

FAIRVIEW VENTURES LIMITED
(formerly DMWSL 359 Limited)

Report and Financial Statements

31 December 2002

Deloitte & Touche
London



REPORT AND FINANCIAL STATEMENTS 2002

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DIRECTORS' REPORT

The directors present their first report and the audited consolidated financial statements for the period from 11 September 2001 to 31 December 2002.

INCORPORATION AND CHANGE OF NAME

The company was incorporated on 11 September 2001 as DMWSL 359 Limited. On 8 April 2002 the company changed its name to Fairview Ventures Limited.

PRINCIPAL ACTIVITIES

The company carries on the business of a residential property developer and is the holding company of a group specialising in the provision of low to medium cost housing within and around the M25 area.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company commenced trading on 5 April 2002. Transactions during the period relate to the acquisition and development of sites and the sale of land. No completed units have been sold in the period.

The directors consider the progress of the company to be satisfactory and expect this to continue.

RESULTS AND DIVIDENDS

Details of the results for the period are set out on page 4. No dividend was paid or proposed during the period.

DIRECTORS AND THEIR INTERESTS

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

25 Nominees Limited was appointed on 11 September 2001 and resigned on 27 March 2002.

K M Bothwell	(appointed 27 March 2002)
P A Bradley	(appointed 27 March 2002)
S C Casey	(appointed 27 March 2002)
G A Malton	(appointed 27 March 2002)

None of the directors held any beneficial or family interests in the shares of the company during the year. None of the directors has a service contract or contract for services with the company.

S C Casey and G A Malton are eligible as beneficiaries of the General London Constructors Holdings Limited Employee Benefit Trust 2000, which has a controlling interest in General London Constructors Holdings Limited, which is the parent company of a group that owns 50% of the issued ordinary share capital of the company.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

By order of the board



D K Tipping
Secretary

16 April 2003

Registered office
50 Lancaster Road
Enfield
Middlesex
EN2 0BY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the group as at the end of the financial period and of the profit or loss of the group 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; 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 of the group to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the group's system of internal control, 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
FAIRVIEW VENTURES LIMITED
(formerly DMWSL 359 Limited)**

We have audited the financial statements of Fairview Ventures Limited for the period from incorporation, on 11 September 2001, to 31 December 2002 which comprise the profit and loss account, the balance sheets, the cash flow statement and the related notes 1 to 19. 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 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 and the other members of the group 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 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 and 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 the affairs of the company and the group as at 31 December 2002 and of the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche

Chartered Accountants and Registered Auditors
London

16 April 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Period from 11 September 2001 to 31 December 2002

	Note	2002 £'000
Group turnover	2	775
Cost of sales		(775)
Gross profit		-
Administration Expenses		(8)
OPERATING LOSS	4	(8)
Net interest and finance charges payable	5	(754)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(762)
Tax credit on loss on ordinary activities	6	229
RETAINED LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD	14	(533)

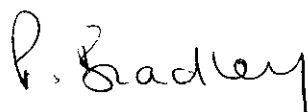
All activities derive from continuing operations. There are no recognised gains or losses for the current financial period other than as stated in the profit and loss account.

CONSOLIDATED BALANCE SHEET
31 December 2002

	Note	2002 £'000
CURRENT ASSETS		
Land and buildings in course of development	9	25,043
Debtors	10	256
Cash at bank and in hand		33
		<hr/> 25,332
CREDITORS: amounts falling due within one year	11	(6,966)
		<hr/> 18,366
NET CURRENT ASSETS		
TOTAL ASSETS LESS CURRENT LIABILITIES		18,366
CREDITORS: amounts falling due after more than one year	12	(18,699)
		<hr/> (333)
NET LIABILITIES		
CAPITAL AND RESERVES		
Called up share capital	13	200
Profit and loss account	14	(533)
		<hr/> (333)
EQUITY SHAREHOLDERS' DEFICIT	15	
		<hr/> (333)

