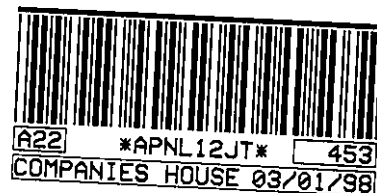


2695040

PURELAKE NEW HOMES LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 30th SEPTEMBER 1997

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PURELAKE NEW HOMES LIMITED

Registered in England and Wales No.	2695040
Date of Incorporation	9th March 1992
Directors	BJ White Mrs SA White G A Dowd (Appointed 01.06.97)
Company Secretary	Mrs SA White
Registered Office	Springbank Business Centre 87/89 Springbank Road London SE13 6SS
Auditors	Burrells Registered Auditors Jubilee House Jubilee Court Dersingham King's Lynn Norfolk PE31 6HH
Bankers	Barclays Bank PLC 223/225 Lewisham High Street London SE13 6LY National Westminster Bank PLC Second Floor 143 High Street Bromley Kent BR1 1JH

PURELAKE NEW HOMES LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 30th SEPTEMBER 1997

The directors have pleasure in presenting their report and the accounts for the year ended 30th September 1997.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the construction of new residential property.

REVIEW OF THE COMPANY'S BUSINESS

The company had a successful trading year and a major development was commenced which will be reflected in the results for the current year. A profit of £148638 (1996 - Period - £217618) was transferred to reserves.

DIVIDENDS

No dividends were paid during the year (1996 - Period - £15000).

PARENT COMPANY

The Company is a subsidiary of Purelake Properties Limited which owns 80% of the ordinary shares (1996 - 100%).

DIRECTORS AND DIRECTORS INTERESTS

The directors who served the company during the year together with details of their shareholdings are as follows:-

<u>Shares in Parent Company</u>	Ordinary Shares of £1 each <u>1997 and 1996</u>
BJ White	50
Mrs SA White	50
<u>Shares in Company</u>	Ordinary Shares of £1 each <u>1997</u>
G A Dowd (Appointed 1st June 1997)	20

PURELAKE NEW HOMES LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 30th SEPTEMBER 1997

AUDITORS

In accordance with Section 384(1) of the Companies Act 1985 a resolution proposing the re-appointment of Burrells, Chartered Accountants, as auditors of the company will be presented at the forthcoming Annual General Meeting.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE ACCOUNTS

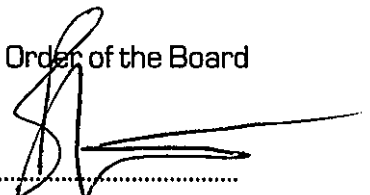
Company Law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the result for that period.

In preparing the accounts the directors are required to:-

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed.
- Prepare the accounts on a 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 accounts comply with the Companies Act. They are also responsible for safe guarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



.....
B J White
Director

REPORT OF THE AUDITORS TO
PURELAKE NEW HOMES LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 16 together with the financial statements of the company for the year ended 30th September 1997 prepared under section 226 of the Companies Act 1985.

Respective Responsibilities of Directors and Auditors

The company's directors are responsible for the preparation of abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of Opinion

We have carried out the procedures we consider necessary to confirm by reference to the audited financial statements that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts on pages 5 to 16 are properly prepared in accordance with that provision.

Burrells

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

Burrells
Registered Auditors

30th December 1997

PURELAKE NEW HOMES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30th SEPTEMBER 1997

	<u>Notes</u>	Year Ended <u>30.09.97</u> £	Period 01.01 to <u>30.09.96</u> £
<u>GROSS PROFIT</u>		605907	546637
<u>ADMINISTRATIVE EXPENSES</u>		322253	170158
		<u>283654</u>	<u>376479</u>
<u>OTHER OPERATING INCOME</u>	6	29665	1087
<u>OPERATING PROFIT</u>	7	<u>313319</u>	<u>377566</u>
<u>INTEREST PAYABLE AND SIMILAR CHARGES</u>	8	126394	54064
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		<u>186925</u>	<u>323502</u>

