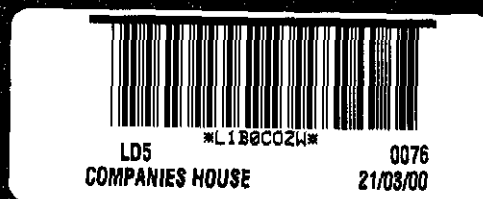




WARD

HOLDINGS PLC



Report & Accounts

1998 - 1999



WARD

HOLDINGS PLC

WARD HOLDINGS PLC is a publicly quoted regional house builder and plant hire company with a turnover in excess of £35 million employing over 140 people. After restructuring in 1998 the group is committed to a period of sustained growth both within its core region of Kent and other areas of the South East of England.

The group comprises of:

Ward Homes - a Kent based regional house builder. The company has been trading for over 60 years and is viewed as Kent's premier housebuilder.

Anvil Plant Hire - offers a wide range of plant from heavy civil engineering equipment through to small tools. It operates from five depots all located within Kent.

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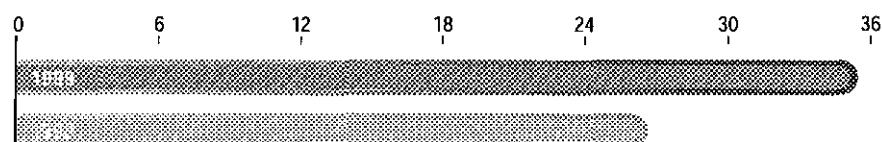
Year in brief

Following the restructuring in 1998 the group has returned to profitability with a significant increase in house sales delivering a strong growth in profits and earnings per share.

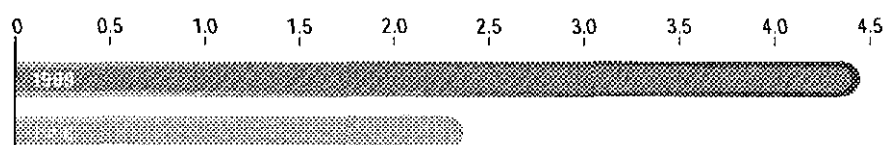
Financial highlights

	1999 £'000	1998 £'000	Percentage Increase
Turnover	35,432	27,678	28%
Profit Before Tax and Exceptionals	4,400	2,374	85%
Earnings per Share Before Exceptionals	8.19p	4.23p	94%
Dividends	2.15p	1.6p	34%

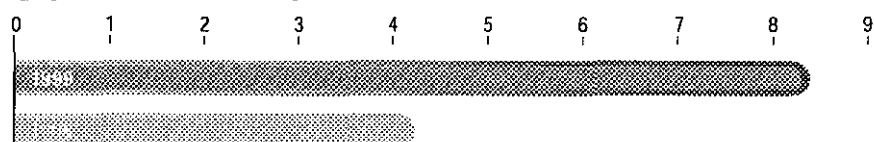
Turnover (£'m)



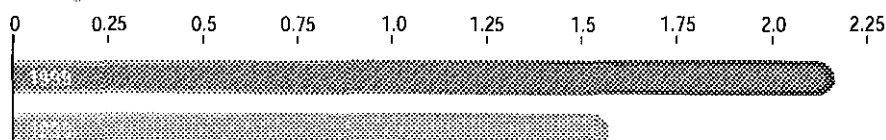
Profit before Tax and exceptionals (£'m)

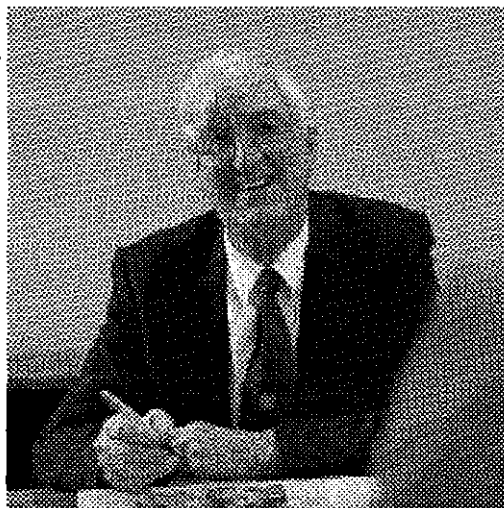


Earnings per Share Before Exceptionals (£'m)



Dividends (pence)





Chairman's statement

With land unlocked and many new sites being released for development the future is full of potential

Denis Ward
Chairman

This has been a year of opportunity in making the most of the business environment we find ourselves in, when from February 1999 the Market reverted from slump to boom in the South East of England and I am able to report to you a particularly satisfactory set of results.

Our profit before tax for the year ending 31st October 1999 was £5.8m (1998: £10.1m loss) and produced earnings per share of 10.86p (1998: 18.05p loss). Within this there was an exceptional profit of £1.4m (1998: £12.5m loss) relating to the settlement of a long running legal dispute. Profits before exceptional items and tax were £4.4m (1998: £2.4m) generating a pre exceptional earnings per share of 8.19p (1998: 4.23p).

Dividends

After maintaining the dividend last year the Board are now able to recommend an increase in the total dividend of 34% to 2.15p (1998: 1.6p) which in part reflects the exceptional profits earned during the year. The final dividend of 1.4p (1998: 1.0p) will be paid on 8th March 2000 to shareholders on the register as at 11th February 2000. The dividend is covered by pre exceptional earnings more than 3.8 times.

House Building

Turnover for the housebuilding division was £30.7m (1998: £24.7m) based on 256 completions (1998: 190) at an average selling price of £113,000 (1998: £127,000). The reduction in price was due to the increased percentage of apartments produced. Profits before interest, tax and exceptional items increased by 93.2% to £3.4m.

Over the year house purchaser confidence was restored on the expectation of stable economic conditions, low long term interest rates and high levels of employment, which facilitated excellent affordability.

These favourable trading conditions in the South East have enabled the company to improve selling prices with operating costs kept under control.

Development of a number of large sites delayed through the numerous processes of the planning requirements have now commenced which should assist future volumes and profits.

Changing Lifestyle

Housing usage today has become an important factor in house design and in the marketing of houses bought new.

It has become particularly important, with the company being in the forefront of design changes, to have regard for the indicative living changes presently taking place where the combinations of a large kitchen/breakfast room, utility and family room become the living quarters.

Company concentration is also centred on the updating of the internal services of new homes, with most rooms wired for digital, satellite and terrestrial TV systems, many telephone points, computer and internet facilities.

Inward labour migration

A powerful force for increased housing demand in the South East relates to the present inward migration.

It is estimated that 178,000 more people migrated to than from the U.K. in 1998 with the expectancy many were destined to work in the business and finance service sectors in London adding to the housing demand within the South East.

Land

With the strategic acquisition of Castle Village Limited completing on the 2nd November 1999 for a total consideration of £8.1m (the land content being 106 acres) of which 35 acres has development approval for 157 retirement units at Berkhamsted, Hertfordshire, the Company is now in a position to expand its area of operation, increase its volume and enhance its future profit margins.

Anvil

Pre tax profits for Anvil Plant Hire Limited showed only a marginal improvement due in part to the commencement of a continuing refurbishment programme.

Investment in staff training in Information Technology and improved team work, in tandem with increased advertising has given the Company an increased profile.

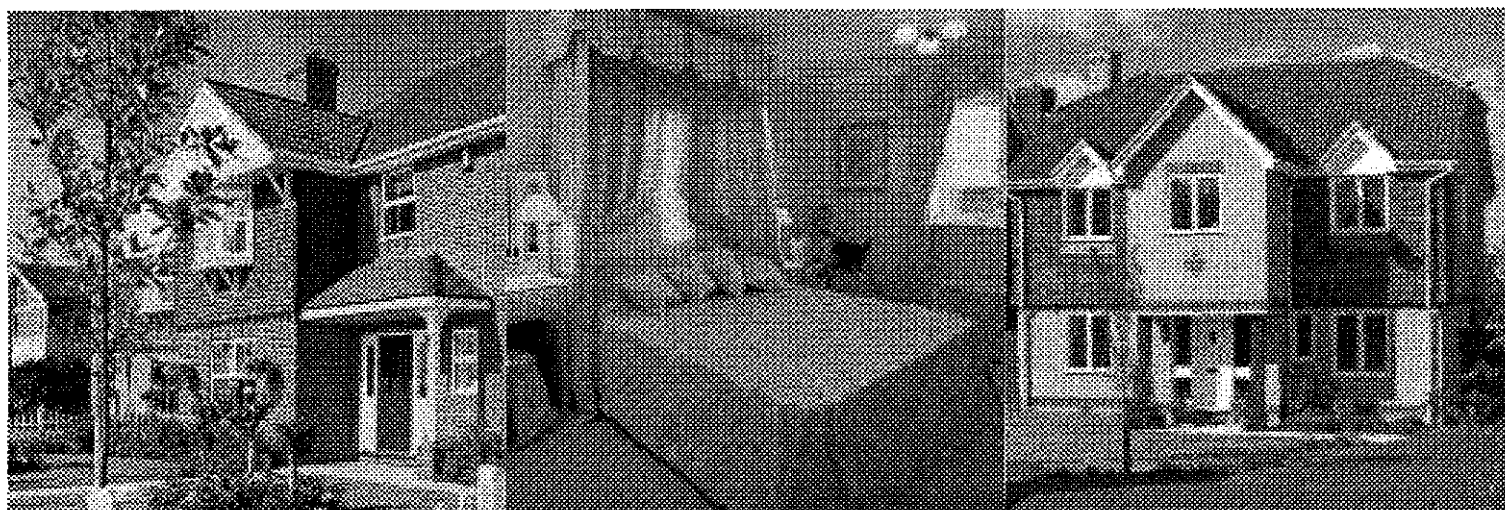
Prospects

We are looking forward in this financial year to working in a strong market, with ample debt facilities alongside sound banking relationships.

Our clear strategy is centred on achieving profit from efficiencies and improved performance with a view to increasing our operating margin.

