Deloitte &
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Deloitte Touche
Tohmatsu

Company Registration No. 3492458

FAIRVIEW NEW HOMES (THAMES DITTON) LIMITED

Report and Financial Statements

31 December 1998

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

Deloitte & Touche

Deloitte Touche Tohmatsu

FAIRVIEW NEW HOMES (THAMES DITTON) LIMITED

REPORT AND FINANCIAL STATEMENTS 1998

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DIRECTORS' REPORT

The directors present their first report and the audited financial statements for the period from the date of incorporation on 14 January 1998 to 31 December 1998.

ACTIVITIES AND REVIEW OF DEVELOPMENTS

The company was incorporated on 14 January 1998. The company's principal activity is that of residential property developers. The directors do not foresee that there will be any change to the activity in the current year. Since the only transactions during the period relate to the development of the site and no units have been sold, the company has made neither a profit nor a loss in the current period.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period are set out below.

The directors' interests, including their beneficial and family interests at their date of appointment and the end of the period in the shares and options of the ultimate parent company, Fairview Holdings Plc, were as follows:

	Ultimate parent company Ordinary 10p shares 1998	**Ultimate parent company Share options held in Ordinary 10p shares 1998**
R H Westcott (appointed 14 January 1998)	139,559	-
S C Casey (appointed 14 January 1998)	180,467	-
C E Walker (appointed 14 January 1998)	204,570	-

The directors had no other interests apart from those listed above.

On 5 October 1998 the company, as part of the Fairview Group, demerged from Hillsdown Holdings plc. On that date Fairview Holdings Plc became the ultimate parent company.

None of the directors has a service contract or contract for services with the company.

ISSUE OF SHARES

Details of the shares issued by the company during the period are set out in note 6 to the accounts.

YEAR 2000

The Board recognises the potential implications of Year 2000 issues for the business. An assessment has been made by the senior management of the possible impact on office equipment, information systems and environmental equipment owned by the company. Consideration is also being given to the action being taken by our trading partners, suppliers of materials, subcontractors and banks.

Where necessary upgrades and replacements are being undertaken to ensure that the company's own systems will operate without disruption into the new millennium. In many cases these improvements form part of a general programme of maintenance and replacement. Costs relating to the Year 2000 are not expected to be material in amount.

DIRECTORS' REPORT

AUDITORS

Deloitte & Touche were appointed first auditors of the company and have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

D K Tipping
Secretary

16 June 1999

Registered Office:

50 Lancaster Road
Enfield
Middlesex
EN2 OBY

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 as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- 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 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.

Deloitte & Touche

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AUDITORS' REPORT TO THE MEMBERS OF

FAIRVIEW NEW HOMES (THAMES DITTON) LIMITED

We have audited the financial statements on pages 5 to 7 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

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

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 December 1998 and of the result for the period from 14 January 1998 to 31 December 1998 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

DELOITTE & TOUCHE

Chartered Accountants and
Registered Auditors

23 June 1999

BALANCE SHEET
31 December 1998

	Note	1998 £
CURRENT ASSETS		
Land and buildings in course of development	1 and 3	12,535,345
Debtors	4	2
		12,535,347
CREDITORS: amounts falling due within one year	5	(12,535,345)
TOTAL ASSETS LESS CURRENT LIABILITIES		2
CAPITAL AND RESERVES		
Called up share capital	6	2
TOTAL EQUITY SHAREHOLDERS' FUNDS		2

These financial statements were approved by the Board of Directors on 16 June 1999.

Signed on behalf of the Board of Directors

Richard H Westcott

R H Westcott
Director

NOTES TO THE ACCOUNTS
Period ended 31 December 1998

1. **ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents the net proceeds of the sale of residential units to third parties. Turnover is derived wholly in the United Kingdom.

Land and buildings in course of development

Land and buildings in course of development and land upon which development has not yet commenced are valued at the lower of cost and net realisable value. Cost includes the cost of acquiring land and development expenditure to date.

In considering net realisable value, it is assumed that the site will be fully developed and completed residential units sold in the ordinary course of the company's business and that the sites will not be placed on the market for immediate sale in their existing state.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for Accounting and Taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

2. **PROFIT AND LOSS ACCOUNT**

The company has not traded during the period from incorporation on 14 January 1998 to 31 December 1998. The only transaction during the period has been the acquisition of land for development and hence the company has made neither profit or loss nor any other recognised gains or losses for the period.

The company has had no employees during the period and none of the directors has received any emoluments or other benefits. Auditors' remuneration has been borne by another group company.

3. **LAND AND BUILDINGS IN COURSE OF DEVELOPMENT**

As at 31 December 1998 approximately £12.535 million of land included in land and buildings in the course of development had not received appropriate residential planning consent.

It is the nature of the company's business activities that negotiations with local authorities to obtain planning consent often continue for a number of months and delays in resolution of these negotiations can occasionally occur. The directors have assessed the status of negotiations with local authorities on the sites currently without planning permission and are of the opinion that the underlying value of the site is at least equal to the value shown in the financial statements.

4. **DEBTORS**

	31 December 1998 £
Amount due from Fairview New Homes Plc	2

NOTES TO THE ACCOUNTS
Period ended 31 December 1998

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 1998 £
Amount due to Fairview New Homes Plc	12,530,441
Amount due to Fairview Estates (Housing) Limited	4,904
	12,535,345

6. CALLED UP SHARE CAPITAL

	31 December 1998 £
Authorised share capital:	
100 ordinary shares of £1 each	100
Called up, allotted and fully paid:	
2 ordinary shares of £1 each	2

The company was incorporated with an authorised share capital of £100 divided into 100 ordinary shares of £1 each, of which two subscriber shares were issued to Company Directors Limited and Temple Secretaries Limited. These two shares were transferred to Fairview New Homes Plc on 14 January 1998.

7. ULTIMATE PARENT COMPANY

The company was, until 5 October 1998, a subsidiary of Hillsdown Holdings plc, a company incorporated in Great Britain.

On 5 October 1998 Fairview New Homes (Thames Ditton) Limited as part of the Fairview Group demerged from Hillsdown Holdings plc. With effect from 5 October 1998, Fairview Holdings Plc became the ultimate parent company and controlling party.

The largest and smallest group of undertakings for which group accounts were drawn up and of which the company is a member is Fairview Holdings Plc.

Largest parent company and ultimate controlling party:

Fairview Holdings Plc
(incorporated in Great Britain)
50 Lancaster Road
Enfield
Middlesex EN2 0BY

Smallest and immediate parent company:

Fairview New Homes Plc
(incorporated in Great Britain)
50 Lancaster Road
Enfield
Middlesex EN2 0BY

Copies of the group accounts may be obtained at the addresses shown above.

8. RELATED PARTY TRANSACTIONS

In accordance with FRS 8 "Related Party Disclosures", transactions with other undertakings within the group have not been disclosed in these financial statements.