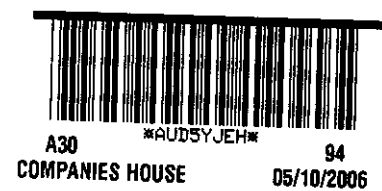


Rialto Computer Services Limited

Report and Financial Statements

31 December 2005



Rialto Computer Services Limited

Report and financial statements 2005

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Rialto Computer Services Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities and future prospects

The company's principal activity is the provision of computer services. The directors do not foresee that there will be any change in the company's activities in the foreseeable future.

Review of business and results

The directors regard progress as satisfactory. The results are set out on page 4. No dividends were paid during the year (2004: £nil).

Directors and their interests

The directors who served throughout the year and to date are set out below:


G A Malton
S C Potter

The directors had no interests in the company during this year or the prior year. G A Malton is also a director of the ultimate parent company, Fairview Holdings Limited and his interest in the ultimate parent company is detailed in the group financial statements.

Auditors

Pursuant to section 386 of the Companies Act 1985 an elective resolution has been passed to dispense with the requirement to reappoint auditors annually, therefore Deloitte & Touche LLP remain as auditors.

By order of the Board



D K Tipping
Secretary

28 September 2006

Registered office:
50 Lancaster Road
Enfield
Middlesex
EN2 0BY

Rialto Computer Services Limited

Statement of directors' responsibilities

United Kingdom 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 year 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.

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

Independent auditors' report to the members of Rialto Computer Services Limited

We have audited the financial statements of Rialto Computer Services Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' 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 audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

3 October 2006

Rialto Computer Services Limited

Profit and loss account Year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Turnover	1	202	217
Administrative expenses		(190)	(206)
Operating profit	2	12	11
Interest payable and similar charges	3	(12)	(11)
Profit on ordinary activities before taxation		-	-
Tax credit on profit on ordinary activities	4	2	-
Profit for the financial year	11	2	-

All activities derive from continuing operations. There are no recognised gains or losses or movements in shareholders' funds for the current year or preceding financial year other than as stated in the profit and loss account.

Rialto Computer Services Limited

Balance sheet 31 December 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	5	142	267
Current assets			
Debtors	6	53	60
Creditors: amounts falling due within one year	7	(123)	(212)
Net current liabilities		(70)	(152)
Total assets less current liabilities		72	115
Creditors: amounts falling due after more than one year	8	(18)	(63)
Net assets		54	52
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	54	52
Equity shareholders' funds		54	52

These financial statements were approved by the Board of Directors on 28 September 2006.


G A Malton
Director

Rialto Computer Services Limited

Notes to the accounts

Year ended 31 December 2005

1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted by the directors are described below, which have been applied consistently throughout the current year and the previous year.

Accounting convention

These financial statements are prepared under the historical cost convention.

Turnover

Turnover is the total amount of income receivable during the year from provision of computer services to fellow subsidiary companies and arises entirely within the United Kingdom.

Finance leases

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit on a straight line basis. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Fixed assets and depreciation

Fixed assets are stated at cost, less provision for impairment.

Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Computer equipment	5 years
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Deferred taxation

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a 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 from 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 assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Bank loans

Bank loans were advanced to fund capital expenditure and the repayment terms are similar to the company's finance leases. As such, the loans are treated in accordance with the company's policy for finance leases.

Rialto Computer Services Limited

Notes to the accounts

Year ended 31 December 2005

2. Operating profit

The company has had no employees during the current or preceding year, other than directors. None of the directors has received any emoluments or other benefits during the current or preceding year.

Auditors' remuneration has been borne by another group company in both the current and preceding years.

