

2695040

PURELAKE NEW HOMES LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2005

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PURELAKE NEW HOMES LIMITED

Registered in England and Wales No.	2695040
Date of Incorporation	9 March 1992
Directors	B J White Mrs S A White G A Dowd N Convert (Appointed 01.06.06)
Company Secretary	Mrs S A White
Registered Office	Springbank Business Centre 87/89 Springbank Road London SE13 6SS
Auditors	Burrells Accountancy Limited Registered Auditors Jubilee House Jubilee Court Dersingham King's Lynn Norfolk PE31 6HH
Bankers	Barclays Bank plc Maidstone Corporate Banking Centre PO Box 427 Maidstone Kent ME14 1TW National Westminster Bank plc Second Floor 143 High Street Bromley Kent BR1 1JH

PURELAKE NEW HOMES LIMITED**REPORT OF THE DIRECTORS****YEAR ENDED 31 DECEMBER 2005**

The directors have pleasure in presenting their report and the accounts for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE COMPANY'S BUSINESS

The company completed a number of developments during the year and continued to take advantage of the strength of the housing market.

The company made a profit after taxation for the year of £689390 (2004 - £1479450) which was transferred to reserves.

DIVIDENDS

No interim dividends were paid in the year (2004 - £Nil). No final dividend is recommended.

PARENT COMPANY

The company is a subsidiary of Purelake Properties Limited which owns 80% of the Ordinary Share Capital (2004 - 80%).

DIRECTORS AND DIRECTORS' INTERESTS

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

Shares in Parent Company**Ordinary Shares of £1 each
2005 and 2004**

B J White)	
) Jointly	
Mrs S A White)	

100

Shares in Company**Ordinary Shares of £1 each
2005 and 2004**

G A Dowd

20

PURELAKE NEW HOMES LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 31 DECEMBER 2005

CHARITABLE AND POLITICAL DONATIONS

The company contributed £5046 during the year (2004 - £3981) to charities in the UK. No payments were made to political parties.

AUDITORS

In accordance with Section 384(1) of the Companies Act 1985 a resolution proposing the re-appointment of Burrells Accountancy Limited, Registered Auditors, will be presented at the forthcoming Annual General Meeting.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.*

The directors, in determining how amounts are presented within items in the Profit and Loss Account and Balance Sheet, have regard to the substance of the reported transactions or arrangement in accordance with generally accepted accounting principles or practice.

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 15 together with the full financial statements of the company for the year ended 31 December 2005 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 those provisions 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 full 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 does 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 15 are properly prepared in accordance with that provision.

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

Burrells
Burrells Accountancy Limited
Registered Auditors
19 June 2006

PURELAKE NEW HOMES LIMITEDPROFIT AND LOSS ACCOUNTYEAR ENDED 31 DECEMBER 2005

	<u>Notes</u>	<u>2005</u> <u>£</u>	<u>2004</u> <u>£</u>
<u>GROSS PROFIT</u>		2635327	4000584
 <u>ADMINISTRATIVE EXPENSES</u>		1476100	1794296
		<hr/> 1159227	<hr/> 2206288
 <u>OTHER OPERATING INCOME</u>		50040	99999
<u>OPERATING PROFIT</u>	14	<hr/> 1209267	<hr/> 2306287
 <u>INTEREST PAYABLE AND SIMILAR CHARGES</u>	18	236066	186256
 <u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		<hr/> 973201	<hr/> 2120031

PURELAKE NEW HOMES LIMITED
PROFIT AND LOSS APPROPRIATION ACCOUNT
YEAR ENDED 31 DECEMBER 2005

	<u>Note</u>	<u>2005</u> <u>£</u>	<u>2004</u> <u>£</u>
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>BEFORE TAXATION</u>		973201	2120031
 <u>TAXATION</u>	17	283811	640581
		—————	—————
<u>RETAINED PROFIT</u> for year		689390	1479450
 <u>RETAINED PROFIT</u> brought forward		8230115	6750665
 <u>RETAINED PROFIT</u> carried forward		8919505	8230115
		—————	—————