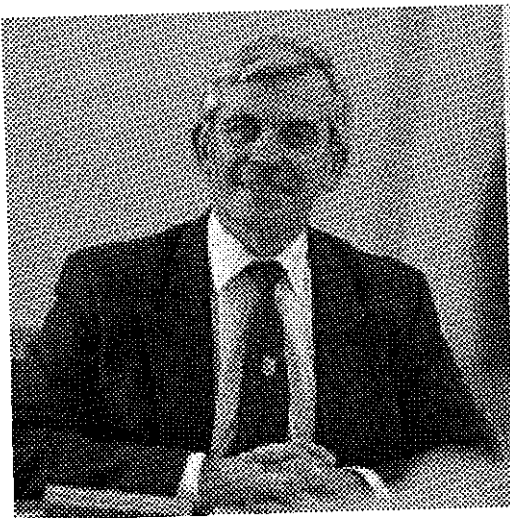
With land potential unlocked and many new sites being released for development I look forward to reporting a satisfactory year ahead.

D.J. Ward
Chairman



New House Designs

During the year *Ward Homes* launched a range of 20 new house designs with prices based on traditional English villages such as the *Mildred* and the *Lynden*. BBC *Homefront* the popular home style and design programme chose our site at *Sherry* near *Canterbury* for the filming of their designer of the year award.



Chief Executive's operational review

"This year has seen a return to profitability for the Group. The stronger market, coupled with the opening of new sites and new house designs has seen sales momentum increase throughout the year"

David Holliday *our
Chief Executive*

Group Overview

The year ended 31st October 1999 saw a return to profitability for the Group. Profits before taxation and exceptionals increased by 85% to £4.4m on a turnover up by 28% to £35.4m.

Behind the figures lies a year of solid endeavour from all our staff, consultants, subcontractors and material suppliers as we have all accepted the challenge of meeting the ever increasing expectations of our customers – my thanks to everyone involved.

Ward Homes

Performance

The Homes division made an operating profit before exceptionals of £3.4m (1998: £1.8m) which was assisted by a £0.5m profit from the sale of land. This was achieved from a turnover of £30.7m up 24.3% from the previous year.

After a depressed sales period in the autumn of 1998, sales momentum has steadily increased. The stronger

market, coupled with the opening of new sites and the introduction of new house designs enabled the Company to increase conveyances from 190 to 256. The increasing strength of the market throughout the year has meant that the use of some of our marketing aids, for instance part exchange has diminished.

The Company's policy is to continue to develop marketing aids which will add value to our product and ease the purchase process for the customer.

As predicted last year average sales price fell from £127,000 to £113,000 due to the mix of sites and especially the high proportion of apartments.

However average sales price is anticipated to rise strongly in the forthcoming year as the sales mix moves up market.

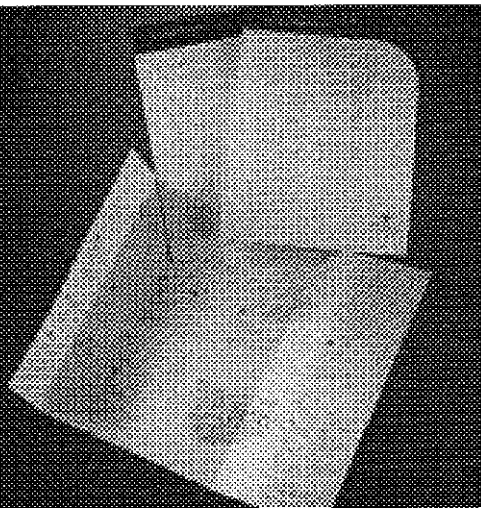
Re-branding

In January 1999 after extensive market research we launched our new company livery which has helped position the company as the "builder of first choice" in its chosen markets and geographical locations. The launch of the livery was quickly followed by new sales offices and

higher standards of presentation throughout the whole of the business. The new image of the Company has been well received; building upon the history of the Company and positioning it for the start of the new Millennium.

Our customer focus has continued to be improved with the introduction of the Company's "Customer Charter", which sets out clearly the Company's standards for both the product and service to the customer. Amongst many initiatives in our customer focus programme, the provision of a 'handyman' to assist with the processes of settling into the new home has proved to be popular and illustrates the Company's philosophy of making home moving easier and dealing with the issues which really matter to the customer. Our customer care team, aided by a new software programme, better training and procedures is now delivering a superior service to our customers.

The Company has launched during the year a new range of twenty homes



The Customer

The new generation of Ward house designs pays particular attention to the lifestyle requirements of the modern day family. As we enter the new millennium ever greater focus is placed on customer service with a handyman being made available to assist the purchaser with moving in. This along with the dedicated site team allows the company to fulfil its promises under its customer charter.



Chief Executive's operational review

Ward Holdings, with the majority of its land holdings in Kent, is uniquely positioned to take advantage of continued regional and county growth.

which will form the core of our product range over the next two years. The range is featured on most of our new sites and customer reaction has been enthusiastic. Product development is a continuous process with the Company both reacting to and anticipating changing customer requirements. The new house designs reflect customer need for greater use of electronic equipment in the home, together with a redistribution of space to a more casual usage for example family rooms.

Land and Planning

During the year we completed 13 developments and opened show houses on 12. The momentum for opening new sites has continued with a further five developments being opened since the Company's year end.

The momentum of site openings reflects the work done by our planning and development team who in the financial year gained planning permission for 648 units, which was a Company record. This was achieved by a skilled in-house team

supplemented by first class external consultants, all of whom specialise in working closely with planners and local councillors to achieve the best solutions on each development.

Planning issues continue to be one of the housebuilders top concerns.

As a company we believe that by working as partners with all involved we will achieve the best solution.

We have continued to add to our land bank with in excess of 450 plots being purchased in the year of which 70% came from our option land bank.

Of note during the year were our successes at Eddington, Canterbury of 144 plots, and at two sites within the Swale District which total 165. As at 31st October 1999 the Group's owned land bank consists of 916 plots.

The potential of our option land bank consisting of 370 acres, which could produce 1,800 units remains.

However with the current planning process being so protracted it will be several years before a significant amount of this land will be turned into production sites.

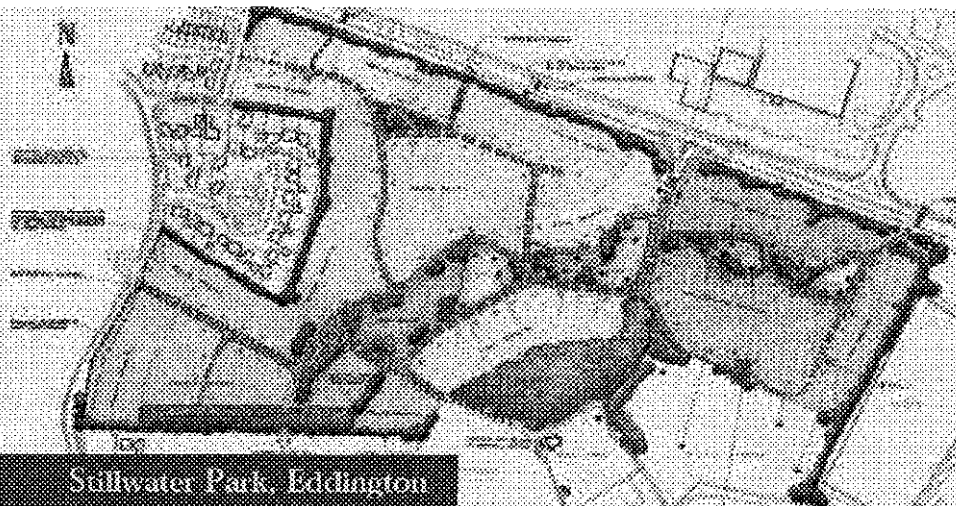
The Company has, subsequent to the year end, also purchased a 157 unit site at Berkhamsted, Hertfordshire.

This site will not only provide a springboard to increasing our market coverage in the South East, but also to developing the 'Retirement Village' concept. The retirement village at Berkhamsted, located next door to the golf club will have central facilities consisting of a bar, restaurant, snooker room and medical facilities.

The units consist of two bedroom apartments through to three bedroom cottages. The ongoing scheme will be managed by Retirement Villages Plc who already have experience at managing similar schemes in the South of England. Marketing of the project is expected to start in summer 2000.

Staff

The Company continues to invest in the training and development of its staff. The training is primarily focused on delivering a better service to the customer. Training courses have ranged from personal skills of site managers dealing with customers



Stillwater Park, Eddington

Land Acquisition

With the anticipated growth for Ward Homes successful land acquisition is essential. During the year in excess of 450 plots were purchased coming from either direct market purchases or from negotiations of our long term land options such as those at Eddington and Acle.

In addition to this, Bockhamstead was acquired for the development of our first retirement village consisting over 150 homes plus care facilities to be provided in the refurbished Minsden House.



Chief Executive's operational review

“The outlook for the housing market over the next two years remains favourable, a growing economy coupled with relatively low interest rates will increase the confidence of home buyers.”

through to information technology. The Company views training as an on-going commitment to its staff.

The Company is pleased to be recognised in the NHBC 'Pride in the Job' Award Scheme with our site manager Aubrey Morris winning a significant award for his site at Eastwell Grange, Ashford.

The Market

Sales continue to be buoyant, with the ripple effect from London spreading to Kent. With reservations of approximately 25% of this year's anticipated forecast output we are well placed to have another year of significant growth.

Anvil Plant Hire Limited

Operating profits before exceptional items within Anvil Plant Hire Limited were marginally up on the prior year at £0.4m. Turnover for the year was constant but within this more than £200,000 of inter-company trading was replaced by third party income.

Significant progress was made during the year with the Company's modernisation programme.

The outlet at Gillingham has been refurbished and subsequent sales have shown an encouraging increase.

The remaining outlets will be refurbished during the current year.

The information technology systems have been enhanced to give better management information enabling the company to be more responsive to customers.

The combination of the above investment has meant that operating profits before exceptional items have shown only a minimal increase during the year. The plant hire market continues to be highly competitive with prices being either static or falling but with the improvements highlighted above we are looking forward to a successful year.

