

Annington Holdings plc
(Registered Number: 3232652)

Annual Report and Accounts
Year Ended 31 March 2004



Annington Holdings plc

Directors' Report For The Year Ended 31 March 2004

The directors present their annual report and the audited accounts of the Company for the year ended 31 March 2004.

Principal activities

The Company's principal activity during the year was as a holding company. The activity of the Company is expected to continue at similar levels for the foreseeable future.

Results and dividends

The Company has not traded during the year. The Company's result after taxation for the tax year is £ nil (2003: result after taxation £nil).

Directors and their interests

The directors who served throughout the year, except as noted, are given below:

Sir Thomas Macpherson (Chairman)
Air Vice Marshal (Rtd.) A.F.C. Hunter
J.B. Chambers
A. Chadd (appointed 24 July 2003)
S.C. Devine
F.S. Duncan
C. Ewald (appointed 20 November 2003)
G. Hands (resigned 20 November 2003)
J.C. Hopkins
J.A. Dunstan (resigned 24 July 2003)
N.P. Vaughan

Sir Thomas Macpherson and Air Vice Marshal (Rtd.) A.F.C. Hunter each hold a beneficial interest of 12,000 shares of £1 each in Annington Holdings plc but have no other interest in the shares of any other company within the Le Grand Annington Limited Group.

The other directors had no interests in the shares of the Company or any other Company within Le Grand Annington Limited Group.

Statement of directors' responsibilities

The directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Annington Holdings plc

Directors' Report For The Year Ended 31 March 2004

Statement of directors' responsibilities (continued)

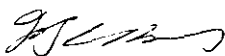
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Having received on 20 November 2003 the formal note of resignation of PricewaterhouseCoopers LLP as auditors to the Company, it was resolved that Deloitte & Touche LLP be appointed to fill the casual vacancy so created to serve as auditors until the conclusion of the next general meeting at which accounts are laid before the members.

A resolution to appoint Deloitte & Touche LLP as auditors to the Company will be proposed at the next Annual General Meeting.

By Order of the Board



J.B. Chambers

Secretary

30 September 2004

Registered Office:

1 James Street
London
W1U 1DR

Independent Auditors' Report To The Members of Annington Holdings plc

We have audited the financial statements of Annington Holdings plc for the year ended 31 March 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 accounting provisions of the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

Date

8 October 2004

Annington Holdings plc

Profit And Loss Account For The Year Ended 31 March 2004

	Note	2004 £'000	2003 £'000 As restated (note 6)
Turnover		-	-
Administration expenses		-	-
Operating profit	2	-	-
Interest receivable and similar charges	3	740	-
Interest payable and similar charges	4	(740)	-
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities	5	-	-
Profit on ordinary activities after taxation		-	-
Retained profit for the financial year		-	-

All results were derived within the United Kingdom from continuing operations.

All costs are stated at historical costs.

Statement Of Total Recognised Gains And Losses For The Year Ended 31 March 2004

	2004 £'000	2003 £'000 As restated (note 6)
Profit for the financial year	-	-
Revaluation of investments in subsidiaries during the year	1	-
Total recognised gains/(losses) for the financial year	1	-
Prior year adjustments (as explained in Note 6)	(1,066,040)	
Total gains/(losses) recognised since the last annual report and financial statements	(1,066,039)	

Annington Holdings plc

Balance Sheet as at 31 March 2004

	Note	31 March 2004		31 March 2003	
		£'000	£'000	£'000	£'000
				As restated (Note 6)	
Fixed assets					
Investment	7		17		16
Current assets					
Debtors due within one year	8	566		13	
Investments	9	13,126		-	
		13,692		13	
Creditors – Amounts falling due					
Within one year	10	(13,679)		-	
Net current liabilities			13		13
Total assets less current liabilities			30		29
Net assets			30		29
Capital and reserves:					
Called up share capital	11		13		13
Revaluation reserve	12		17		16
Profit and loss account	12		-		-
Total equity shareholders' funds	13		30		29

Approved by the Board on 30 September 2004 and signed on its behalf by:


 J.B. Chambers
 Director

Annington Holdings plc

Notes To The Accounts For The Year Ended 31 March 2004

1 Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year.

Basis of accounting

These financial statements are prepared under the historical cost convention, modified to include the revaluation of fixed asset investments and in accordance with applicable United Kingdom accounting standards.

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a subsidiary of another company for which consolidated accounts are prepared.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise on the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred assets are recognised to the extent that it is regarded to be more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments in group undertakings

The Company's investments in the shares of Group undertakings are stated at net asset value at 31 March 2004. This includes, where applicable, the professional valuation of properties. Surpluses and deficits arising from changes in net asset value are taken to the revaluation reserve.

2 Operating Profit

Costs in respect of audit services are borne by another Group company, Annington Management Limited, in the current and preceding year.

3 Interest receivable and income

	2004 £'000	2003 £'000
Bank interest receivable on short term deposits	740	-

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Notes To The Accounts For The Year Ended 31 March 2004

4 Interest payable and similar charges

	2004 £'000	2003 £'000
Inter-group loan	740	-

Amounts due to Group undertakings relate to loans which are secured and interest bearing.

5 Tax on ordinary activities

The amount of tax losses carried forward at 31 March 2004 is £nil (31 March 2003: £nil).

