

Elstead Properties Limited
Annual report
for the period ended 30 June 1999



Elstead Properties Limited

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Directors' report for the period ended 30 June 1999

The directors present their report and the audited financial statements for the period ended 30 June 1999.

Principal activities

Elstead Properties Limited is an investment holding company.

Results, dividends and review of business

The results for the period from 21 July 1998 to 30 June 1999, as disclosed on page 4, show a profit of £427,000 (period from 1 June 1997 to 20 July 1998: profit £1,380,846). An interim dividend of 14.3p (1998: 81.6p) per £1 share ordinary amounting to £220,000 (1998: £1,251,000) was paid during the period. A second interim dividend of 16.0p (1998: Nil) per £1 ordinary share amounting to £245,000 was also paid during the period. The directors do not recommend the payment of a final dividend.

Elstead Properties Limited holds the investment in Tanshire Limited, the holding company for the operating subsidiaries of Bovis Tanvec Group Limited.

In previous periods up to and including 20 July 1998 Elstead Properties Limited owned property which was occupied by fellow group companies.

Directors and director's interests

The directors who served during the period under review and up to date of this report were:-

J F Haggett
P H Janssenwillen
P J Wilkinson

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

The above directors are also directors of Bovis Tanvec Group Limited, the company's ultimate holding company at 30 June 1999. Their interests in the share capital of that company are disclosed in the financial statements of that company.

Year 2000

The Directors have considered the potential impact of the Year 2000 computer systems compliance problem and have conducted a review of the company's systems which are used for both internal administration and also for delivering services to clients. The results of the review indicate that millennium compliance will be achieved, as far as it is possible to predict given the inherent uncertainties of the problem. The costs of compliance to date and in the future are not considered to be material, as the company and its holding company have a policy of maintaining up to date and efficient systems and all new hardware and software purchased since 1997 has been compliant. Full compliance was achieved and verified before the end of 1999, and no problems associated with the year 2000 have been experienced.

The potential impact of factors beyond the control of the directors has also been considered, although it is difficult to assess the effects of suppliers and clients experiencing problems. The position will be closely monitored during the Year 2000.

Statement of directors' responsibilities

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 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 keeping 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.

On behalf of the board



J F Haggett
Company secretary

Report of the auditors to the members of Elsstead Properties Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The company's directors are responsible for preparing the Annual Report, including as described on page 2, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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 regarding directors' remuneration and transactions is not disclosed.

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

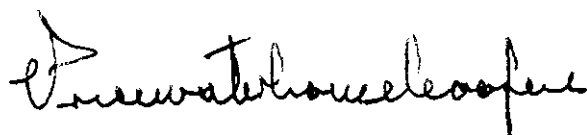
Basis of opinion

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 adjustments 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 at 30 June 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Reading

11 February 2000

Profit and loss account for the period ended 30 June 1999

	Notes	Period from 21 July 1998 to 30 June 1999 £	Period from 1 June 1997 to 20 July 1998 £
Discontinued operations			
Rental income	2	-	620,518
Administrative expenses		-	(73,755)
Operating profit		-	546,763
Surplus on disposal of freehold property	4	-	1,231,433
Dividends receivable		427,000	-
Interest receivable	6	-	1,584
Interest payable and similar charges	7	-	(401,681)
Profit on ordinary activities before taxation	3	427,000	1,378,099
Tax on profit on ordinary activities	8	-	2,747
Profit for the financial period		427,000	1,380,846
Dividends	9	(465,000)	(1,251,000)
(Loss)/retained profit for the financial period	14	(38,000)	129,846

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

Note of historical cost profit and losses for the period ended 30 June 1999

	Period from 21 July 1998 to 30 June 1999 £	Period from 1 June 1997 to 20 July 1998 £
Profit on ordinary activities before taxation	427,000	1,378,099
Realisation of property revaluation gains of prior years	-	158,726
Historical cost profit on ordinary activities before taxation	427,000	1,536,825
Historical cost (loss)/profit for the year retained after taxation and dividends	(38,000)	288,572

Balance sheet at 30 June 1999

	Notes	30 June 1999 £	20 July 1998 £
Fixed assets			
Investments	10	1,251,000	1,251,000
Current assets			
Debtors	11	304,761	1,250,000
Cash at bank and in hand		-	106,334
		304,761	1,356,334
Creditors: amounts falling due within one year	12	-	(1,013,573)
Net current assets		304,761	342,761
Total assets less current liabilities		1,555,761	1,593,761
Capital and reserves			
Called up share capital	13	1,533,400	1,533,400
Share premium account	14	22,350	22,350
Profit and loss account	14	11	38,011
Equity shareholders' funds	15	1,555,761	1,593,761