Commercial Property

The Group has been successful in its stated intention of disposing of its commercial property assets. Nine properties were sold during the year generating sales income of £2.5m. As at the year end only three non group occupied commercial properties remain which it is anticipated will be sold in the coming year.

Future Prospects

The outlook for the housing market over the next two years remains favourable, a growing economy coupled with relatively low interest rates will increase the confidence of home buyers.

Ward Holdings with the majority of its land holdings in Kent is uniquely positioned to take advantage of continued regional and county growth.

P.D. Holliday OBE
Chief Executive



Training and Development

Significant investment has been made in both the training of our people and in the development of our IT systems. All staff have undertaken computer based training courses as well as more specific training for sales negotiators and site agents. As a result we continue to have success in NHPL awards with one manager Anthony Morris winning a "Pride in Job" award for his site at Eastwell Grange, Ashford.





Financial review

Housebuilding gross margin improved from 19% to 21% and return on capital employed increased from 9.1% to 19.7%.

Michael Lethaby
Finance Director

Profit & Loss Account

Group

The Group made a pre-tax profit in the year of £5.8m improving from the previous years loss of £10.1m. Within this there was an exceptional profit of £1.4m (1998: Exceptional loss £12.5m) and a profit on the sale of fixed assets of £0.26m (1998: nil). Stripping out the effects of these one-offs the Group has therefore improved its profits before exceptional items, fixed asset sales and tax by 75% from £2.4m to £4.1m.

The exceptional profit in the year relates to the settlement of the long running legal dispute with Kent County Council known as the 'Batchelor case'. £4.15m had already been accrued in the accounts and with a settlement of £2.75m this gave an exceptional release to profit of £1.4m.

Net bank interest of £0.43m (1998: £0.24m) was earned during the year on cash deposits which was offset by interest charges of £0.1m on finance leases within Anvil Plant Hire Limited.

Housebuilding

The housebuilding division profit before the exceptional item, interest and tax improved by 93% from £1.8m to £3.4m. Within this gross margin improved from 19% to 21% and operating margin from 7% to 11%. Return on capital employed (excluding the effects of exceptionals) also increased from 9.1% to 19.7%.

Anvil Plant Hire Limited

Gross margins within Anvil Plant Hire Limited improved to 40.4% (1998: 39.8%) but operating margins fell from 15.7% to 14.6%. As explained within the Chief Executive's

Report this was due in part to expenditure on the refurbishment of depots plus enhancements to the information technology systems which although impacting on current year profits, will improve the future operating efficiencies of the business.

Commercial Property

During the year there were nine disposals of commercial properties generating £2.5m in cash and £0.3m of profits. Two of these were investment properties held as fixed assets and generated the £0.26m profit on sale of fixed assets disclosed below the operating profit line. Only three properties remain within the commercial development portfolio as at 31st October 1999, one of which will be converted for residential development.

Taxation

Due to brought forward tax losses the Group has only £0.1m tax charge for the year (1998: £0.7m credit). In addition the Group has tax losses to carry forward of approximately £5m.

Balance Sheet

Shareholders funds have increased by 24% from £18.8m at the start of the year to £23.4m at the close. This is after the deduction of £1.1m in respect of dividends.

The net book value of fixed assets fell from £3.8m to £3.3m reflecting the disposal of investment properties.

As a result of the growth in housebuilding activity the value of land and work in progress increased during the year from £16.4m to £19.9m. Part exchange properties have fallen from £1.1m to £0.47m reflecting

the reduction in their use as a sales incentive. As at 31st October 1999 there were only four part exchange properties in stock.

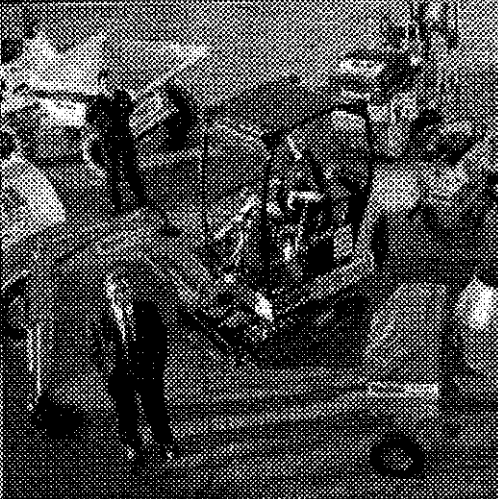
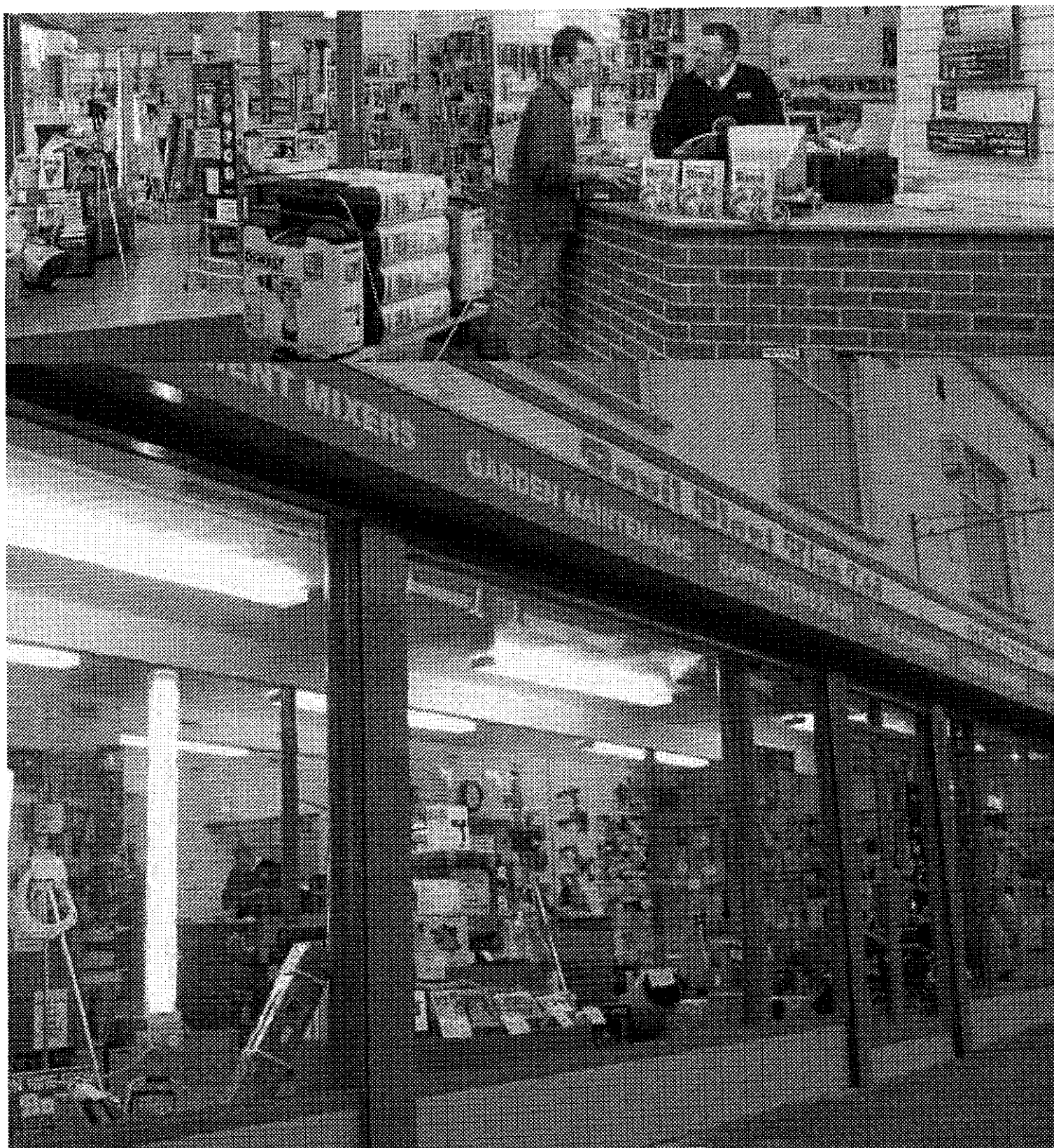
Creditors have fallen by £2.4m during the year largely as the result of the settlement of the 'Batchelor' dispute and the resultant utilisation and release of accrual.

Funding

During the year the Group renegotiated its external borrowings to meet its medium and long term objectives. A three year £25m floating rate revolving loan facility with the National Westminster Bank Plc was entered into in January 1999. The Group has considered entering into a forward interest rate contract to protect the Group against adverse interest rate movements, but decided to wait until such time as the facility was being used to re-assess the options available.

During the year ended 31st October 1999 the Group remained cash positive with year end balances of £8m (1998: £8.8m). However, since the year end further significant investments in land have meant that the Group is now starting to use its borrowing facility.

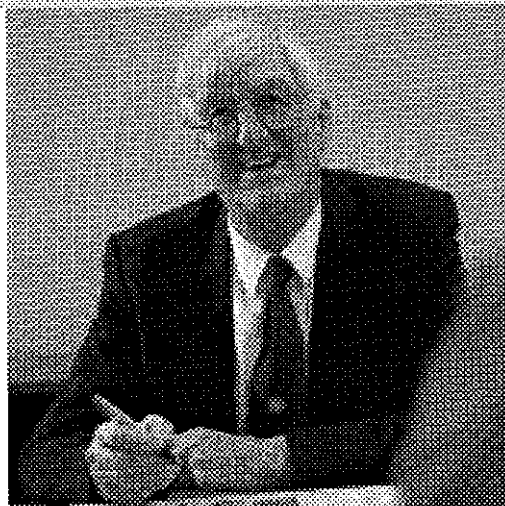
M.R. Lethaby
Finance Director



Anvil Plant Hire Ltd

Anvil Plant Hire offers a range of equipment suitable for both the contractor and also the individual. During the year a comprehensive refurbishment of the outlets commenced with Gillingham. The successful format used here will be extended to the other outlets within the group.