CONTINUING OPERATIONS

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

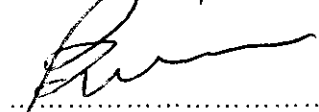
TOTAL RECOGNISED GAINS AND LOSSES

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

PURELAKE NEW HOMES LIMITED
BALANCE SHEET - 31 DECEMBER 2005

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
<u>FIXED ASSETS</u>			
Tangible Assets	8	280268	228776
			<hr/>
<u>CURRENT ASSETS</u>			
Work in Progress	9	5661663	6120246
Debtors	10	7169813	6482249
Cash at Bank and in Hand		952920	645397
		<hr/>	<hr/>
		13784396	13247892
 <u>CREDITORS</u>			
<u>AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	11	4903915	5229453
		<hr/>	<hr/>
<u>NET CURRENT ASSETS</u>		8880481	8018439
 <u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<hr/>	<hr/>
		9160749	8247215
 <u>CREDITORS</u>			
<u>AMOUNTS FALLING DUE AFTER ONE YEAR</u>	12	224444	--
		<hr/>	<hr/>
		8936305	8247215
 <u>PROVISIONS FOR LIABILITIES</u>			
<u>AND CHARGES</u>	13	16700	17000
		<hr/>	<hr/>
		8919605	8230215
		<hr/>	<hr/>
 <u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	2	100	100
Profit and Loss Account		8919505	8230115
		<hr/>	<hr/>
		8919605	8230215
		<hr/>	<hr/>

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
 B J White

29/9/06

 Date

PURELAKE NEW HOMES LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2005

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
<u>CASH INFLOW</u>			
<u>FROM OPERATING ACTIVITIES</u>	19	1101859	586605
<u>RETURNS ON INVESTMENTS AND</u>			
<u>SERVICING OF FINANCE</u>			
Interest Received	48478		98151
Interest Paid	(236066)		(186256)
<u>Net Cash Outflow from Returns on</u>			
<u>Investments and Servicing of Finance</u>		(187588)	(88105)
<u>TAXATION</u>		(411915)	(871146)
<u>CAPITAL EXPENDITURE</u>			
Payments to Acquire Fixed Assets	(127709)		(31113)
Proceeds of Disposal of Fixed Assets	5000		--
<u>Net Cash Outflow from Capital Expenditure</u>		(122709)	(31113)
<u>FINANCING</u>			
Repayment of Loans	(1403953)		(1862184)
Receipts from New Loans	1295000		2807130
Capital Hire Purchase Repayments	(2321)		(31314)
New Finance Agreements	39150		--
<u>Net Cash (Outflow)/Inflow from Financing</u>		(72124)	913632
<u>INCREASE IN CASH</u>		307523	509873
<u>RECONCILIATION OF NET CASH</u>			
<u>FLOW TO MOVEMENT IN NET DEBT</u>	20		
Increase in Cash in the Year		307523	509873
Capital Hire Purchase Repayments		2321	31314
Repayment of Loans		1403953	1862184
Receipts from New Loans		(1295000)	(2807130)
New Finance Agreements		(39150)	--
<u>Net Debt as at 1 January 2005 / 2004</u>		379647 (2205090)	(403759) (1801331)
<u>Net Debt as at 31 December 2005 / 2004</u>		(1825443)	(2205090)

PURELAKE NEW HOMES LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2005****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 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) Work in Progress

Long-term contracts are valued at cost (including its attributable profit) net of income received. Attributable profit is calculated with reference to the contract value and its level of completion.

All other work in progress is for direct sale and is costed at the lower of cost and net realisable value.

d) Deferred Taxation

Provision is made for deferred taxation in respect of timing differences that have originated but not reversed by the Balance Sheet date.

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 period are charged to the Profit and Loss Account as paid.

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PURELAKE NEW HOMES LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

2. **SHARE CAPITAL** **2005 and 2004**

Authorised - Ordinary Shares of £1 each	100
	—
Issued and Fully Paid - Ordinary Shares	100
	—

3. **SECURED CREDITORS**

Bank borrowings totalling £2320000 (2004 - £1495000) are from Barclays Bank plc and are secured by a fixed charge over specific developments in progress and a floating charge over all other assets.

Bank borrowings totalling £170301 (2004 - £1354254) are from National Westminster Bank plc and are secured by a fixed charge over one development in progress.

There are hire purchase instalments totalling £38062 (2004 - £1233) secured on the fixed assets to which they relate.

4. **CONTROLLING PARTY**

Mr and Mrs White, directors of the company, are the ultimate controlling party.

5. **HOLDING COMPANY**

The company is a subsidiary of Purelake Properties Limited, a company incorporated in England. At 31 December 2005 the company owed £283267 (2004 - £411946) to the holding company in respect of loan advances which are repayable on demand.

The company paid interest on the loan at the rate it would pay interest to its bankers. The interest for the year ended 31 December 2005 amounted to £23786 (2004 - £46115).

