

REPORT OF THE AUDITORS TO THE DIRECTORS OF
PURELAKE NEW HOMES LIMITED

In our opinion the requirements for exemption as a small sized company as defined by Section 247(1) of the Companies Act 1985 are satisfied in relation to the attached modified accounts. We are not required to express an audit opinion on these modified accounts.

We reported as auditors of Purelake New Homes Limited to the members on 11th September 1996 on the company's financial statements prepared under Schedule 8 of the Companies Act 1985 for the year ended 31st December 1995 as follows:-

REPORT OF THE AUDITORS TO THE MEMBERS OF
PURELAKE NEW HOMES LIMITED

We have audited the financial statements on pages 2 to 5 which have been prepared under the historical cost convention and the accounting policies set out on page 3.

Respective Responsibilities of Directors and Auditors

The company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 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 as at 31st December 1995 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Jubilee House
Jubilee Court
Dersingham
King's Lynn
Norfolk
PE31 6HH

Burrells



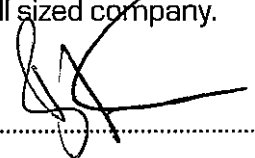
Burrells
Registered Auditors

25' Oct 1996

PURELAKE NEW HOMES LIMITEDBALANCE SHEET - 31st DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>			
Tangible Assets	5	110790	94061
<u>CURRENT ASSETS</u>			
Stocks	710828		885896
Debtors	32285		15141
Cash at Bank	-		26337
	<u>743113</u>		<u>927374</u>
<u>CREDITORS</u>			
<u>AMOUNTS FALLING DUE WITHIN ONE YEAR</u>			
Bank Overdraft	74236		-
Other Creditors	708258		884285
	<u>782494</u>		<u>884285</u>
<u>NET CURRENT (LIABILITIES)/ASSETS</u>		(39381)	43089
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>71409</u>	<u>137150</u>
<u>CREDITORS</u>			
<u>AMOUNTS FALLING DUE AFTER ONE YEAR</u>			
		50119	53795
		<u>21290</u>	<u>83355</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	2	100	100
Profit and Loss Account		21190	83255
		<u>21290</u>	<u>83355</u>

In preparing these modified accounts we have relied upon the exemptions contained in Section 247-249 of the Companies Act 1985 that the company is entitled to the benefits of those sections as a small sized company.

X 

) DIRECTOR

11/3/95

PURELAKE NEW HOMES LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31st DECEMBER 1995****1. PRINCIPAL ACCOUNTING POLICIES****a) Accounting Convention**

The accounts are prepared under the historical cost convention.

b) Depreciation

Depreciation is calculated so as to write off the cost of the fixed assets over their expected useful lives. The annual rates used are as follows:-

	<u>%</u>	
Land	NIL	
Buildings	4	Straight Line
Motor Vehicles	25	Reducing Balance
Equipment	25	Reducing Balance

c) Work in Progress

Work in Progress is valued at the lower of cost or net realisable value.

d) Deferred Taxation

No provision has been made for deferred taxation in respect of timing differences which are not expected to reverse in the future.

e) Hire Purchase Commitments

Assets obtained under Hire Purchase Contracts are capitalised in the Balance Sheet and depreciated over their useful lives. Interest is charged to the Profit and Loss Account over the period of the agreement.

f) Cash Flow Statement

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a Cash Flow Statement on the grounds that it is a small company.

PURELAKE NEW HOMES LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 31st DECEMBER 1995

2. <u>SHARE CAPITAL</u>	<u>1995 and 1994</u>
Authorised - Ordinary Shares of £1 each	<u>100</u>
Issued and Fully Paid - Ordinary Shares	<u>100</u>

3. SECURED CREDITORS

Bank borrowings from Barclays Bank PLC are secured by a charge over developments in progress and a floating charge over other assets.

4. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of Purelake Properties Limited. At 31st December 1995 the company owed £239940 (1994 - £200279) to the holding company.

No consolidated accounts have been prepared as the directors are of the opinion that these would serve no useful purpose.

PURELAKE NEW HOMES LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 31st DECEMBER 19955. TANGIBLE FIXED ASSETS

	<u>Freehold Property</u>	<u>Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>COST</u>				
At 31st December 1994	67110	27223	8500	102833
Transferred from Parent Company	-	-	40500	40500
At 31st December 1995	<u>67110</u>	<u>27223</u>	<u>49000</u>	<u>143333</u>
 <u>DEPRECIATION</u>				
At 31st December 1994	2013	2940	3819	8772
Transferred from Parent Company	-	-	11138	11138
	<u>2013</u>	<u>2940</u>	<u>14957</u>	<u>19910</u>
Charge for Year	1342	6071	5220	12633
At 31st December 1995	<u>3355</u>	<u>9011</u>	<u>20177</u>	<u>32543</u>
 <u>NET BOOK VALUE</u>				
At 31st December 1995	<u>63755</u>	<u>18212</u>	<u>28823</u>	<u>110790</u>
At 31st December 1994	<u>65097</u>	<u>24283</u>	<u>4681</u>	<u>94061</u>