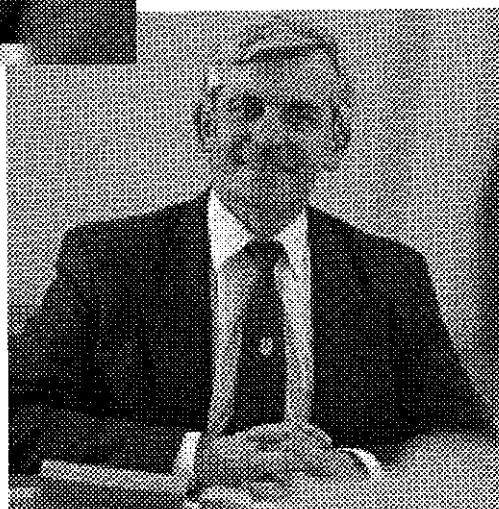
Directors Profiles



Denis Ward



Michael Lethaby



David Holliday OBE

ADVISORS

Auditors	KPMG Audit Plc, 8 Salisbury Square, London EC4Y 8BB
Bankers	National Westminster Bank PLC, City of London Office, 1 Princess Street, London EC2R 8PB
Registrar and Transfer Office	IRC plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TV
Financial Advisors and Stockbrokers	Dresdner Kleinwort Benson, 20 Fenchurch Street, London EC3 3DP
Secretary and Registered Office	M. R. Lethaby, 2 Ash Tree Lane, Chatham, Kent ME5 7BZ

Registered in England No. 300534



Graeme Wall



Michael Allsop



Bill Gair

Denis Ward *

Chairman

Has spent all his working life with the company and has been Chairman since floatation in 1972.

Graeme Wall

Sales and Marketing Director

Joined the group in 1987 and was appointed to the board in 1993.

David Holliday OBE

Chief Executive

Joined the company in 1998 as Chief Executive. He is the non executive chairman of Tamdown Plc, a non executive director of Ben Bailey Plc and the NHBC.

Michael Allsop *

Non Executive Director

Appointed as a non executive director in 1998 and chairs both the audit and remuneration committees. He is the Vice Chairman of Sabanchi Bank Plc.

Michael Lethaby ACA

Finance Director

Joined as Group Finance Director in 1998.

Bill Gair *

Non Executive Director

Appointed as non executive director in 1998. He is a director of Retirement Villages PLC and the NHBC and is the current president of the House Builders Federation.

*Member of audit committee and remuneration committee.

Report of the Directors

COMPANIES HOUSE

21/03/00

The Directors have pleasure in submitting their Report and Accounts for the year ended 31st October 1999.

Principal Activities and Business Review

The Groups principal activities encompass house building, commercial property development, property investment and plant hire. Further details of the Group's activities during the year under review and of its prospects are included in the Chairman's statement, Chief Executive's report and Finance Director's review.

Results & Dividends

The profit on ordinary activities after taxation amounted to £5.71m.

The Directors recommend the payment of a final dividend of 1.4 pence per share which, together with the interim dividend paid in August 1999, will make a total of 2.15 pence per share for the year ended 31st October 1999. The total dividend cost is £1.1m for the year giving a retained profit of £4.6m. Subject to approval by the shareholders, the final dividend will be payable on 8th March 2000 to shareholders on the register at 11th February 2000.

Directors

The Directors of the Company during the year ended 31st October 1999 were as follows:

D.J. Ward
P.D. Holliday OBE
G.A. Wall
M.R. Lethaby
M.V.F. Allsop
W.C. Gair

In accordance with the Articles of Association, D.J. Ward and P.D. Holliday retire by rotation at the annual general meeting and offer themselves for re-election.

The interests of the Directors in the shares of the Company are disclosed on page 17 in the Report on Remuneration.

Substantial Shareholdings

In addition to the Directors shareholdings as disclosed on page 17 the Directors are aware of the following shareholdings in excess of 3% in the ordinary shares as at 4th January 2000.

	Number of Ordinary Shares Held	% of Issued Share Capital
Nutraco Nominees Ltd.	3,151,983	6.0%
Clydesdale Bank (Head Office) Nominees Ltd.	2,193,200	4.2%
G.H. Ward	1,920,000	3.7%
Imperial Pensions Nominees Ltd.	1,892,732	3.6%

The Directors and their families controlled 54.8% of the issued share capital as at 4th January 2000.

Employees

The Directors recognise the importance of good communication and relations with employees and these are maintained through management meetings, an internal news sheet, departmental meetings, inter-departmental presentations and half yearly staff briefings.



It is group policy to give fair consideration to the employment of disabled people and to comply with any current legislation with regard to disabled persons.

Creditors Payment Policy

It is the Group's policy to pay all invoices from suppliers according to the *pre-agreed terms of payment*.

The Group's average creditor payment period at 31st October was 46 (1998: 42). The Company does not have any trade creditors.

Charitable Donations

During the year the Group made charitable donations totalling £1,144 (1998: £1,325). No political donations were made during the year (1998: Nil).

Year 2000

The up-grade of the Group's accounting and house production systems to year 2000 compliance took place during the year ended 31st October 1998.

During the year ended 31st October 1999 all personal computers, operating systems and software were upgraded to be Year 2000 compliant.

The cost of up-dating the system has been written off to profit and loss as incurred.

Enquiries have been made of suppliers and sub contractors and the Board do not expect material disruption to our business from the year 2000 problem but the complexity of the matter prevents any business offering absolute assurance on this issue.

Report on Remuneration

Remuneration of non-executive Directors

The non-executive Directors each receive a fee for their services which is approved by the Board and shown within the Directors remuneration note on page 18. Mr. Gair is also entitled to additional fees for other services undertaken on behalf of the group as explained in the Directors remuneration note.

The non-executive directors do not receive any pension or other benefits from the Company, nor do they participate in any of the bonus or incentive schemes or share option schemes.

The non executive Directors are appointed on the basis of serving at least one period of one year.

Remuneration Policy for Executive Directors

The remuneration in respect of executive directors is designed to ensure that individual remuneration reflects the performance of the Group, the performance of each director and the interests of the shareholders and that the overall remuneration package enables the Group to attract and retain executive directors with the necessary abilities to maximise the performance of the Group for the benefit of shareholders. This embraces directors emoluments, bonus arrangements and share options under Executive Share Option Schemes.

Share Options

Executive Share Option Schemes

At the last Annual General Meeting held on 26th March 1999 the Group approved the adoption of two new Executive Share Option Schemes being a new approved executive option plan ("the Approved Scheme") and a new unapproved executive option plan ("the Unapproved Scheme").

Report of the Directors

Following changes to the relevant legislation in 1996, the maximum value of shares over which options may be granted under an Inland Revenue approved scheme to any one individual may not exceed £30,000. The new Unapproved Scheme enables additional options to be granted to employees and Directors on an unapproved basis in excess of this limit. However, the Remuneration Committee has imposed a limit on the grant of options under this scheme to any one individual. Taking into account options granted to an individual in the previous ten years, under any option scheme of the Company, options granted under the Unapproved Scheme to that individual may not exceed four times his remuneration for the current financial year.

Options granted under both of the schemes will normally be exercisable within the period of between three and ten years after the date of grant. In establishing the executive schemes, the Committee has decided to subject grants made under the Approved and Unapproved Schemes to performance criteria, such that options may only be exercised if, over a consecutive three year period, there has been a growth in the Group's earnings per share in excess of the Retail Price Index plus 3% per annum.

In April 1999 the Remuneration Committee awarded a total of 87,500 options under the Approved Scheme and 412,500 options under the Unapproved Scheme to Executive Directors. The details of whom these options were awarded to are shown on page 17 of the Report of Directors.

Savings Related Share Option Scheme

At the last Annual General Meeting the shareholders also approved the adoption of a savings related share option scheme ("the Sharesave Scheme").

Periodically, employees who are eligible to participate in the Sharesave scheme are invited to enter a savings contract, the proceeds of which after three or five years can be used to exercise share options granted at the start of the contract. Inland Revenue and ABI guidelines give companies the scope to offer discounts on the exercise price of up to 20% of the relevant middle market price at the date of grant. The Board has recommended for this scheme that any discounts on the exercise price should be limited to 10%.

On 9th April 1999 the Group made an offer under the Sharesave Scheme whereby eligible employees could save up to maximum of £100 per month for a period of either 3 or 5 years. On 7th May 1999 508,325 options were granted to the eligible employees who subscribed which included the four Executive Directors. Details of the options granted to Executive Directors under the Sharesave Scheme are shown on page 17 of the report.

Annual Bonus Scheme

The Combined Code recommends that performance related remuneration should form a significant proportion of each executives remuneration package. On 1st November 1998 the Board set up an annual bonus scheme for executive Directors (excluding the Chairman) and senior management. The bonus scheme is linked to performance against both budget and other pre-determined criteria whereby up to 45% of basic annual salary can be obtained by way of bonus. Details of amounts payable to Directors under the bonus scheme are shown within the note on Directors' Remuneration.

Pension

The Company makes a contribution to a personal pension plan for Mr. P.D. Holliday and Mr. M.R. Lethaby is a member of the Company's Defined Contribution Pension Scheme.

Service Contracts

The service contracts of all four executive directors are subject to notice periods of one year.

Directors Interests

The interests of the Directors who held office at 31st October 1999 in the shares of the Company as at the beginning and the end of the financial year and movements since the year end were as follows:

	4th January 2000		31st October 1999		31st October 1998	
	Beneficial Interest	Other Interest	Beneficial Interest	Other Interest	Beneficial Interest	Other Interest
D.J. Ward	6,031,269	1,903,813	6,031,269	1,903,813	7,031,269	903,813
P.D. Holliday	175,700	-	175,700	-	20,000	-
G.A. Wall	10,271,724	1,903,813	10,271,724	1,903,813	10,271,724	903,813
M.R. Lethaby	1,500	-	1,500	-	-	-
M.V.E. Allsop	100,000	-	100,000	-	15,000	-
W.C. Gair	13,000	-	13,000	-	3,000	-

D.J. Ward and G.A. Wall are trustees for a discretionary trust which holds 1,903,813 shares listed in the "Other Interest" column above.

