resigned 30 January 2002)

N J Borrell (appointed 1 March 2001)

R N Holmes (appointed 1 March 2001)

None of the directors had any interest in the shares of the company at 28 February 2002 or at any other date during the year.

The interests of the directors in the ordinary shares of the ultimate parent undertaking, Prowting PLC are as follows:

	As at 28 February 2002	As at 28 February 2001
S D Mantell	4,107	0
N J Borrell	2,835	0

The interests of the directors in the Executive Share Option Schemes of the ultimate parent undertaking, Prowting PLC are as follows:

	Number of shares at 1 March 2001 and 28 February 2002	Date of grant	Exercise price
S D Mantell	35,000	21 May 2001	155p
S D Mantell	20,000	6 June 1999	117p

The interests of directors who are also directors of the ultimate parent undertaking, Prowting PLC, are shown in that company's financial statements.

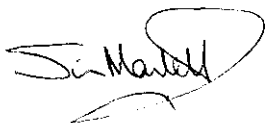
Other than stated above no director has any interest in either the ordinary or the preference shares of the ultimate parent undertaking, Prowting PLC.

PACEMAKER DEVELOPMENTS LIMITED
REPORT OF THE DIRECTORS

Auditors

KPMG Audit Plc offer themselves for appointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'S D Mantell', with a large, sweeping loop at the end.

S D Mantell
Secretary
Breakspear House, Bury Street
Ruislip, Middlesex, HA4 7SY
26 April 2002

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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 and of the profit or loss of the Company for that period. In preparing those financial statements, 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 financial statements;

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PACEMAKER DEVELOPMENTS LIMITED**

We have audited the financial statements on pages 5 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

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

KPMG Audit PLC

**KPMG AUDIT PLC
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
8 SALISBURY SQUARE
LONDON
EC4Y 8BB**

26 April 2002

PACEMAKER DEVELOPMENTS LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 28 FEBRUARY 2002

	Notes	2002 £	2001 £
Other operating income		32,291	0
Tax on profit on ordinary activities	2	<u>(8,014)</u>	<u>0</u>
Profit for the financial year	7	<u>24,277</u>	<u>0</u>

All turnover and operating profits are derived from continuing operations in both the current and previous years. There were no recognised gains or losses other than the profit for the year.

PACEMAKER DEVELOPMENTS LIMITED
BALANCE SHEET
AS AT 28 FEBRUARY 2002

	Notes	2002 £	2001 £
Current assets			
Stocks	3	5,682,875	5,440,791
Debtors	4	80,138	80,138
		<u>5,763,013</u>	<u>5,520,929</u>
Creditors: amounts falling due within one year	5	(5,669,986)	(5,452,179)
Net assets		<u>93,027</u>	<u>68,750</u>
Capital and reserves			
Called up share capital	6	100	100
Profit and loss account	7	<u>92,927</u>	<u>68,650</u>
Equity shareholders' funds	8	<u>93,027</u>	<u>68,750</u>

The financial statements were approved by the Board of Directors on 26 April 2002 and were signed on its behalf by:



N J Borrell
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

PACEMAKER DEVELOPMENTS LIMITED

ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The principal accounting policies of the company are set out below and have remained unchanged from the previous year other than the adoption of the transitional provisions of FRS17 "Retirement benefits", FRS18 "Accounting policies" and FRS19 "Deferred tax" with no material effect on the company's results.

TURNOVER

Turnover principally arises from the sale of residential properties and land, recognised upon legal completion, but excludes the sale of properties accepted in part exchange. The net profits or losses arising on the sale of part exchanged properties are dealt within cost of sales.

STOCKS

Stocks represent land in the course of development plus construction costs, costs arising thereon and land held for future development and part exchange properties. Stocks are stated at the lower of cost, including attributable overheads and net realisable value.

DEFERRED TAXATION

Except where otherwise required by accounting standards, full provision, without discounting, is made for all timing differences which have arisen but not reversed at the balance sheet date.

PACEMAKER DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2002

1 DIRECTORS AND EMPLOYEES

There were no employees during the year (2001:nil) other than the directors, to whom no emoluments were paid or payable (2001:£nil).

2 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	2002 £	2001 £
UK Corporation tax at 30% (2001: 30%)	8,014	0
Adjustment in respect of prior year	0	0
	<u>8,014</u>	<u>0</u>
The charge differs from the UK rate due to:		
Expected tax charge at 30% (2001: 30%)	9,687	0
Marginal relief	(1,673)	0
	<u>8,014</u>	<u>0</u>

3 STOCKS

	2002 £	2001 £
Land	5,288,588	5,288,530
Development & construction costs	394,287	152,261
	<u>5,682,875</u>	<u>5,440,791</u>

4 DEBTORS

	2002 £	2001 £
Amounts owed by group undertakings	<u>80,138</u>	<u>80,138</u>

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Amounts owed to group undertakings	5,661,972	5,452,179
Taxation	8,014	0
	<u>5,669,986</u>	<u>5,452,179</u>

6 SHARE CAPITAL

	2002 £	2001 £
Authorised, allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

PACEMAKER DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2002

7 PROFIT AND LOSS ACCOUNT

	£
At 1 March 2001	68,650
Profit for the financial year	24,277
At 28 February 2002	<u>92,927</u>

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	24,277	0
Net increase in shareholders' funds	24,277	0
Shareholders' funds at 1 March 2001	68,750	68,750
Shareholders' funds at 28 February 2002	<u>93,027</u>	<u>68,750</u>

9 CONTINGENT LIABILITIES

At 28 February 2002 and 28 February 2001, the company had a contingent liability in respect of an unlimited guarantee securing certain bank advances to group undertakings.

10 CASHFLOW STATEMENT

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A cash flow statement is prepared by the ultimate holding company, disclosed in note 12.

11 RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose transactions with other group companies.

12 ULTIMATE HOLDING COMPANY

The ultimate holding company is Prowting PLC which is registered in England and Wales. Copies of the accounts of Prowting PLC may be obtained from Breakspear House, Bury Street, Ruislip, Middlesex, HA4 7SY.