

COUNTRYSIDE PROPERTIES (MERTON ABBEY MILLS) LIMITED
(formerly Countryside Six Limited)

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED

30 September 2003



REGISTERED NUMBER 4422687

COUNTRYSIDE PROPERTIES (MERTON ABBEY MILLS) LIMITED
(formerly Countryside Six Limited)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2003

The Directors submit their report together with the audited financial statements for the year ended 30 September 2003.

NAME CHANGE

On the 12 September 2003 the Company changed its name from Countryside Six Limited to Countryside Properties (Merton Abbey Mills) Limited.

DIRECTORS

The Directors of the Company during the period were:

G S Cherry	Appointed 23 April 2002	
R deBlaby	Appointed 27 September 2002	Resigned 13 November 2003
J Esfandi	Appointed 27 September 2002	Resigned 16 July 2003
G Veitch	Appointed 27 September 2002	Resigned 16 July 2003
N S Shattock	Appointed 30 September 2003	
R J Worthington	Appointed 30 September 2003	
A R Wyatt	Appointed 30 September 2003	
A Travers	Appointed 30 September 2003	
M Gallagher	Appointed 17 December 2003	

DIRECTORS' INTERESTS

No Director had at any time during the period any interest in the shares of the Company.

ACTIVITIES AND RESULTS

The Company is undertaking the residential and commercial redevelopment of land at Merantum Way, Merton, London SW19.

The Directors do not recommend payment of a dividend.

POLITICAL AND CHARITABLE DONATIONS

The Company made no political or charitable donations in the period.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 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; and

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

COUNTRYSIDE PROPERTIES (MERTON ABBEY MILLS) LIMITED
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The Directors confirm that suitable accounting policies have been used and consistently applied. They also confirm that reasonable and prudent judgements and estimates have been made in preparing statements for the year ended 30 September 2003 and that applicable accounting standards have been followed.

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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 31 March 2004, and the Directors appointed its successor PricewaterhouseCoopers LLP, as auditors. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and in accordance with the Companies Act 1985 they will be proposed for reappointment.

By Order of the Board


R.P. Hoyles
Secretary

7 May 2004

COUNTRYSIDE PROPERTIES (MERTON ABBEY MILLS) LIMITED
(formerly Countryside Six Limited)

Independent Auditors' report to the members of Countryside Properties (Merton Abbey Mills) Limited

We have audited the financial statements which comprise the profit and loss account, the cashflow statement, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the Company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 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. The other information comprises only the Directors' report.

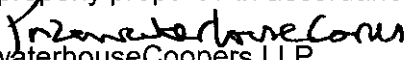
Basis of audit opinion

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 the Company's affairs at 30th September 2003 and of its loss and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

7/5/ 2004

COUNTRYSIDE PROPERTIES (MERTON ABBEY MILLS) LIMITED
(formerly Countryside Six Limited)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Notes	2003 £	2002 £
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administration expenses		(26,155)	-
		<hr/>	<hr/>
Operating loss		(26,155)	-
Interest		-	-
		<hr/>	<hr/>
Loss on ordinary activities		(26,155)	-
Taxation		-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(26,155)	-
Dividend		-	-
		<hr/>	<hr/>
Retained loss for the period		(26,155)	-
Retained loss brought forward		-	-
		<hr/>	<hr/>
Retained loss carried forward		(26,155)	-
		<hr/> <hr/>	<hr/> <hr/>

The loss for the year arises from continuing operations.

There are no recognised gains or losses other than those shown above.

There is no difference between the reported profits for the year and the profits under the historical cost convention.

COUNTRYSIDE PROPERTIES (MERTON ABBEY MILLS) LIMITED
(formerly Countryside Six Limited)

BALANCE SHEET
AT 30 SEPTEMBER 2003

		2003 £	2002 £
	Notes		
CURRENT ASSETS			
Stocks	4	17,969,096	8,000,000
Debtors	5	1,186,540	1,400,000
Cash at Bank and In Hand		1,027,757	-
		<hr/>	<hr/>
		20,183,393	9,400,000
CREDITORS (amounts falling due within one year)	6	(1,341,907)	(6,399,000)
		<hr/>	<hr/>
NET CURRENT ASSETS		18,841,486	3,001,000
CREDITORS (amounts falling due after more than one year)	7	(18,866,641)	(3,000,000)
		<hr/>	<hr/>
TOTAL (LIABILITIES)/ASSETS		(25,155)	1,000
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	8	1,000	1,000
Profit & Loss Account		(26,155)	-
		<hr/>	<hr/>
SHAREHOLDERS' (DEFICIT)/FUNDS		(25,155)	1,000
		<hr/>	<hr/>

Approved by the Board on 7 May 2004

G S Cherry

A Wyatt

Directors

The notes on pages 7 to 9 form part of these accounts.