Directors Interests in share options

At 4th January 2000 and 31st October 1999 the following Directors had beneficial interest in options over the Company's shares:

	At 1.11.98		No. of Options		Exercise Price	Date from which Exercisable	Expiry Date
	At 1.11.98	Granted in year to 31.10.99	At 31.10.99	At 31.10.99			
D.J. Ward	65,000	-	65,000	65,000	42p	19.03.95	19.03.02
	-	*10,900	10,900	10,900	35.5p	01.07.02	01.01.03
	65,000	10,900	75,900	75,900			
P.D. Holliday	-	275,000	275,000	275,000	39.5p	01.04.02	01.04.09
	-	75,000	75,000	75,000	39.5p	14.04.02	14.04.09
	-	*18,987	18,987	18,987	35.5p	01.07.04	01.01.05
	-	368,987	368,987	368,987			
G.A. Wall	29,400	-	29,400	29,400	85p	16.02.93	16.02.00
	32,500	-	32,500	32,500	77p	27.02.94	27.02.01
	32,500	-	32,500	32,500	42p	19.03.95	19.03.02
	50,000	-	50,000	50,000	65p	30.03.97	30.03.04
	-	75,000	75,000	75,000	39.5p	01.04.02	01.04.09
	-	*10,900	10,900	10,900	35.5p	01.07.02	01.01.03
	144,400	85,900	230,300	230,300			
M.R. Lethaby	50,000	-	50,000	50,000	50.5p	03.03.01	03.03.08
	-	62,500	62,500	62,500	39.5p	01.04.02	01.04.09
	-	12,500	12,500	12,500	39.5p	14.04.02	14.04.09
	-	*10,900	10,900	10,900	35.5p	01.07.02	01.01.03
	50,000	85,900	135,900	135,900			

The market price of the Company's shares at 31st October 1999 was 46.5p and the range during the year was 25.5p to 48.5p.

*These options have been granted under the UK Savings Related Share Option Scheme and the options shown represent the total amount due at the end of the savings contracts.

Report of the Directors

Directors Emoluments

Details of the Directors emoluments for the year were as follows:

	Fees and Emoluments £	Bonus £	Benefits £	Total 1999 £	Total 1998 £
Executive					
D.J. Ward	69,021	-	8,595	77,616	73,295
P.D. Holliday	136,025	56,250	16,545	208,820	106,246*
G.A. Wall	43,917	17,200	7,815	68,932	47,223
M.R. Lethaby	61,500	22,800	9,815	94,115	44,741*
D.W. Pead	-	-	-	-	148,065
Non Executive					
M.V. F. Allsop	14,667	-	-	14,667	7,000*
W.C. Gair	18,667	-	-	18,667	2,000*
J.V. Walker					500
	<u>343,797</u>	<u>96,250</u>	<u>42,770</u>	<u>482,817</u>	<u>429,070</u>

*These emoluments reflect only the period for which the directors were employed during the year ended 31 October 1998.

Director's fees for Mr. M.V.F. Allsop are paid to Old Mill Associates Limited, a company in which he has an interest. The car used by Mr. P.D. Holliday is supplied by PDH Ventures II Limited to which the Company makes a monthly payment for the use of this car.

In addition to the fees and emoluments shown above, Mr. Gair is also entitled to a finders fees for land introduced by him which the Group subsequently acquires at the rate of 0.75% of the acquisition cost of land costing less than £2 million and 0.5% for land costing more than £2 million. On land where he has an interest, he earns no finders fees. During the year ended 31st October 1999, Mr. Gair earned fees of £9,750 (1998: Nil) under this arrangement.

The company paid pension contributions of £27,180 (1998: £16,158) on behalf of Mr. P.D. Holliday and £3,075 (1998: £1,750) on behalf of Mr. M.R. Lethaby. In 1998 Pension Contributions of £2,220 were paid on behalf of Mr. D.W. Pead. Total pension contributions paid during the year on behalf of the directors were £30,255 (1998: £20,128).

Combined Code

A separate statement on corporate governance is set out on pages 19 and 20.

Going Concern

After making enquiries the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Auditors

A resolution for the reappointment of KPMG Audit Plc will be proposed at the Annual General Meeting.

By Order of the Board

M.R. Lethaby
Company Secretary



7th January 2000

Corporate Governance

The Code

The Board recognises the importance of high standards of corporate conduct and is committed to managing the Group's operations in accordance with the best practice principles of corporate governance as contained within Section 1 of the Combined Code issued by the Committee of Corporate Governance. The Board has complied with the code throughout the period except as follows;

- a Nomination Committee has not been established as the Board considers itself to be small and can therefore fulfil this function itself.
- although the two non-executive directors comprise one third of the Board, they are joined by the Chairman in forming both the Audit Committee and the Remuneration Committee. Up until 1st October 1999 both the non-executive directors were also independent, however on this date the Group entered into a transaction* with a company in which Mr W.C. Gair has a material interest and in view of this Mr W.C. Gair is no longer viewed as an independent non-executive director. The Code states that the remuneration committee should comprise independent non-executives and that the Audit Committee should be made up of non-executive directors the majority of whom should be independent. As such the Group does not comply with the Code and this matter has the Board's attention.

The Board

The Board of Ward Holdings PLC comprises four executives and two non-executive directors.

The roles of chairman and chief executive are held by separate directors. The Board considers this arrangement effective and contributes to the balanced nature of the Board. This coupled with clear board procedures for decision making ensures that there is no undue concentration of power in any one individual.

As chairman of both the Remuneration and Audit Committees Mr M.V.F. Allsop is the senior independent non-executive director for the purposes of the Provision A.2.1 of the Combined Code.

The Board meets regularly throughout the year and has responsibility for the strategic and financial policies of the Group including monitoring and reviewing business performance. In advance of the meetings, the Board receives an executive summary covering performance, major events and key operating statistics and detailed papers are supplied on each topic to be discussed.

Details of the Directors service contracts are included within the Directors Report. In accordance with the Articles of Association all directors are subject to re-election at the first Annual General Meeting following their appointment and thereafter at least once every three years.

Audit Committee

The Audit Committee comprises the two non-executive directors and the Group Chairman under the chairmanship of Mr M.V.F. Allsop. The committee generally meets four times a year and will usually request the attendance of the Group Finance Director.

The Committee's objectives are to keep under review the Group's accounting and financial policies and controls and to satisfy itself that appropriate audit arrangements are in place, and the relationship with the external auditors is properly managed and to ensure the integrity of the financial statements and other information published by the Group.

* Details of this transaction can be found in note 28.

Corporate Governance

Remuneration Committee

The Remuneration Committee comprises the two non-executive directors and the Group Chairman under the chairmanship of Mr M.V.E. Allsop.

The Remuneration Committee which generally meets three times a year makes recommendations to the Board on the Group's framework of executive remuneration and determines on its behalf specific remuneration packages for each of the executive directors.

Internal Financial Control

The combined code has introduced a requirement that the directors review the effectiveness of the Group's system of internal control. *This extends the director's review to cover all controls – including operational, compliance and risk management – as well as financial controls.* On 27th September 1999 the Institute of Chartered Accountants in England and Wales issued guidance relating to the new requirements of the Combined Code applicable for accounting periods ending on or after 23rd December 1999. The directors will seek to ensure that the Group complies with this guidance once applicable and until then, in accordance with Stock Exchange advice, the directors have continued to follow the guidance issued in December 1994, for the review of the effectiveness of the internal financial control.

The Board of Directors has overall responsibility for the Group's system of internal financial control.

The directors have established an internal control framework which is designed to provide reasonable but not absolute assurance against material misstatement or loss. In reviewing the effectiveness of internal financial controls the directors have considered the key risks and exposures within the Group.

The principal financial controls are:

- an established management structure operating throughout the Group;
- clearly defined operating guidelines and procedures;
- a comprehensive budgeting process with an annual budget and revised forecasts prepared regularly throughout the year;
- regular comparison of actual results against latest forecast and analysis of variances; and
- clearly defined guidelines for land acquisition and capital expenditure.

Relations with shareholders

The Board uses the Annual General Meeting (AGM) to communicate with investors and has dialogue with both small and institutional investors. The Board welcomes shareholders to communicate views or concerns to any director through the Company Secretary.

Statement of Directors' Responsibilities

Company Law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss for the year. In preparing those accounts, 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 accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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 accounts 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 group and to prevent and detect fraud and other irregularities.

Report of the Auditors KPMG Audit Plc, to the members of Ward Holdings Plc

We have audited the financial statements on pages 23 to 38.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report, including as described on page 21 the financial statements. Our responsibilities as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, 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. 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 of the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the statement on pages 19 and 20 reflects the Company's compliance with those provisions of the Combined Code specified for our view by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the Company's corporate governance procedures or its internal controls.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group'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 and the Group as at 31st October 1999 and of the profit of the Group 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
London

7th January 2000

Consolidated Profit and Loss Account

For the year ended 31st October 1999

	Notes	1999 £'000	1998 £'000
Turnover	1/2	35,432	27,678
Cost of Sales			
Cost of sales before exceptionals		(27,677)	(21,768)
Exceptional cost of sales	6	1,405	(12,512)
		(26,272)	(34,280)
Gross profit		9,160	(6,602)
Administration expenses		(3,950)	(3,704)
Operating profit/(loss)		5,210	(10,306)
Profit on sale of fixed assets		255	-
Net interest receivable and other similar items	5	340	168
Profit/(loss) on ordinary activities before taxation	6	5,805	(10,138)
Tax on profit/(loss) on ordinary activities	7	(93)	(150)
Tax on exceptional profit/(loss)		-	799
		(93)	649
Profit/(loss) on ordinary activities after Taxation	8	5,712	(9,489)
Dividends paid and proposed	9	(1,130)	(841)
Retained profit/(loss) for the year	23	4,582	(10,330)
Earnings/(loss) per share	10	10.86p	(18.05)p
Diluted earnings per share	10	10.86p	(18.05)p

All operations are continuing.