PURELAKE NEW HOMES LIMITED
PROFIT AND LOSS APPROPRIATION ACCOUNT
YEAR ENDED 30th SEPTEMBER 1997

	<u>Note</u>	Year Ended <u>30.09.97</u> £	Period 01.01 to <u>30.09.96</u> £
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		186925	323502
<u>TAXATION</u>	9	38287	90884
<u>PROFIT AFTER TAXATION</u> For Year/Period		<u>148638</u>	<u>232618</u>
<u>DIVIDENDS PAID TO HOLDING COMPANY</u>		-	15000
<u>RETAINED PROFIT</u> For Year/Period		<u>148638</u>	<u>217618</u>
<u>RETAINED PROFIT</u> brought forward		238808	21190
<u>RETAINED PROFIT</u> carried forward		<u>387446</u>	<u>238808</u>

CONTINUING OPERATIONS

None of the activities of the company were commenced or were discontinued during the current or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous year.

PURELAKE NEW HOMES LIMITEDBALANCE SHEET - 30th SEPTEMBER 1997

	<u>Notes</u>	<u>30.09.97</u>	<u>30.09.96</u>
		<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>			
Tangible Assets	12	63449	141325
<u>CURRENT ASSETS</u>			
Stocks	13	2760317	1286895
Debtors	14	236301	244100
Cash at Bank and in Hand		106276	119752
		<u>3102894</u>	<u>1650747</u>
<u>CREDITORS</u>			
<u>AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	15	2638097	1497636
<u>NET CURRENT ASSETS</u>			
		464797	153111
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			
		<u>528246</u>	<u>294436</u>
<u>CREDITORS</u>			
<u>AMOUNTS FALLING DUE AFTER ONE YEAR</u>	16	140700	55528
		<u>387546</u>	<u>238908</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	2	100	100
Profit and Loss Account		387446	238808
		<u>387546</u>	<u>238908</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

.....) DIRECTOR
BJ White

10/12/97
Date

8
PURELAKE NEW HOMES LIMITED
CASH FLOW STATEMENT
YEAR ENDED 30th SEPTEMBER 1997

	<u>Notes</u>	<u>Year Ended</u> <u>30.09.97</u> £	<u>Period</u> <u>01.01</u> <u>to</u> <u>30.09.96</u> £
<u>CASH (OUTFLOW)/INFLOW</u>			
<u>FROM OPERATING ACTIVITIES</u>	17	(1026465)	117314
<u>RETURNS ON INVESTMENTS AND</u>			
<u>SERVICING OF FINANCE</u>			
Interest Received	5183		-
Interest Paid	(126394)		(54064)
<u>Net Cash Outflow from Returns on</u>			
<u>Investments and Servicing of Finance</u>		(121211)	(54064)
<u>TAXATION</u>		(53185)	(39373)
<u>CAPITAL EXPENDITURE</u>			
Payments to Acquire Fixed Assets	(11785)		(14130)
Receipts from Sales of Fixed Assets	114500		170
<u>Net Cash Inflow/(Outflow) from</u>			
<u>Capital Expenditure</u>		102715	(13960)
<u>FINANCING</u>			
Repayment of Bank Loans	(767320)		(5668)
Receipts from New Bank Loans	1876515		217375
Capital Hire Purchase Repayments	(24525)		(12636)
<u>Net Cash Inflow from Financing</u>		1084670	199071
<u>EQUITY DIVIDENDS PAID</u>		-	(15000)
<u>(DECREASE)/INCREASE IN CASH</u>		(13476)	193988
<u>RECONCILIATION OF NET CASH</u>			
<u>FLOW TO MOVEMENT IN NET DEBT</u>	18		
(Decrease)/Increase in Cash in the Year/Period		(13476)	193988
New Hire Purchase Agreements		(11155)	(31120)
Capital Hire Purchase Repayments		24525	12636
Repayment of Bank Loans		767320	5668
Receipts from New Bank Loans		(1876515)	(217375)
Change in Net Debt		(1109301)	(36203)
Net Debt as at 1st October 1996		(453242)	(417039)
Net Debt as at 30th September 1997		(1562543)	(453242)

PURELAKE NEW HOMES LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 30th SEPTEMBER 19971. PRINCIPAL ACCOUNTING POLICIESa) 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 on a reducing balance basis over their expected useful lives. The annual rates used are as follows:-

	<u>%</u>
Motor Vehicles	25
Equipment	25

c) Stocks and Work in Progress

Stocks and Work in Progress are 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) Pension Costs

The company operates a money purchase pension scheme. Contributions for the year are charged to the Profit and Loss Account as paid.

