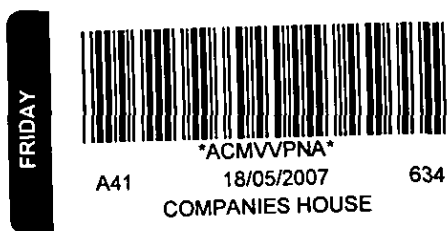


CREST NICHOLSON (BATH) HOLDINGS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31st OCTOBER 2006



Registered No 5235961

CREST NICHOLSON (BATH) HOLDINGS LIMITED**REPORT OF THE DIRECTORS**

The Directors have pleasure in submitting their Report and Balance Sheet for the year ended 31st October 2006

Business Review

The Company has not traded in this period or in the preceding period

Directors

The Directors during the period were

Mr P Callcutt	
Mr J A Cheetham	
Mr D P Darby	
Mr N C Tinker	
Mr I M White	(resigned 1 st September 2006)
Mr S Stone	(appointed 1 st September 2006)
Mr D O Clark	(appointed 1 st September 2006)
Ms D A Aplin	(appointed 1 st September 2006)
Mr I J Plumley	(appointed 1 st September 2006)

Mr P Callcutt and Mr J A Cheetham retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election Mr S Stone, Mr D O Clark, Ms D A Aplin and Mr I J Plumley offer themselves for re-election following their appointment during the year

The Directors have no interest in the share capital of the Company Their interests in the share capital of the ultimate parent company, Crest Nicholson PLC, are none except as disclosed in the report and accounts of that company or as shown below

	<u>At 31st October 2006</u>		<u>At 31st October 2005 or on</u> <u>appointment</u>	
	Ordinary Shares	Preference Shares	Ordinary Shares	Preference Shares
<u>Beneficial</u>				
J A Cheetham	4,360	-	6,160	-
N C Tinker	1,965	-	1,508	-
Mr D O Clark	1,765	-	1,698	-
Ms D A Aplin	920	-	852	-
Mr I J Plumley	-	-	-	-

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985 a resolution for the re-appointment of KPMG Audit Plc will be proposed at the forthcoming Annual General Meeting

By Order of the Board

J A Cheetham
Secretary



Crest House
Pycroft Road
Chertsey
Surrey KT16 9GN

27 April 2007

CREST NICHOLSON (BATH) HOLDINGS LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT
AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CREST NICHOLSON (BATH) HOLDINGS LIMITED**

We have audited the financial statements of Crest Nicholson (Bath) Holdings Limited for the year ended 31 October 2006 which comprise the Profit and Loss account, the Balance and the related notes. 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 auditor's 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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities above.

Our responsibility is to audit the financial statements in accordance with relevant 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 within it.

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 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2006 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

27/4/2007

CREST NICHOLSON (BATH) HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31st OCTOBER 2006**

During the financial year and preceding financial year the Company did not trade and received no income and incurred no expenditure. Consequently, during those years the Company made neither a profit nor a loss.

BALANCE SHEET AS AT 31st OCTOBER 2006

		<u>2006</u>	<u>2005</u>
	Notes	£	£
<u>Fixed assets</u>			
Investments	3	3	3
<u>Current assets</u>			
Debtors - amounts owed by Group undertakings		97	97
Total net assets		<u>100</u>	<u>100</u>
<u>Capital and reserves</u>			
Share capital			
Authorised, allotted, called up and fully paid			
Ordinary Shares of £1 each		<u>100</u>	<u>100</u>

Approved by the Board of Directors and signed on its behalf on 27 April 2007 by

D P Darby
Director



CREST NICHOLSON (BATH) HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

1 **Accounting Policies**

(a) **Basis of Accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards

(b) **Cash flow**

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking

(c) **Investments**

Investments are included in the balance sheet at cost less any provision for permanent diminution in value

(d) **Related parties**

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose related party transactions with Crest Nicholson PLC and its subsidiary undertakings on the grounds that it is a wholly owned subsidiary undertaking of Crest Nicholson PLC

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group

2 **Directors and employees**

The Company had no employees during the year (2005 Nil)

No emoluments were paid to Directors during the year (2005 £Nil)

3 **Investments**

Shares in subsidiary companies

Balance at 31st October 2006 and 31st October 2005

£3

The company owns 100% of the issued share capital of the following companies

Crest Nicholson Residential (London) Limited	Dormant
Crest Nicholson (Bath Western) Limited	Dormant

Both companies are incorporated in Great Britain and registered in England and Wales but have not traded. In the opinion of the Directors the net realisable value of this investment is not less than the amount stated in these accounts

4 **Parent Company**

The ultimate parent company is Crest Nicholson PLC which is incorporated in Great Britain and registered in England and Wales. Copies of its Group accounts can be obtained from the Company's registered office which is shown in the Directors' Report