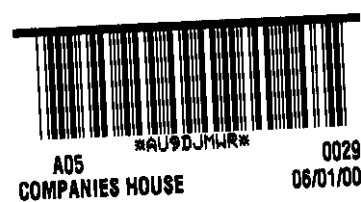


Berkeley Chelsfield (Virginia Water) Limited
(Registered Number: 3396465)

Directors' Report & Accounts

30 April 1999



Berkeley Chelsfield (Virginia Water) Limited

Directors' Report

The Directors submit their report together with the financial statements accounts for the year ended 30 April 1999.

Principal activities and review of the business

The Company was established as a joint venture operation between The Berkeley Group plc and Chelsfield plc. The Company's principal activity is that of residential housebuilding.

Results and dividends

The Company's profit after taxation for the year is £181,415 (1998: loss after taxation £45,890).

The Directors do not recommend the payment of a final dividend.

Directors and their interests

The Directors who held office during the year under review and up to the date of this report were as follows:

A W Pidgley
D Phillips
R S J H Lewis
W N Hugill
A N McArthur (resigned 7 September 1998)

The directors had no interests in the share capital of the Company requiring disclosure.

Future developments

The Company will continue to operate in the residential housebuilding sector.

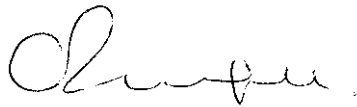
Berkeley Chelsfield (Virginia Water) Limited

Directors' Report (Continued)

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution proposing their re-appointment as auditors of the Company will be put to the members at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'C Puttergill', is written over a horizontal line.

C Puttergill
Secretary

21 July 1999

Berkeley Chelsfield (Virginia Water) Limited

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 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, subject to any material departures disclosed and explained in the financial statements;
- 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.

Auditors' Report to the Members of Berkeley Chelsfield (Virginia Water) Limited

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 3 of the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 transactions is not disclosed.

We read the other information contained in the Annual 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 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 affairs of the company as at 30 April 1999 and of its profit for the year and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and
Registered Auditors
London

15 December
24 July 1999

Berkeley Chelsfield (Virginia Water) Limited

Profit And Loss Account For The Year Ended 30 April 1999

	<i>Note</i>	Year to 30 April 1999 £	Period to 30 April 1998 £
Turnover	1	1,700,000	-
Cost of sales		(1,467,600)	-
Gross profit		232,400	-
Administrative expenses and other operating income		(3,000)	(2,000)
Operating profit/(loss)		229,400	(2,000)
Interest payable and similar charges	2	-	(64,507)
Profit/(loss) on ordinary activities before taxation	2	229,400	(66,507)
Taxation on profit/(loss) on ordinary activities	4	(47,985)	20,617
Profit/(loss) on ordinary activities after taxation	9	181,415	(45,890)
Dividends		-	-
Retained profit/(loss) for the year		181,415	(45,890)

There were no gains or losses recognised in the year other than profits set out above.

There are no material differences between the reported profits of the Company for the year and those that would be reported under the historical cost basis.

The movement on shareholders' funds in the year is attributed solely to the retained profits transferred to reserves.

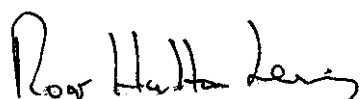
The notes on pages 7 to 10 form part of these accounts.

Berkeley Chelsfield (Virginia Water) Limited

Balance Sheet as at 30 April 1999

	<i>Note</i>	1999 £	1998 £
Current assets			
Stocks	5	2,044,875	2,697,783
Debtors	6	-	20,619
		2,044,875	2,718,402
Creditors (amounts falling due within one year)	7	(1,889,350)	(2,764,290)
Net current assets		155,525	(45,888)
Total net assets		155,525	(45,888)
Capital and reserves			
Share capital	8	20,000	2
Profit and loss account	9	135,525	(45,890)
Equity shareholders' funds		155,525	(45,888)

These accounts were approved by the Board of Directors on 21 July 1999.



R S J H Lewis
Director

The notes on pages 7 to 10 form part of these accounts.

Berkeley Chelsfield (Virginia Water) Limited

Notes to the Accounts at 30 April 1999

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents the net realisable value of trading properties and the value of work, including attributable profit, carried out during the year on pre-sold trading property developments.

Stocks

Property in the course of development is valued at the lower of direct cost and net realisable value. Direct cost of land, raw materials and development costs but excludes overheads and interest. Progress payments are deducted from work in progress.

2 Profit / (loss) on ordinary activities before taxation

Profit on ordinary activities before taxation for the period is stated after charging the following amounts:

	1999 £	1998 £
Auditors' remuneration	3,000	2,000
Interest payable on loans and overdrafts repayable within five years	-	64,507

3 Directors and employees

No Director received any emoluments during the period (1998: £nil).

There were no employees during the period (1998: nil).

Berkeley Chelsfield (Virginia Water) Limited

Notes to the Accounts at 30 April 1999

4 Taxation

	1999 £	1998 £
Taxation on profit/(loss) for the year		
UK corporation tax at 21/20% (1998: 31%)	47,985	(20,617)

5 Stocks

	1999 £	1998 £
Work in progress	2,044,875	2,697,783

6 Debtors

	1999 £	1998 £
Corporation tax recoverable	-	20,617
Called up share capital not paid	-	2
	-	20,619

7 Creditors (amounts falling due within one year)

	1999 £	1998 £
Trade creditors	11,275	-
Unsecured loans – Chelsfield plc	1,149,692	1,160,000
Unsecured loans – The Berkeley Group plc	667,398	1,602,290
Accruals	3,000	2,000
Corporation tax payable	47,985	-
	1,889,350	2,764,290

Berkeley Chelsfield (Virginia Water) Limited

Notes to the Accounts at 30 April 1999

8 Share capital

	1999 £	1998 £
Authorised		
10,000 "A" Ordinary shares of £1 each	10,000	10,000
10,000 "B" Ordinary shares of £1 each	10,000	10,000
	20,000	20,000
Issued		
1 "A" Ordinary share of £1 each	10,000	1
1 "B" Ordinary share of £1 each	10,000	1
	20,000	2

9 Reserves

	Profit and loss account £
At 1 May 1998	(45,890)
Retained profit for the year	181,415
At 30 April 1999	135,525

10 Capital commitments

The Company has no capital commitments at 30 April 1999. (1998: £nil)

11 Related party transactions

During the year the day to day administration of the company was undertaken by Berkeley Homes (Home Counties) Plc which is a wholly owned subsidiary of The Berkeley Group plc. No amount was charged by Berkeley Homes (Home Counties) Plc in respect of this service. The Berkeley Group plc holds 50% of the issued share capital of Berkeley Chelsfield (Virginia Water) Limited.

12 Cash flow statement

The Company is exempt under Financial Reporting Standard 1 (Revised 1996) from preparing a cash flow statement.