PURELAKE NEW HOMES LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 30th SEPTEMBER 19972. SHARE CAPITAL 1997 and 1996

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.

Bank borrowings from National Westminster Bank PLC are secured by a charge over developments in progress.

4. ULTIMATE HOLDING COMPANY

The Company is a subsidiary of Purelake Properties Limited, a company incorporated in England. At 30th September 1997 the company owed £472065 (1996 - £445203) to the holding company.

Consolidated financial statements are not prepared as the group is entitled to exemption on the grounds that the group is medium sized.

5. TRANSACTIONS WITH DIRECTORS/RELATED COMPANIES

The company paid interest on the loan from Purelake Properties Limited at the rate it would pay interest to its bankers. The interest for the year ended 30th September 1997 amounted to £16529 (1996 - Period - £19145).

During the year the company sold a motor vehicle to B J White, a director of the company, for £28,500 based on a professional valuation.

The company sold its freehold property at Market Value of £86,000 to the Purelake Directors Pension Scheme. At the same time the company entered into a lease of the premises, again both transactions based on professional valuations.

PURELAKE NEW HOMES LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 30th SEPTEMBER 19976. OTHER OPERATING INCOME

	Year Ended <u>30.09.97</u> £	Period 01.01 to <u>30.09.96</u> £
Included within other operating income are the following items :-		
Bank Interest Received	5183	-
Profit on the Sale of Freehold Property	23252	-

7. OPERATING PROFIT

	Year Ended <u>30.09.97</u> £	Period 01.01 to <u>30.09.96</u> £
Operating Profit is stated after charging :-		
Auditors Remuneration	18500	12750
Depreciation	9568	14545

PURELAKE NEW HOMES LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 30th SEPTEMBER 19978. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended <u>30.09.97</u> £	Period 01.01 to <u>30.09.96</u> £
Bank Charges	19246	4565
Bank Overdraft and Loan Interest	82624	26436
Interest on Inter Company Loan	16529	19145
Hire Purchase Interest	5243	2956
Interest on Completion of Property Purchases	2642	-
Other Interest	110	962
	<u>126394</u>	<u>54064</u>

9. TAXATION

Corporation Tax has been charged on the profits for the year/period at a rate of 24.6% (1996 - 29.4%) and amounts to £44761 (1996 - Period - £59659).

The charge in the Profit and Loss Account is made up as follows :-

	Year Ended <u>30.09.97</u> £	Period 01.01 to <u>30.09.96</u> £
Corporation Tax Payable 1st July 1998	44761	59659
Overprovision for Previous Year	(21877)	-
Corporation Tax re Prior Year Losses	-	18526
Payment to Parent for Surrender of Losses and Group Relief - Period Ended 30.09.96	15403	10000
Advance Corporation Tax Surrendered by Group Company	-	2699
	<u>38287</u>	<u>90884</u>

If provision had been made for the potential amount of deferred taxation the tax charge for the year/period would have been £40687 (1996 - Period - £91484).

The potential deferred taxation not provided is made up as follows :-

	<u>1997</u> £	<u>1996</u> £
Capital Allowances in Advance of Depreciation	3000	600

PURELAKE NEW HOMES LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 30th SEPTEMBER 199710. STAFF COSTS

	Year Ended <u>30.09.97</u> £	Period 01.01 to <u>30.09.96</u> £
Directors Salaries	116416	95846
Directors Pension Costs	54285	3127
Other Salaries	103683	1750
Social Security Costs	23637	10473
	<u>298021</u>	<u>111196</u>

The average weekly number of employees during the period was made up as follows:-

	Year Ended <u>30.09.97</u> No.	Period 01.01 to <u>30.09.96</u> No.
Directors	3	2
Site Managers and Labourers	3	-
Office	2	-
	<u>8</u>	<u>2</u>

11. DIRECTORS EMOLUMENTS

	Year Ended <u>30.09.97</u> £	Period 01.01 to <u>30.09.96</u> £
Aggregate Emoluments	132841	109781
Pension Contributions	54285	3127
	<u>187126</u>	<u>112908</u>

There are 2 directors benefitting from the Money Purchase Pension Scheme (1996 - 1).