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

16 April 2003.



P A Bradley
Director

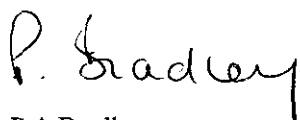

G A Malton
Director

PARENT COMPANY BALANCE SHEET
31 December 2002

	Note	2002 £'000
FIXED ASSETS		
Investments	8	-
CURRENT ASSETS		
Land and buildings in course of development	9	14,478
Debtors	10	1,046
Cash at bank and in hand		33
		15,557
CREDITORS: amounts falling due within one year	11	(441)
NET CURRENT ASSETS		15,116
TOTAL ASSETS LESS CURRENT LIABILITIES		15,116
CREDITORS: amounts falling due after more than one year	12	(15,449)
NET LIABILITIES		(333)
CAPITAL AND RESERVES		
Called up share capital	13	200
Profit and loss account	14	(533)
EQUITY SHAREHOLDERS' DEFICIT	15	(333)

These financial statements were approved by the Board of Directors on 16 April 2003.

Signed on behalf of the Board of Directors



P A Bradley
Director



G A Malton
Director

CONSOLIDATED CASH FLOW STATEMENT
Period from 11 September 2001 to 31 December 2002

	Note	2002 £'000
Sales income		775
Site purchases		(15,021)
Development expenditure		(1,020)
Other operating cash flows		(29)
Net cash outflow from operating activities	16	<u>(15,295)</u>
Returns on investments and servicing of finance		
Interest received		10
Interest paid		(223)
Net cash outflow from returns on investments and servicing of finance		<u>(213)</u>
Net cash outflow before financing		<u>(15,508)</u>
Financing		
Issue of ordinary shares		200
Bank loan		9,400
Loan stock		6,750
Loan arrangement costs		(809)
Increase in cash in the year	17	<u><u>33</u></u>

NOTES TO THE ACCOUNTS

Period from 11 September 2001 to 31 December 2002

1. ACCOUNTING POLICIES

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

a) Accounting convention

The financial statements are prepared under the historical cost convention.

b) Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiary. All trading profits between group companies have been excluded. All subsidiaries make up their accounts to the same date and follow common accounting policies in all material respects.

The consolidated profit and loss account includes the results of subsidiary undertakings from the date of acquisition. Acquisitions are accounted for under the acquisition method.

c) Turnover

Turnover comprises:

- (i) the net proceeds of properties developed by the company sold to third parties, together with the sale proceeds of both partially developed and undeveloped sites. Sales are recognised at the time of legal completion;
- (ii) the value of the freehold title in respect of units sold under leasehold terms. This is recognised at the time of legal completion of the individual leasehold units occupying the respective freehold.

Turnover is derived wholly in the United Kingdom.

d) Interest

All interest is charged to the profit and loss account and included within interest and finance charges payable.

e) 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, development expenditure to date and an appropriate proportion of overhead expenditure.

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

f) Loan arrangement costs

Debt has been stated at the fair value of consideration received after deduction of loan arrangement costs. The loan arrangement costs are being charged to the profit and loss account at a constant rate in proportion to the total available facility.

g) Investments

Investments held as fixed assets are stated at cost less any provision for any impairment in value.

NOTES TO THE ACCOUNTS

Period from 11 September 2001 to 31 December 2002

2. TURNOVER

	2002
	£'000
Turnover comprises:	
Sale of development land	775
	<u>775</u>

3. EMPLOYEES AND DIRECTORS

Other than the directors, who did not receive any emoluments in the current period, the company had no employees during the year.

4. OPERATING LOSS

The auditors' remuneration for audit services for the period from 11 September 2001 to 31 December 2002 was £5,000.

5. NET INTEREST AND FINANCE CHARGES PAYABLE

	2002
	£'000
Payable	
Bank loans	207
Other loans	198
	<u>405</u>
Receivable	
Bank interest	(10)
	<u>395</u>
Net interest payable	395
Finance charges	
Bank commitment fees	251
Amortisation of loan arrangement costs	108
	<u>754</u>

6. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	2002
	£'000
United Kingdom corporation tax credit at 30%	229

NOTES TO THE ACCOUNTS

Period from 11 September 2001 to 31 December 2002

7. PROFIT FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF FAIRVIEW VENTURES LIMITED

	2002 £'000
Loss of the parent company for the period	533

The company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss account for the company alone is not presented.

8. INVESTMENTS

On 15 October 2002 the company acquired 100% of the issued ordinary shares of Okus Properties Limited for £2.