Consolidated Balance Sheet

As at 31st October 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Tangible fixed assets	11	3,317	3,830
Current assets			
Stocks	13	19,931	16,419
Debtors	14	1,643	1,699
Cash at bank and in hand		8,019	8,791
		<u>29,593</u>	<u>26,909</u>
Creditors: amounts falling due within one year	15	(8,828)	(11,015)
Net current assets		<u>20,765</u>	<u>15,894</u>
Total assets less current liabilities		<u>24,082</u>	<u>19,724</u>
Creditors: amounts falling due after more than one year	16	(672)	(896)
Net assets		<u>23,410</u>	<u>18,828</u>
Capital and reserves			
Called up share capital	22	5,257	5,257
Share premium account	23	16	16
Revaluation reserve	23	402	1,234
Other reserves	23	450	450
Profit and loss account	23	17,285	11,871
Equity shareholders' funds	21	<u>23,410</u>	<u>18,828</u>

The accounts on pages 23 to 38 were approved by the Board of Directors on 7th January 2000 and were signed on its behalf by

P.D. Holliday OBE
M.R. Lethaby

Sandra
H. Lethaby

Balance Sheet

31st October 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Investments	12	945	945
Current assets			
Debtors	14	2,081	5,488
Cash at bank and in hand		8,656	9,298
		<u>10,737</u>	<u>14,786</u>
Creditors: amounts falling due within one year	15	<u>(2,815)</u>	<u>(7,634)</u>
Net current assets		<u>7,922</u>	<u>7,152</u>
Net assets		<u>8,867</u>	<u>8,097</u>
Capital and reserves			
Called up share capital	22	5,257	5,257
Share premium account	23	16	16
Profit and loss account	8	3,594	2,824
Equity shareholders' funds		<u>8,867</u>	<u>8,097</u>

The accounts on pages 23 to 38 were approved by the Board of Directors on 7th January 2000 and were signed on its behalf by:

P.D. Holliday OBE
M.R. Lethaby

P.D. Holliday
M.R. Lethaby

Consolidated Cash Flow Statement

For the year ended 31st October 1999

	Notes	1999 £'000	1998 £'000
Net cash (outflow)/inflow from operating activities	18	(165)	2,265
Return on investments and Servicing of finance			
Interest received		524	643
Interest paid		(165)	(209)
Net cash inflow from returns on investment and servicing of finance		359	434
Taxation			
UK corporation tax paid		(59)	(550)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(546)	(508)
Sale of tangible fixed assets		945	829
Net cash inflow from Capital expenditure and financial investment		399	321
Dividends paid		(920)	(1,156)
Cash (outflow)/inflow before management of liquid resources and financing		(386)	1,314
Management of liquid resources			
Amount released from/(placed on) short term deposit	19	600	(3,600)
Financing			
Capital element of finance lease rental payments	20	(386)	(386)
Decrease in cash during the year	19	(172)	(2,672)

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31st October 1999

	1999 £'000	1998 £'000
Profit/(loss) for the financial year	5,712	(9,489)
Unrealised gain/(deficit) on revaluation of properties	-	(379)
Total recognised gains/(losses) relating to the year	<u>5,712</u>	<u>(9,868)</u>

Note of Historical Costs Profits and Losses

For the year ended 31st October 1999

	1999 £'000	1998 £'000
Reported profit/(loss) on ordinary activities before taxation	5,805	(10,138)
Realisation of property revaluation gains of previous years	459	154
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	-	1
Historical cost profit/(loss) for the year retained before taxation	<u>6,264</u>	<u>(9,983)</u>
Historical cost profit/(loss) for the year retained after taxation	<u>6,171</u>	<u>(9,334)</u>

Notes to the Accounts

1. Statement of accounting policies

Basis of accounting

The accounts are prepared under the historical cost accounting rules as modified by the revaluation of investment properties and in accordance with applicable accounting standards and with the Companies Act 1985, except as noted on note 11.

Consolidation

The consolidated Profit and Loss Account and Balance Sheet include the accounts of the Company and all of its subsidiaries made up to 31st October 1999. Goodwill arising on consolidation or in respect of acquisitions since 1st November 1998 is capitalised and amortised to nil by equal annual instalments over its estimated useful life. Any impairment charge is included within operating profits.

In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account dealing with the results of the Company only has not been presented.

Turnover

The turnover of the Group which excludes intra-group transactions is made up on the following bases:

- (i) House building represents the gross amounts receivable on the sale of houses and land where legal completion has taken place by the year end.
- (ii) Property investment and commercial development represents the amounts receivable from sales of commercial and industrial property (excluding investment property), together with the gross rentals receivable.
- (iii) Plant hire and other represents the amounts receivable for goods supplied and plant hired to customers.

Land held for development

Land held for development is valued on a site by site basis at the lower of cost and estimated net realisable value.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. In respect of work in progress, cost includes labour, materials and relevant overheads.

Interest

No interest is included in the construction cost of fixed or current assets.

Depreciation

No depreciation is provided on freehold land or freehold property held for investment, (see note 11). Other tangible fixed assets are depreciated over the following periods estimated to write off the cost less estimated residual value over the term of their useful life:

Leasehold property	-	over the life of the respective leases.
Plant and machinery	-	over 10 years on cost of plant hire assets.
	-	over 2 - 5 years on cost of assets purchased outright.

Leasing

Assets acquired under finance leases and hire-purchase contracts that give rights approximating to ownership are treated as if they had been purchased and an amount equivalent to the present value of the minimum lease payments is included under tangible fixed assets. Depreciation for these assets is provided in accordance with the Group's normal depreciation policy. Leasing payments are treated as consisting of capital and interest elements with the interest part charged to the Profit and Loss Account. Annual rentals in respect of operating leases are charged wholly to the Profit and Loss Account on a straight line basis.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that in the Directors' opinion it is probable that liabilities will crystallise in the foreseeable future.

Pension schemes

Contributions to defined benefit pension schemes are charged to the Profit and Loss Account on a basis that spreads the expected cost of providing pensions over the expected remaining service lives of current employees in the schemes. Contributions to defined contribution schemes are charged directly to the Profit and Loss Account.

Notes to the Accounts

2. Turnover and segmental report

The analysis of turnover by activity, the net assets and profit/(loss) on ordinary activities before interest and taxation of the associated business segments are shown below. All sales are in the United Kingdom.

	House Building		Property investment & Commercial development		Plant Hire and other		Group	
	1999	1998	1999	1998	1999	1998	1999	1998
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover								
Total Sales	31,216	24,734	2,032	330	2,917	2,948	36,165	28,012
Inter-segment sales	(487)	-	(150)	-	(96)	(334)	(733)	(334)
Sales to third parties	<u>30,729</u>	<u>24,734</u>	<u>1,882</u>	<u>330</u>	<u>2,821</u>	<u>2,614</u>	<u>35,432</u>	<u>27,678</u>
Operating profit								
before exceptional items.	3,387	1,753	5	44	413	409	3,805	2,206
Exceptional items	1,405	(11,745)	-	(709)	-	(58)	1,405	(12,512)
Profit on sale of fixed assets	-	-	255	-	-	-	255	-
Profit/(loss) on ordinary activities before interest and tax	<u>4,792</u>	<u>(9,992)</u>	<u>260</u>	<u>(665)</u>	<u>413</u>	<u>351</u>	<u>5,465</u>	<u>(10,306)</u>
Net assets	20,465	13,973	1,054	3,261	1,891	1,594	23,410	18,828

3. Staff numbers and costs

The average number of persons employed by the Group (including Directors and part-time employees) was as follows:

	1999	1998
	No	No
Management	11	11
Administration	48	57
Building, production and sales staff	87	132
	<u>146</u>	<u>200</u>

The aggregate payroll costs of these persons were as follows:

	1999	1998
	£'000	£'000
Wages and salaries	3,188	3,754
Social security costs	306	348
Other pension costs (see Note 26)	99	140
	<u>3,593</u>	<u>4,242</u>

Notes to the Accounts

4. Emoluments of directors

Excluding pension contributions, the emoluments of the highest paid Director were £208,820 (1998: £148,065).

The pension contributions of the highest paid Director were £27,180 (1998: £2,220).

Further details regarding Directors' emoluments, share options and retirement benefits can be found in the Report on Remuneration on pages 15 - 18.

5. Net interest receivable/(payable) and other similar items

	1999 £'000	1998 £'000
Interest payable;		
On bank loans and overdrafts	(96)	(401)
On finance leases and similar hire-purchase contracts	(88)	(74)
	<u>(184)</u>	<u>(475)</u>
Interest receivable;		
On bank deposit and money market	524	643
	<u>340</u>	<u>168</u>

Interest earned on deposits was for periods ranging from overnight to three months and was fixed by reference to Libor.

Interest payable in 1999 was in relation to non utilisation of the loan facilities (see note 17).

6. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	1999 £'000	1998 £'000
Depreciation of tangible fixed assets	587	456
Auditors' and their associates' remuneration and expenses:		
Audit work (Company £10,000 (1998: £13,450))	51	53
Non-audit work (Company £98,000 (1998: £nil))	98	43
Exceptional (gain)/loss	<u>(1,405)</u>	<u>12,512</u>

Exceptional items in 1999 consist of the following:

	1999 £'000	1998 £'000
Land and WIP write down	-	(11,810)
Redundancy and reorganisation costs	-	(702)
Settlement of legal dispute	1,405	-
	<u>1,405</u>	<u>(12,512)</u>

The exceptional profit in the year relates to the settlement of a long running legal dispute with Kent County Council. As at 31st October 1998 costs of £4.15 million had been accrued in the accounts. On 29th September 1999 a settlement of £2.75 million was reached resulting in an exceptional write back of £1.4 million. The exceptional loss in 1998 arose as a result of the wide ranging assessment of the trading potential of the Group's stock of land and work in progress.

Notes to the Accounts

7. Tax on profit on ordinary activities

	1999 £'000	1998 £'000
UK Corporation tax at 30% (1998: 31%)	88	(607)
Adjustment in respect of prior years	5	9
Deferred tax	-	(51)
	<u>93</u>	<u>(649)</u>

The group has surplus tax losses available for carry forward of approximately £5,000,000 which are not reflected in the accounts.