COUNTRYSIDE PROPERTIES (MERTON ABBEY MILLS) LIMITED
(formerly Countryside Six Limited)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Notes	2003 £	2002 £
Cash payments in respects of: Land and other development costs		(15,839,884)	(2,000,000)
Net cash outflow from operating activities	9	(15,839,884)	(2,000,000)
Net cash outflow before financing		(15,839,884)	(2,000,000)
Financing			
Issue of Share Capital		-	1,000
Bank Borrowings		8,867,641	-
Shareholders Loans		8,000,000	1,999,000
Increase in cash	10	1,027,757	-
Increase in cash in the year		1,027,757	-
Cashflow from increase in debt		(16,867,641)	(1,999,000)
Movement in net debt		(15,839,884)	(1,999,000)
Net debt at 1 October 2002	10	(1,999,000)	-
Net debt at 30 September 2003	10	(17,838,884)	(1,999,000)

COUNTRYSIDE PROPERTIES (MERTON ABBEY MILLS) LIMITED
(formerly Countryside Six Limited)

NOTES TO THE BALANCE SHEET
AT 30 SEPTEMBER 2003

1. ACCOUNTING POLICIES

The principal accounting policies of the Company are as follows:

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. Notwithstanding the net liabilities position of the Company, the accounts have been prepared on a going concern basis. The Company has secured sufficient funding through a senior development loan facility and subordinated shareholder loans to meet commitments as they fall due.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value. Cost of stocks comprises land acquisition, construction and other development expenditure. Estimated net realisable value is calculated based on projected future sale proceeds less costs to complete each project.

2. RESULT FOR THE PERIOD

During the year ended 30 September 2003 the Company received no income and incurred £26,155 expenditure. Consequently the Company made a loss of £26,155 for the year. The loss for the year is arrived at after charging an audit fee of £4,000.

3. EMPLOYEES AND DIRECTORS' EMOLUMENTS

None of the Directors received any emoluments in respect of their services to the Company during the period.

The Company has no employees other than the Directors.

4. STOCKS	2003 £	2002 £
Development land	11,277,328	8,000,000
Other Development Costs	6,691,768	-
	<hr/>	<hr/>
	17,969,096	8,000,000
	<hr/>	<hr/>
5. DEBTORS	2003 £	2002 £
Other Debtors	1,186,540	1,400,000
	<hr/>	<hr/>
6. CREDITORS (amounts falling due within one year)	2003 £	2002 £
Trade Creditors	1,217,767	3,000,000
Other Creditors	124,140	1,400,000
Shareholder Loans	-	1,999,000
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	1,341,907	6,399,000
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COUNTRYSIDE PROPERTIES (MERTON ABBEY MILLS) LIMITED
(formerly Countryside Six Limited)

NOTES TO THE BALANCE SHEET (continued)
AT 30 SEPTEMBER 2003

7. CREDITORS (amount falling due after more than one year)	2003 £	2002 £
Senior Development Bank Loan	8,867,641	-
Subordinated Shareholder Loans	9,999,000	-
Trade Creditor – deferred land payments	-	3,000,000
	<hr/>	<hr/>
	18,866,641	3,000,000
	<hr/>	<hr/>

The committed amount under the bank loan facility is £32,000,000 and is repayable on the 31 March 2007. Interest payments are based on LIBOR. The bank loan facility is secured on the development land and work in progress owned by the Company. Issue costs of £80,000 are being amortised over the life of the loan.

8. CALLED UP SHARE CAPITAL	2003 £	2002 £
Authorised, issued and called up		
500 Ordinary A shares of £1 each fully paid	500	500
500 Ordinary B shares of £1 each fully paid	500	500
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

During the period the 500 B Ordinary Shares were purchased from Dwyer PLC by Countryside Properties PLC and subsequently sold to Quintain (Wembley) Limited.

9. RECONCILIATION OF OPERATING PROFIT TO NET CASHFLOW FROM OPERATING ACTIVITIES	2003 £	2002 £
Operating loss on ordinary activities before taxation	(26,155)	-
(Increase) in stock	(9,969,098)	(8,000,000)
Decrease/(Increase) in debtors	213,460	(1,400,000)
(Decrease)/Increase in creditors	(6,058,091)	7,400,000
	<hr/>	<hr/>
	(15,839,884)	(2,000,000)
	<hr/>	<hr/>

COUNTRYSIDE PROPERTIES (MERTON ABBEY MILLS) LIMITED
(formerly Countryside Six Limited)

NOTES TO THE BALANCE SHEET (continued)
AT 30 SEPTEMBER 2003

10. ANALYSIS OF CHANGES IN NET FUNDS

	30/9/02 £	Cashflow £	30/09/03 £
Cash at Bank	-	1,027,757	1,027,757
Loans due after 12 months	(1,999,000)	(16,867,641)	(18,866,641)
	<u>(1,999,000)</u>	<u>(15,839,884)</u>	<u>(17,838,884)</u>

11. RELATED PARTY TRANSACTIONS

Countryside Properties (Merton Abbey Mills) Limited is a joint venture between Quintain (Wembley) Limited (50%) and Countryside Properties Plc (50%) to which both parties provide property development expertise.

On 16 July 2003 Countryside Properties PLC acquired the other 50% shareholding from the previous Joint Venture partner Dwyer PLC. This interest was held exclusively with a view to resale and Countryside Properties PLC sold this 50% shareholding to Quintain (Wembley) Limited on 30 September 2003.

In addition to the subordinated shareholder loans the Company has had the following transactions with related parties during the period.

Countryside Properties PLC and subsidiaries.

Acquisition of Land	£3,277,328
Acquisition of Development Work in Progress	£5,472,901

At the balance sheet date, amounts owed to Countryside Properties PLC excluding shareholder loans totalled £1,337,907.