Deferred tax assets should be recognised to the extent that they are regarded as recoverable. They should be regarded as recoverable to the extent that on the basis of all available evidence it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

6 Prior year adjustment

Following their review of the financial statements, the directors consider that the value attributable to the shareholders of Annington Holdings plc is restricted due to Nomura Investment (AH) Limited's holding of warrants in relation to the shares of Annington Homes Limited. Consequently, the fixed asset investments at 31 March 2003 have been restated to reflect the true value attributable to the shareholders of Annington Holdings plc as this reflects a fairer presentation of the final position of the Company.

The financial effect of the restatement is set out below:

	2003 £'000
Balance sheet	
Decrease fixed assets investments in Group undertakings	1,066,040
Decrease in net assets	1,066,040
Capital and reserves	
Decrease in revaluation reserve	1,066,040
Decrease in total equity shareholders' funds	1,066,040

Annington Holdings plc

Notes To The Accounts For The Year Ended 31 March 2004

7 Investment in Group undertakings

Valuation	2004 £'000
As at 1 April 2003 as previously reported	1,066,056
Prior year adjustment (note 6)	(1,066,040)
As at 1 April 2003 as restated	16
Revaluation	1
As at 31 March 2004	17

The principal undertakings at 31 March 2004, all of which are wholly owned, are shown below:

Name of subsidiary undertaking	Country of Incorporation	Principal Activity
Annington Homes Limited	Great Britain	Intermediate Group Holding Company
Annington Developments (Holdings) Limited	Great Britain	Intermediate Group Holding Company
Annington Rentals (Holdings) Limited	Great Britain	Intermediate Group Holding Company

The shares in these undertakings are directly owned by the Company.

As permitted by Section 231(5) of the Companies Act 1985, particulars of other subsidiary undertakings are not shown above on the grounds that the information would be of an unduly excessive length. A complete list of Group undertakings will, however, be filed with the Annual Return.

Annington Homes Limited has issued 75,636 warrants allotted and fully paid amounting to £7,563,600 to Nomura Investments (AH) Limited. The terms of the warrants were varied on 28 February 2002, increasing the exercise price from £6,478 per warrant to £19,696. If the warrants are not exercised before 1 January 2015 the exercise price will increase to £21,666.

On 27 March 2002, Nomura International plc transferred the rights under these warrants to Nomura Investments (AH) Limited, a wholly owned subsidiary.

These warrants are exercisable at any time and Nomura Investments (AH) Limited has no other rights to take up shares in the Company.

The eventual date on which the warrants may be exercised is currently not determined and consequently no value has been attributed to these warrants in the balance sheet other than the original subscription monies paid in 1996.

8 Debtors - Amounts falling due within one year

	2004 £'000	2003 £'000
Amounts due from Group undertakings	566	13
	566	13

Amounts due from Group undertakings are unsecured, interest free and repayable on demand.

Annington Holdings plc

Notes To The Accounts For The Year Ended 31 March 2004

9 Current asset investments

	2004 £'000	2003 £'000
Short term deposits	13,126	-

The market value of the short term deposits is not materially different to their carrying amount.

10 Amounts falling due within one year

	2004 £'000	2003 £'000
Amounts due to Group undertakings	13,679	-
	13,679	-

Amounts due to Group undertakings are secured and interest bearing and repayable on demand.

11 Called up share capital

	2004 £	2003 £
Authorised 50,000 shares of £1	50,000	50,000
Allotted, called up and fully paid		
100 ordinary shares of £1 - fully paid	100	100
49,900 ordinary shares of £1 - 25p paid	12,475	12,475
	12,575	12,575

12 Reserves

	Profit and Loss Account £'000	Revaluation Reserve As restated (Note 6) £'000
As at 1 April 2003 as previously reported	-	1,066,056
Prior year adjustments	-	(1,066,040)
As at 1 April 2003 as restated	-	16
Revaluation profit	-	1
At 31 March 2004	-	17

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Notes To The Accounts For The Year Ended 31 March 2004

13 Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000 As restated (Note 6)
Shareholders' fund brought forward as previously reported	-	1,066,069
Prior year adjustment	-	(1,066,040)
Shareholders' funds brought forward as restated	29	29
Net change in shareholders' funds	1	-
Shareholders' funds carried forward	30	29

14 Employees

The Company had no employees during the year (2003: nil). The cost of the employees is borne by another Group company, Annington Management Limited, in the current and prior year.

15 Directors' emoluments

The directors received no emoluments for their services to the Company. The directors' emoluments are borne by another Group company, Annington Management Limited, in the current and prior year.

16 Cash flow statement exemption

The Company is a small company as defined under Section 47 of the Companies Act 1985. The Company has therefore elected to make use of the exemption provided in Financial Reporting Standard 1 (revised 1996), "Cash Flow Statements", not to produce its own cash flow statement.

17 Other related party transactions

The Company is a subsidiary of Le Grand Annington Limited and has taken advantage of the exemption provided in paragraph 3(c) of Financial Reporting Standard 8, "Related Party Disclosures", not to make disclosure of transactions with other entities that are part of the Group.

18 Parent company

Le Grand Annington Limited, a company incorporated in Great Britain, is the immediate parent company.

Le Grand Annington, a company incorporated in Great Britain, is the ultimate parent company and controlling party.

Le Grand Annington Limited is the largest and smallest parent company of which the Company is a member and for which Group financial statements are drawn up.