There is £198,000 (1998: £171,000) of unprovided deferred tax in respect of accelerated capital allowances on plant and machinery.

8. Profit for the financial year

The profit/(loss) for the financial year after taxation but before dividends amounts to £5,711,748 (1998: £9,489,322 loss), of which £1,898,867 profit (1998: £278,961 profit) has been dealt with in the accounts of the Company. The profit retained within the Profit and Loss Account of the Company is £3,593,706 (1998: £2,824,164).

9. Dividends paid and proposed

	1999 £'000	1998 £'000
Interim dividend (0.75p per share, 1998: 0.6p per share)	394	315
Proposed final dividend (1.4p per share, 1998: 1.0p per share)	736	526
	<u>1,130</u>	<u>841</u>

10. Earnings per share

The calculation of earnings per share for the year ended 31st October 1999 is based on a profit of £5,711,748 (1998: loss £9,489,322), and on 52,573,336 ordinary shares (1998: 52,573,336 shares).

On a diluted basis the weighted average number of shares was 52,581,636 (1998: 52,573,336), the difference between actual shares and diluted shares being the dilutive effect of options outstanding during the period.



Notes to the Accounts

11. Tangible fixed assets

	Land and buildings Freehold property		Long leaseholds	Plant and machinery	Total
	Occupied by Group	Held for investment	held for investment		
	£'000	£'000	£'000	£'000	£'000
The Group					
Cost or valuation					
1st November 1998	580	415	220	5,812	7,027
Additions	-	-	-	721	721
Disposals	-	(200)	(220)	(907)	(1,327)
Cost or valuation					
31st October 1999	580	215	-	5,626	6,421
Depreciation					
1st November 1998	-	-	-	3,197	3,197
Charge for year	-	-	-	587	587
Eliminated on disposals				(680)	(680)
Depreciation					
31st October 1999	-	-	-	3,104	3,104
Net book value					
31st October 1999	580	215	-	2,522	3,317
Net book value					
31st October 1988	580	415	220	2,615	3,830

Included in Plant and Machinery are assets held under Finance Leases and hire-purchase contracts with a cost of £2,098,773 (1998: £1,918,633) and accumulated depreciation of £839,812 (1998: £498,261) of which £341,551 (1998: £282,888) was charged in the year.

In accordance with Statement of Standard Accounting Practice No. 19 (as amended)

- (i) investment properties are revalued annually at open market values. All surplus and deficits arising on valuation are taken directly to the revaluation reserve, except that any permanent diminution in the value of an investment property is taken to the Profit and Loss Account for the year; and
- (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards certain of the Group's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

The historic cost of properties, including properties occupied by the group, at 31st October 1999 was £392,733 (1998: £763,320).



Notes to the Accounts

12. Investments

	The Company	
	1999	1998
	£'000	£'000
Net book value of shares in Group undertakings as at 1st November 1998 and 31st October 1999	945	945

Further details of Group undertakings are set out in Note 28.

13. Stocks

	1999		1998	
	£'000	£'000	£'000	£'000
<i>The Group</i>				
Land held for development		10,620		5,507
Raw materials and consumables				
Housebuilding and commercial	123		257	
Plant Hire	54		76	
		177		333
Work in progress				
Housebuilding and commercial		9,006		10,509
Finished goods and goods for resale				
Plant hire		128		70
		19,931		16,419

14. Debtors

	The Group		The Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	767	737	-	-
Amounts owed by subsidiary undertakings	-	-	2,080	5,474
Other debtors	42	52	-	1
Taxation	545	574	1	-
Prepayments and accrued income	289	336	-	13
	1,643	1,699	2,081	5,488

Notes to the Accounts

15. Creditors: amounts falling due within one year

	The Group		The Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Bank loan and overdraft	-	-	-	1,834
Finance leases and hire-purchase contracts	394	380	-	-
Trade creditors	2,582	2,329	-	-
Amounts owed to subsidiary undertakings	-	-	1,442	4,960
Taxation and social security	110	-	-	-
Proposed dividend	736	525	736	525
Other	181	277	-	190
Accruals	4,825	7,504	637	125
	<u>8,828</u>	<u>11,015</u>	<u>2,815</u>	<u>7,634</u>

16. Creditors: amounts falling due after more than one year

	1999 £'000	1998 £'000
Finance leases and hire-purchase contracts payable within two to five years	<u>672</u>	<u>896</u>

17. Financial instruments

The Group has adopted the requirements of Financial Reporting Standard 13: Derivatives and other financial instruments: Disclosures ("FRS 13"). The Group's strategy in respect of the use of financial instruments is to manage risk as detailed in the finance directors report.

The Group has taken advantage of the exemption under FRS 13 that short term debtors and creditors be excluded from the disclosures. The exemption on the grounds of practicality from providing comparatives has also been excluded where appropriate.

Financial assets

The Groups only financial assets are short term debtors (note 14) and cash at bank and in hand as detailed on the balance sheet. Cash at bank and in hand is wholly denominated in sterling.

Financial liabilities

The Group has a £25 million revolving floating rate facility with the National Westminster Bank Plc which was not utilised during the year ended 31st October 1999. Non utilisation interest is charged on the undrawn amount at a fixed rate of 0.4375% for the first £15 million and 0.525% on the remaining facility. These rates increase to 0.625% and 0.75% respectively after twelve months.



Notes to the Accounts

18. Reconciliation of operating profit to net cash inflow from operating activities

	1999 £'000	1998 £'000
Operating profit/(loss)	5,210	(10,306)
Depreciation charge	587	456
Profit on sale of tangible fixed assets	(43)	(181)
(Increase)/Decrease in stocks	(3,512)	10,504
Decrease in debtors	26	191
(Decrease)/Increase in creditors	(2,433)	1,601
Net cash (outflow)/inflow from operating activities	<u>(165)</u>	<u>2,265</u>

19. Reconciliation of net cash flow to movement in net cash

	1999 £'000	1998 £'000
Decrease in cash	(172)	(2,672)
Decrease/(Increase) in finance lease	210	(347)
Increase/(Decrease) in liquid resources	(600)	3,600
Change in net borrowings	(562)	581
Net cash borrowings on 1st November 1998	<u>7,515</u>	<u>6,934</u>
	<u>6,953</u>	<u>7,515</u>

20. Analysis of net cash

	1st November 1998 £'000	Cashflow £'000	Inception of finance lease contracts £'000	31st October 1999 £'000
Cash at bank and in hand	191	(172)	-	19
Short term deposits	8,600	(600)	-	8,000
	<u>8,791</u>	<u>(772)</u>	<u>-</u>	<u>8,019</u>
Finance leases	(1,276)	386	(176)	(1,066)
	<u>7,515</u>	<u>(386)</u>	<u>(176)</u>	<u>6,953</u>

Notes to the Accounts

21. Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
Profit/(loss) for the financial year	5,712	(9,489)
Dividends paid and proposed	(1,130)	(841)
Retained profit/(loss) for the year	4,582	(10,330)
Other recognised gains/(losses)	-	(379)
Net addition/(deduction) to shareholders' funds	4,582	(10,709)
Shareholders' funds at 1st November 1998	18,828	29,537
Shareholders' funds at 31st October 1999	23,410	18,828

22. Share capital

	Ordinary shares of 10p each	Nominal Value £'000
Authorised	No.	
At 31st October 1998 and 31st October 1999	70,000,000	7,000
Allotted, called up and fully paid		
At 31st October 1998 and 31st October 1999	52,573,336	5,257

23. Reserves

	Share Premium £'000	Revaluation Reserve £'000	Other Reserves £'000	Profit and Loss account £'000
The Group				
Balance at 1st November 1998	16	1,234	450	11,871
Revaluation of investment property	-	-	-	-
Transfer to profit and loss from revaluation	-	(832)	-	832
Retained profit for the financial year	-	-	-	4,582
Balance at 31st October 1999	16	402	450	17,285

No historic records were maintained of the goodwill arising on acquisition of subsidiary undertakings prior to 1990. Accordingly, the cumulative goodwill written off to reserves prior to 1990 has not been disclosed. No goodwill has been written off since 1990.

Included within the transfer to the profit and loss reserve from the revaluation reserve is £373,000 which represents amounts which should have been transferred on the sale of properties in prior years.

The Company

The company has no recognised gains or losses either in 1999 or 1998, other than the profit and loss for these years.

Notes to the Accounts

24. Capital and other commitments

There are no other material capital commitments other than those detailed in note 27 on post balance sheet events.

25. Contingent liabilities

The Group

There are contingent liabilities in respect of performance bonds totalling £205,389 at 31st October 1998 and 1999.

The Company

The Company has given a multilateral guarantee secured by floating charges in respect of its collective net overdraft facility up to a maximum of £25,000,000 of which £Nil was outstanding at 31st October 1999.

26. Pension Schemes

The Ward Holdings PLC Pension and Life Assurance Scheme was restructured in April 1993.

In respect of service from that date, the Scheme operated as a Funded Defined Contribution Scheme. For service to that date, benefits are provided on a Funded Defined Benefit basis. The Scheme is administered by Trustees who are independent of the group's finances and the contributions payable are age related.

The most recent Actuarial valuation of the Defined Benefit part of this scheme was at 1st July 1999 and this indicated that the Scheme's assets of £1,379,000 exceeded the liabilities of the fund at that date equivalent to a funding level of 137%. The assumption which has the most significant effect on the results of the valuation is that relating to the rate of return on investments. It was assumed that the return would be equivalent to a rate of interest of 9% per annum. Valuing the liabilities on the statutory Minimum Funding Requirements (MFR) basis, there is a shortfall of £10,300. This shortfall will be supported prior to the statutory date.

The pension charge for the year under the funded defined contribution scheme was £37,661 (1998: £97,651).

The Group also operates an Insured Defined Contribution Scheme for which the pension charge for the year under review was £33,562 (1998: £26,844).

27. Post Balance sheet Event.

On 1st October 1999 the Group entered into an agreement, conditional on shareholder approval to purchase the entire issued share capital of Castle Village Limited, a single asset property company owning a site near Berkhamsted. Shareholder approval was given on 21st October 1999 and completion of the acquisition took place on 2nd November 1999.

