

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

2695040

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 14th July 1995 on the company's financial statements prepared under Schedule 8 of the Companies Act 1985 for the year ended 31st December 1994 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

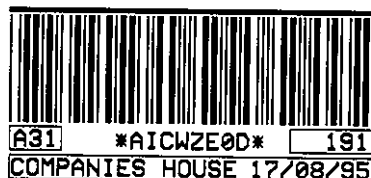
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of significant estimates and judgements 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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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



Burrells

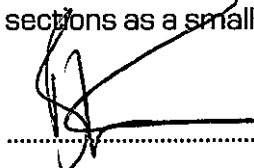
Burrells
Registered Auditors

14th July 1995

PURELAKE NEW HOMES LIMITEDBALANCE SHEET - 31st DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible Assets	6	94061	82670
<u>CURRENT ASSETS</u>			
Stocks	885896		476231
Debtors	15141		9100
Cash at Bank	26337		-
		<u>927374</u>	<u>485331</u>
<u>CREDITORS</u>			
<u>AMOUNTS FALLING DUE WITHIN ONE YEAR</u>			
Bank Overdraft	-		14743
Other Creditors	884285		501791
		<u>884285</u>	<u>516534</u>
<u>NET CURRENT ASSETS/(LIABILITIES)</u>		43089	(31203)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>137150</u>	<u>51467</u>
<u>CREDITORS</u>			
<u>AMOUNTS FALLING DUE AFTER ONE YEAR</u>			
		53795	47340
		<u>83355</u>	<u>4127</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	2	100	100
Profit and Loss Account		83255	4027
		<u>83355</u>	<u>4127</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.



.....) DIRECTOR

PURELAKE NEW HOMES LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31st DECEMBER 1994**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:-

	%	
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 19942. SHARE CAPITAL 1994 and 1993

Authorised - Ordinary Shares of £1 each	<u>100</u>
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Issued and Fully Paid - Ordinary Shares	<u>100</u>
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3. SECURED CREDITORS

The borrowings from Barclays Bank PLC are secured by a charge over developments in progress.

4. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of Purelake Properties Limited. At 31st December 1994 the company owed £200279 (1993 - £97609) to the holding company.

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

5. TRANSACTIONS WITH DIRECTORS

The company made an advance of £25,851 to BJ White a director of the company. This balance was still outstanding at the year end and was settled in January 1995.

PURELAKE NEW HOMES LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 31st DECEMBER 19946. 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 1993	67110	5189	16500	88799
Additions	-	22034	-	22034
	<u>67110</u>	<u>27223</u>	<u>16500</u>	<u>110833</u>
Disposals	-	-	8000	8000
At 31st December 1994	<u>67110</u>	<u>27223</u>	<u>8500</u>	<u>102833</u>
<u>DEPRECIATION</u>				
At 31st December 1993	671	825	4633	6129
Charge for Year	1342	2115	1686	5143
	<u>2013</u>	<u>2940</u>	<u>6319</u>	<u>11272</u>
Disposals	-	-	2500	2500
At 31st December 1994	<u>2013</u>	<u>2940</u>	<u>3819</u>	<u>8772</u>
<u>NET BOOK VALUE</u>				
At 31st December 1994	<u>65097</u>	<u>24283</u>	<u>4681</u>	<u>94061</u>
At 31st December 1993	<u>66439</u>	<u>4364</u>	<u>11867</u>	<u>82670</u>