	2005 £'000	2004 £'000
Operating profit is stated after charging:		
Depreciation:		
- in respect of owned assets	91	93
- in respect of leased assets	35	39
	<u>126</u>	<u>132</u>

3. Interest payable and similar charges

	2005 £'000	2004 £'000
On finance leases	8	6
On other loans	4	5
	<u>12</u>	<u>11</u>

Rialto Computer Services Limited

Notes to the accounts

Year ended 31 December 2005

4. Tax credit on profit on ordinary activities

	2005 £'000	2004 £'000
United Kingdom corporation tax at 30%	12	9
Adjustments in respect of prior years	-	(1)
	<u>12</u>	<u>8</u>
Current tax charge	12	8
Deferred tax credit	(14)	(8)
	<u>(2)</u>	<u>-</u>

Reconciliation of current tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2004: 30%). The tax charge for both current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities at 30% (2004: 30%)	-	-
Factors affecting charge:		
Depreciation in excess of capital allowances	14	9
Notional interest on intra-group balances	(2)	-
Adjustments in respect of prior years	-	(1)
	<u>-</u>	<u>-</u>
Current tax charge	<u>12</u>	<u>8</u>

Rialto Computer Services Limited

Notes to the accounts Year ended 31 December 2005

5. Fixed assets

	Computer equipment £'000
Cost	
At 31 December 2004	887
Additions	1
Disposals	(3)
	<hr/>
At 31 December 2005	885
Depreciation	
At 31 December 2004	620
Charge for the year	126
Disposals	(3)
	<hr/>
At 31 December 2005	743
Net book value	
At 31 December 2005	<hr/> 142 <hr/>
At 31 December 2004	<hr/> 267 <hr/>

The net book value of tangible fixed assets includes an amount of £34,122 (2004: £79,988) in respect of assets held under finance leases.

6. Debtors

	2005 £'000	2004 £'000
Deferred tax asset (see note 9)	28	14
Prepayments and accrued income	25	46
	<hr/>	<hr/>
	53	60
	<hr/>	<hr/>

7. Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Bank loans	8	25
Amounts owed to group undertakings	73	140
Corporation tax	12	9
Obligations under finance leases	30	38
	<hr/>	<hr/>
	123	212
	<hr/>	<hr/>

Rialto Computer Services Limited

Notes to the accounts Year ended 31 December 2005

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

	2005 £'000	2004 £'000
Bank loans	4	16
Obligations under finance leases	14	47
	<u>18</u>	<u>63</u>

Maturity of debt

Bank loans are repayable as follows:

	2005 £'000	2004 £'000
Within one year	8	25
Between one and two years	4	7
Between two and five years	-	9
	<u>12</u>	<u>41</u>

The bank loans are unsecured commercial loans advanced to fund capital expenditure.

Finance leases

The net finance lease obligations to which the company is committed are:

	2005 £'000	2004 £'000
Within one year	30	38
Between one and two years	14	27
Between two and five years	-	20
	<u>44</u>	<u>85</u>

9. Deferred tax

	2005 £'000	2004 £'000
At 31 December 2004	14	6
Release to profit and loss account	14	8
At 31 December 2005	<u>28</u>	<u>14</u>

The company's asset for deferred tax consists of timing differences relating to the excess of depreciation over capital allowances.

There is no unprovided deferred tax.

Rialto Computer Services Limited

Notes to the accounts Year ended 31 December 2005

10. Called up share capital

	Number	£
Authorised share capital:		
At 31 December 2004 and 31 December 2005	1,000	1,000
	<hr/>	<hr/>
Called up, allotted and fully paid:		
At 31 December 2004 and 31 December 2005	1	1
	<hr/>	<hr/>

11. Profit and loss account

	£'000
At 31 December 2004	52
Profit for the year	2
	<hr/>
At 31 December 2005	54
	<hr/>

12. Contingent liabilities

The company has no contingent liabilities other than those arising in the normal course of business.

13. Related party transactions

The company has taken advantage of the exception granted by paragraph 3 (c) of FRS 8 not to disclose related party transactions with greater than 90% owned companies within the group.

14. Ultimate parent company and ultimate controlling party

At 31 December 2005 the ultimate parent company and controlling party was Fairview Holdings Limited, a company incorporated in Great Britain. The immediate parent company is Fairview New Homes Limited, a company incorporated in Great Britain.

The largest and smallest group of undertakings for which group accounts to 31 December 2005 are drawn up and of which the company is a member is Fairview Holdings Limited. Copies of the group accounts may be obtained from 50 Lancaster Road, Enfield, Middlesex, EN2 0BY.