The company was purchased for a total of £1,432,438 which was satisfied by the issue of £1,400,000 of Ward Holdings Plc loan notes and £32,438 payable in cash. In addition, at completion, Castle Village Limited had £7,063,119 of loans outstanding of which £5,663,119 was repaid on completion. The remaining £1,400,000 takes the form of Castle Village Limited loan notes which were guaranteed by Ward Holdings Plc from completion.

Notes to the Accounts

28. Related Parties

As explained in note 27 on 1st October 1999 the Company exchanged contracts for the purchase of Castle Village Limited a company in which one of the directors, Mr. W.C. Gair, had a 33% interest. Approval for the acquisition was given by shareholders in an Extraordinary General Meeting of the Company on 21st October 1999 and completion of the purchase of the company took place on 2nd November 1999. Mr Gair received £477,480 consideration for his 33% interest, £10,813 of which was paid in cash and the remainder of which was paid in loan notes redeemable after not less than 15 months. The same terms were offered to all other shareholders. As part of the acquisition agreement, Mr. Gair will provide consultancy services for which he will receive £2,000 per month for a period of three years commencing on 2nd November 1999. On completion a management agreement was entered into by Retirement Villages PLC, a company in which Mr Gair is a director, and Ward Holdings whereby Retirement Villages PLC manage the estate and operate certain other obligations of Castle Village Limited under the terms under which the units are sold. At the date of completion Mr Gair owned 2.5% of Retirement Villages PLC.

29. Subsidiary companies

The Company has the following principal subsidiary companies, all of which are registered in England and Wales and have been consolidated in the Group accounts and operate in the United Kingdom:

	<i>% Equity shares held</i>	<i>Principal activity</i>
Wards Homes Limited	100%	Housebuilding
Ward Brothers (Gillingham) Limited	100%	Builders' Merchants
Anvil Plant Hire Limited	100%	Plant Hire
Wards Construction (Investments) Limited	100%	Industrial/Commercial property investment
Ward Homes (South Eastern) Limited	100%	Housebuilding
City Farms Investments Limited	100%	Housebuilding
Wards Homes (London) Limited	100%	Housebuilding
Ward Homes Anglia Limited	100%	Housebuilding
Wards Construction (Industrial) Limited*	100%	Property trading
Affordable Housing Co. Limited	100%	Housebuilding
Wards Country Houses Limited	100%	Housebuilding
Ward Insurance Services Limited	100%	Insurance

*Indirect holding

Notice of Meeting

NOTICE IS HEREBY GIVEN that the sixty-fifth Annual General Meeting of Ward Holdings PLC will be held at 107 Cheapside, London EC2V 6DT on Monday, 28th February 2000 at 11.00 am when the following ordinary business will be considered:

1. To receive and adopt the report of the directors and the accounts of the Company for the year ended 31st October 1999 with the auditors' report.
2. To declare a final dividend for the year ended 31st October 1999 of 1.4p per share to be payable on the issued ordinary share capital of the Company.
3. To re-elect as a director Mr. D.J.Ward who retires by rotation and, being eligible, offers himself for re-election.
4. To re-elect as a director Mr. P.D. Holliday (age 52) who retires by rotation and, being eligible, offers himself for re-election.
5. To re-appoint KPMG Audit Plc as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company and authorise the directors to fix the auditors' remuneration.

2 Ash Tree Lane,
Chatham,
Kent.

By order of the Board
M.R. Lethaby
Secretary

7th January 2000

Notes:

A shareholder entitled to attend and vote at the above mentioned meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company. The completion and return of a Form of Proxy will not preclude members entitled to attend and vote at the meeting from doing so if they wish. A form of proxy is enclosed which should be returned in accordance with the instruction printed thereon.

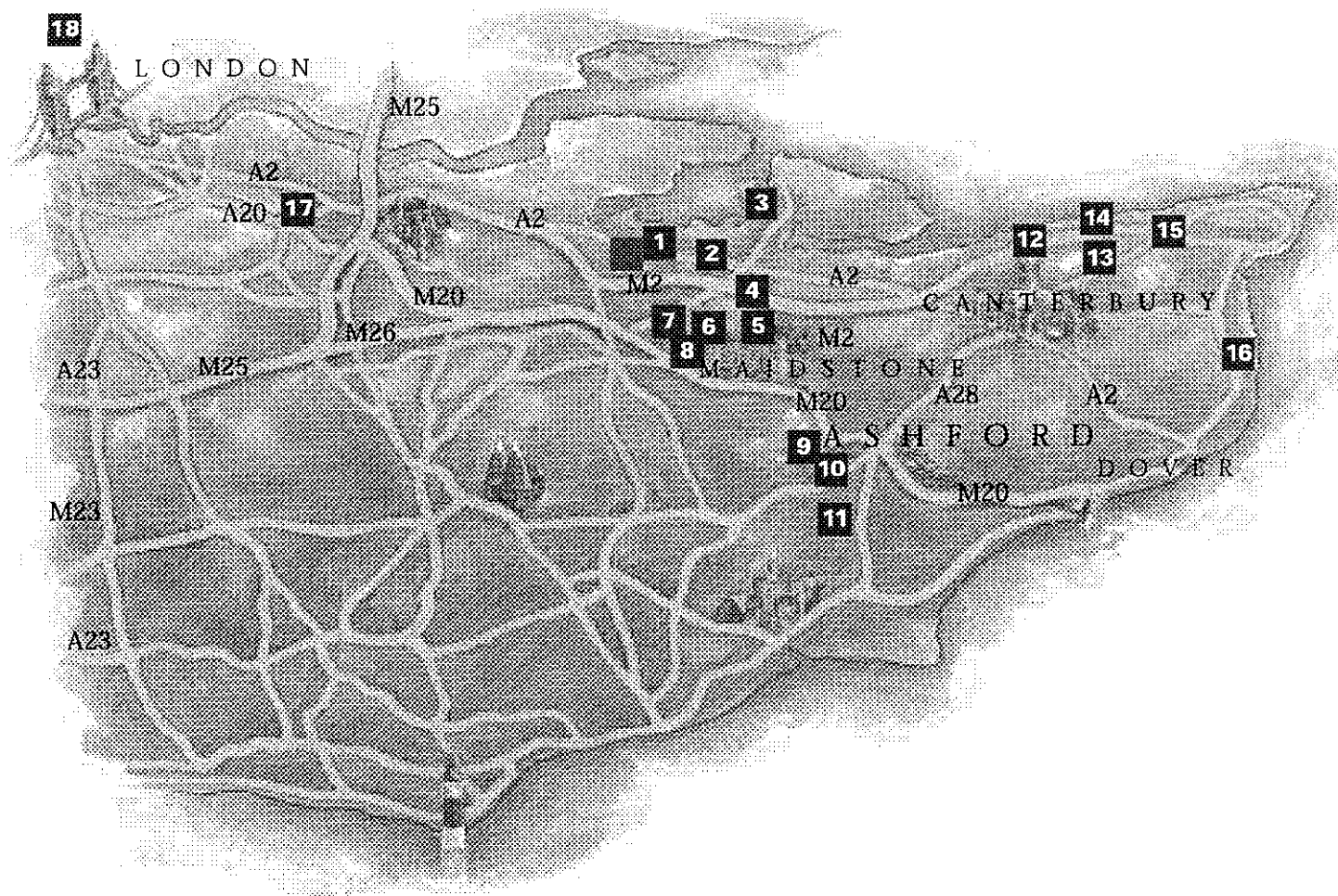
To be valid, the Forms of Proxy, together with the power of attorney or other authority (if any) under which it is executed (or a duly certified or authorised copy of such power of authority) must be lodged with the Transfer Office of the Company at PO Box 25, Beckenham, Kent BR3 4BR not less than 48 hours before the time fixed for the meeting.



Historical Record

	1995 £'000	1996 £'000	1997 £'000	1998 £'000	1999 £'000
Turnover	23,304	25,012	30,463	27,678	35,432
Operating profit/(loss)	3,972	(2,628)	4,192	(10,306)	5,210
Profit/(loss) before taxation	3,512	(2,977)	4,353	(10,138)	5,805
Taxation	-	-	(647)	649	(93)
Profit/(loss) after taxation	3,512	(2,977)	3,706	(9,489)	5,712
Dividend	(789)	-	(1,367)	(841)	(1,130)
Earnings/(loss) per share	6.7p	(5.7)p	7.0p	(18.1)p	10.86p
Dividend per share	1.5p	-	2.6p	1.6p	2.15p
Dividend cover-times	4.5	N/A	2.7	N/A	5.1
Capital employed					
Issued share capital	5,257	5,257	5,257	5,257	5,257
Reserves	25,272	21,816	24,280	13,571	18,153
Shareholders' funds	30,529	27,073	29,537	18,828	23,410
Creditors: amounts falling due after more than one year	51	275	663	896	672
Provision for liabilities and charges	-	-	51	-	-
	30,580	27,348	30,251	19,724	24,082
Assets					
Fixed assets - investments	5,685	5,366	4,032	3,830	3,317
Net current assets	24,895	21,982	26,219	15,894	20,765
	30,580	27,348	30,251	19,724	24,082

Current developments



Current Developments

- | | | | |
|-----------|------------------------------|-----------|------------------------------|
| 18 | Head Office - Chatham | 9 | Mulberry Chase - Ashford |
| 1 | Hurst Place - Rainham | 10 | Eastwell Grange - Ashford |
| 2 | Church Meadows - Iwade | 11 | Chartfields - Ashford |
| 3 | Seaview Gardens - Warden Bay | 12 | Courtlands - Whitstable |
| 4 | Nightingale Park - Borden | 13 | Stillwater Park - Eddington |
| 5 | Panteny Orchard - Bapchild | 14 | Broomefield - Herne |
| 6 | South Park - Maidstone | 15 | The Cedars - Birchington |
| 7 | The Moorings - Maidstone | 16 | Shorelands - Pegwell Bay |
| 8 | Riverside - Maidstone | 17 | Sycamore Walk - Old Bexley |
| | | 18 | Castle Village - Berkhamsted |



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