9. LAND AND BUILDINGS IN COURSE OF DEVELOPMENT

At 31 December 2002 the group held approximately £25.0 million of land included within land and buildings in the course of development which had not received appropriate residential planning consent, £14.5m of which is held by the company.

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

10. DEBTORS

	Group 2002 £'000	Company 2002 £'000
Amount owed by fellow subsidiary	-	790
Consortium tax relief	229	229
Other debtors	27	27
	<u>256</u>	<u>1,046</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2002 £'000	Company 2002 £'000
Amounts owed to related companies:		
- Fairview New Homes Limited	61	61
- Uberior Ventures Limited	61	61
- Bank of Scotland	311	311
Other creditors	6,525	-
Accruals	8	8
	<u>6,966</u>	<u>441</u>

NOTES TO THE ACCOUNTS

Period from 11 September 2001 to 31 December 2002

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2002 £'000	Company 2002 £'000
Due in more than one year but not more than two years:		
Other creditors	3,250	-
Due in more than five years:		
Loan stock held by related companies:		
- Fairview New Homes Limited	3,375	3,375
- Uberior Ventures Limited	3,375	3,375
Bank loan due to related party	9,400	9,400
	<u>19,400</u>	<u>16,150</u>
Prepaid loan arrangement costs	(701)	(701)
	<u>18,699</u>	<u>15,449</u>

Interest is payable on loan stock at a floating rate linked to the base lending rate of the Bank of Scotland.

Group bank loans are secured by a fixed and floating charge over all property and assets and are subject to interest at floating rates linked to LIBOR.

13. CALLED UP SHARE CAPITAL

	Group 2002 £'000	Company 2002 £'000
Authorised share capital:		
100,000 Ordinary 'A' shares of £1 each	100	100
100,000 Ordinary 'B' shares of £1 each	100	100
	<u>200</u>	<u>200</u>
Called up, allotted and fully paid:		
100,000 Ordinary 'A' shares of £1 each	100	100
100,000 Ordinary 'B' shares of £1 each	100	100
	<u>200</u>	<u>200</u>

The 'A' and 'B' shares rank pari passu in all respects. The company was incorporated with an authorised share capital of £100 divided into 100 ordinary shares of £1 each. On 27 March 2002 the authorised share capital was increased to that shown above. All the shares were issued at par for cash.

NOTES TO THE ACCOUNTS

Period from 11 September 2001 to 31 December 2002

14. PROFIT AND LOSS ACCOUNT

	Group £'000	Company £'000
Loss for the period	(533)	(533)
At 31 December 2002	(533)	(533)

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	Group 2002 £'000	Company 2002 £'000
Retained loss for the financial period	(533)	(533)
Share issue	200	200
Net increase in shareholders' deficit	(333)	(333)
Opening shareholders' deficit	-	-
Closing shareholders' deficit	(333)	(333)

16. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2002 £'000
Operating loss	(8)
Increase in land and buildings in course of development	(25,043)
Increase in debtors	(27)
Increase in creditors	9,783
Net cash outflow from operating activities	(15,295)

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£'000
Increase in cash in the period	33
Increase in debt financing	(16,150)
Change in net debt resulting from cash flows	(16,117)
Net debt at 11 September 2001	-
Net debt at 31 December 2002	(16,117)

NOTES TO THE ACCOUNTS

Period from 11 September 2001 to 31 December 2002

18. TRANSACTIONS WITH RELATED PARTIES

Fairview New Homes Limited ('Fairview') is a related party as a consequence of it owning 50% of the issued share capital of the company. During the period it made charges for development costs totalling £335,000 and received interest of £99,000 on loan stock.

Uberior Ventures Limited ('Uberior') also owns 50% of the issued share capital of the company and during the period received interest of £99,000 on loan stock.

The Governors and Company of Bank of Scotland is a related party as a consequence of it owning 100% of the issued share capital of Uberior Ventures Limited. All of the group's bank loans, bank interest payable and receivable are with this related party.

Period end balances with Fairview, Uberior, and The Governors and Company of Bank of Scotland are shown in notes 11 and 12.

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The share capital of the company is owned equally by Uberior Ventures Limited and Fairview New Homes Limited. As a result, in the directors' opinion, there is no ultimate controlling party.