The financial statements on pages 4 to 10 were approved by the board of directors on
and were signed on its behalf by:

10 February 2000


J F Haggett
Director

Notes to the financial statements for the period ended 30 June 1999

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

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

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of transaction. Balances denominated in foreign currencies are translated into sterling at the exchange rate ruling on the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Tangible fixed assets investments

Fixed asset investments are stated at cost less amounts written off to reflect any impairment in value.

Post retirement benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2 Turnover

Turnover represents rental income received excluding value added tax.

3 Profit on ordinary activities before taxation

This is stated after charging:

	1999	1998
	£	£
Auditors' remuneration: audit services	-	500

Administration costs, including auditors' remuneration, have been borne by the parent company, Bovis Tanvec Group Limited.

4 Surplus on disposal of freehold property

On 20 July 1998 the company sold all of its freehold properties for the sum of £7,085,000 which resulted in a surplus of £1,231,433 on the disposal. There was no tax effect arising from the sale of the properties.

5 Employee costs

Staff costs during the period amounted to:

	1999	1998
	£	£
Wages and salaries	-	1,154
Social security costs	-	28
	-	1,182

The average number of employees during the period was Nil (1998: Nil).

The remuneration of the directors, all of whom are directors of the ultimate holding undertaking, are shown in that company's accounts.

6 Interest receivable

	1999	1998
	£	£
On company funds temporarily held by solicitors	-	1,584

7 Interest payable and similar charges

	1999	1998
	£	£
On bank loans and overdrafts	-	401,675
Penalty interest on late payment of Corporation Tax	-	6
	-	401,681

8 Taxation

	1999	1998
	£	£
Current year provision for Corporation Tax at 31 % (1998: 31%)	-	-
Over provision in respect of prior years	-	(2,747)
	-	(2,747)

9 Dividends

	1999	1998
	£	£
Equity – ordinary		
1st interim paid: 14.3p (1998: 81.6p) per £1 share	220,000	1,251,000
2nd interim paid: 16.0p (1998: Nil) per £1 share	245,000	-
	465,000	1,251,000

10 Fixed asset investments

	Shares in subsidiary undertakings £
At 20 July 1998 and 30 June 1999	1,251,000

The company's investment consists of the entire issued share capital of Tanshire Limited, a company incorporated in England. The principal activity of the company is to hold investments in the trading subsidiaries of the group.

11 Debtors: amounts falling due within one year

	1999	1998
	£	£
Amounts due from group undertakings	304,761	1,250,000

12 Creditors: amounts falling due within one year

	1999	1998
	£	£
Amount owed to group undertakings	-	1,013,573

13 Called up share capital

	1999	1998
	£	£
Authorised		
1,551,000 ordinary shares of £1 each	1,551,000	1,551,000
Allotted, called up and fully paid		
1,533,400 ordinary shares of £1 each	1,533,400	1,533,400

14 Reserves

	Share premium account	Profit and loss account
	£	£
At 21 July 1998	22,350	38,011
Retained profit for the period	-	(38,000)
At 30 June 1999	22,350	11

15 Reconciliation of movements in shareholders' funds

	1999	1998
	£	£
Profit for the financial period	427,000	1,380,846
Issue of share capital	-	1,251,000
Dividends paid	(465,000)	(1,251,000)
	(38,000)	1,380,846
Opening shareholders' funds	1,593,761	212,915
Closing shareholders' funds	1,555,761	1,593,761

16 Contingent liabilities

The company has given cross guarantees and floating charges over its assets in respect of facilities granted to group companies. No loss is expected to arise in connection with these arrangements.

17 Ultimate parent company

Bovis Tanvec Group Limited, a company incorporated in England and Wales, was the parent company and ultimate controlling party during this accounting period. The consolidated accounts of this company are available to the public and may be obtained by writing to: Tanshire House, Shackleford Road, Elstead, Surrey, GU8 6LB.

On 2 August 1999 the ultimate parent company and ultimate controlling party became The Peninsular and Oriental Steam Navigation Company.

On 27 October 1999 the ultimate parent company and ultimate controlling party became Lend Lease Corporation Limited, a company incorporated in Australia.