PURELAKE NEW HOMES LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 30th SEPTEMBER 1997****12. TANGIBLE FIXED ASSETS**

	<u>Freehold Property</u> £	<u>Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<u>COST</u>				
At 30th September 1996	67110	34536	84370	186016
Additions	-	629	22311	22940
	<u>67110</u>	<u>35165</u>	<u>106681</u>	<u>208956</u>
Disposals	67110	-	46000	113110
At 30th September 1997	<u>-</u>	<u>35165</u>	<u>60681</u>	<u>95846</u>
<u>DEPRECIATION</u>				
At 30th September 1996	4362	13666	26663	44691
(Profit on Disposal)/ Charge for Year	(23252)	5321	4247	(13684)
	<u>(18890)</u>	<u>18987</u>	<u>30910</u>	<u>31007</u>
Disposals	(18890)	-	17500	(1390)
At 30th September 1997	<u>-</u>	<u>18987</u>	<u>13410</u>	<u>32397</u>
<u>NET BOOK VALUE</u>				
At 30th September 1997	<u>-</u>	<u>16178</u>	<u>47271</u>	<u>63449</u>
At 30th September 1996	<u>62748</u>	<u>20870</u>	<u>57707</u>	<u>141325</u>

ASSETS ACQUIRED UNDER HIRE PURCHASE AGREEMENTS

The total net book value of fixed assets includes £37394 (1996 - £55861) in respect of assets acquired under hire purchase agreements after charging depreciation for the year of £1122 (1996 - Period- £7821).

PURELAKE NEW HOMES LIMITED

NOTES TO THE ACCOUNTSYEAR ENDED 30th SEPTEMBER 1997

13. <u>STOCKS</u>	<u>1997</u>	<u>1996</u>
	£	£
Stock and Developments in Progress	2760317	1286895
	<hr/>	<hr/>
14. <u>DEBTORS</u>	<u>1997</u>	<u>1996</u>
	£	£
Trade Debtors	205752	193750
Taxation	25336	43704
Prepayments	5213	6646
	<hr/>	<hr/>
	236301	244100
	<hr/>	<hr/>
15. <u>CREDITORS</u>		
<u>AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>1997</u>	<u>1996</u>
	£	£
Bank Loan Instalments	1513855	493826
Hire Purchase Instalments	14264	23640
Trade Creditors	551461	411799
Holding Company (Note 4)	472065	445203
Corporation Tax	44761	59659
Other Taxes and Social Security Costs	11623	50728
Accruals	12394	8875
Directors Current Account	17674	3906
	<hr/>	<hr/>
	2638097	1497636
	<hr/>	<hr/>
16. <u>CREDITORS</u>		
<u>AMOUNTS FALLING DUE AFTER ONE YEAR</u>	<u>1997</u>	<u>1996</u>
	£	£
Bank Loan Instalments	126166	37000
Hire Purchase Instalments	14534	18528
	<hr/>	<hr/>
	140700	55528
	<hr/>	<hr/>

PURELAKE NEW HOMES LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 30th SEPTEMBER 199717. RECONCILIATION OF OPERATING PROFIT TO NET CASH
(OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Year Ended <u>30.09.97</u> £	Period 01.01 to <u>30.09.96</u> £
Operating Profit	313319	377566
Depreciation	9568	14545
Profit on Sale of Freehold Property	(23252)	-
Interest Received	(5183)	-
Increase in Stocks and Work in Progress	(1473422)	(576067)
Decrease/(Increase) in Debtors	7799	(230341)
Increase in Creditors	144706	531611
	<u>(1026465)</u>	<u>117314</u>

18. ANALYSIS OF CHANGES IN NET DEBT

	<u>As at</u> <u>30.09.96</u> £	<u>Cash</u> <u>Flow</u> £	<u>Other</u> <u>Movement</u> £	<u>As at</u> <u>30.09.97</u> £
Bank and Cash Balances	119752	(13476)	-	106276
Debt Due Within One Year	(517466)	(1006935)	(3718)	(1528119)
Debt Due After More Than One Year	(55528)	(77735)	(7437)	(140700)
Total	<u>(453242)</u>	<u>(1098146)</u>	<u>(11155)</u>	<u>(1562543)</u>