6. **TRANSACTIONS WITH RELATED PARTIES/COMPANIES**

Purelake Investments Limited, a company incorporated in England, is a fellow subsidiary of Purelake Properties Limited. The company sold properties to Purelake Investments Limited totalling £395000 (2004 - £1881060), which are based on open market valuations. The company also continued the major building work for Purelake Investments Limited and during the year completed sections which totalled £1239000 (2004 - £6931100). At 31 December 2005 the company was owed £6517447 by Purelake Investments Limited (2004 - £6148029) in respect of loan advances which are repayable on demand.

The company charged interest at a commercial rate and for the year ended 31 December 2005 this amounted to £35351 (2004 - £76000).

7. **PRIOR YEAR ADJUSTMENT**

Following an Inland Revenue enquiry during the year, the transfer of an investment property to Purelake Investments Limited in the year ended 31 December 2003 was increased by £40000. This is included in the turnover for the current year and properties sold to Purelake Investments Limited (see note 6).

PURELAKE NEW HOMES LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2005****8. TANGIBLE FIXED ASSETS**

	<u>Equipment</u>	<u>Motor</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<u>COST</u>			
At 31 December 2004	444664	98253	542917
Additions	79972	47737	127709
	<hr/>	<hr/>	<hr/>
	524636	145990	670626
Disposals	--	19659	19659
	<hr/>	<hr/>	<hr/>
At 31 December 2005	524636	126331	650967
	<hr/>	<hr/>	<hr/>
<u>DEPRECIATION</u>			
At 31 December 2004	246437	67704	314141
Charge for Year	56586	14631	71217
	<hr/>	<hr/>	<hr/>
	303023	82335	385358
Eliminated on Disposals	--	14659	14659
	<hr/>	<hr/>	<hr/>
At 31 December 2005	303023	67676	370699
	<hr/>	<hr/>	<hr/>
<u>NET BOOK VALUE</u>			
At 31 December 2005	221613	58655	280268
	<hr/>	<hr/>	<hr/>
At 31 December 2004	198227	30549	228776
	<hr/>	<hr/>	<hr/>

ASSETS ACQUIRED UNDER HIRE PURCHASE AGREEMENTS

The total net book value of fixed assets includes £42141 (2004 - £12032) in respect of assets acquired under hire purchase agreements after charging depreciation for the year of £1359 (2004 - £4011).

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PURELAKE NEW HOMES LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

9.	<u>WORK IN PROGRESS</u>	<u>2005</u> <u>£</u>	<u>2004</u> <u>£</u>
	Developments in Progress	5661663	6120246
		<hr/>	<hr/>
10.	<u>DEBTORS</u>	<u>2005</u> <u>£</u>	<u>2004</u> <u>£</u>
	Trade Debtors	484416	218490
	Taxation and Social Security Costs	82398	44866
	Prepayments	85552	70864
	Amounts Owed by Group Undertaking (Note 6)	6517447	6148029
		<hr/>	<hr/>
		7169813	6482249
		<hr/>	<hr/>
11.	<u>CREDITORS</u> <u>AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>2005</u> <u>£</u>	<u>2004</u> <u>£</u>
	Bank Loan Instalments	2490301	2849254
	Other Loans	50568	--
	Hire Purchase Instalments	13050	1233
	Trade Creditors	1558831	1120740
	Amounts Owed to Group Undertaking (Note 5)	283267	411946
	Corporation Tax	171611	299415
	Other Taxes and Social Security Costs	253673	488931
	Accruals	25993	33122
	Directors Current Account	56621	24812
		<hr/>	<hr/>
		4903915	5229453
		<hr/>	<hr/>
12.	<u>CREDITORS</u> <u>AMOUNTS FALLING DUE AFTER ONE YEAR</u>	<u>2005</u> <u>£</u>	<u>2004</u> <u>£</u>
	Hire Purchase Instalments	25012	--
	Other Loans	199432	--
		<hr/>	<hr/>
		224444	--
		<hr/>	<hr/>
13.	<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	<u>2005</u> <u>£</u>	<u>2004</u> <u>£</u>
	Provision for Deferred Taxation	16700	17000
		<hr/>	<hr/>

PURELAKE NEW HOMES LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2005**

14.	<u>OPERATING PROFIT</u>	<u>2005</u>	<u>2004</u>
		<u>£</u>	<u>£</u>
	Operating profit is stated after charging: -		
	Auditors Remuneration	35250	41275
	Depreciation	71217	80157
		<hr/>	<hr/>
15.	<u>STAFF COSTS</u>	<u>2005</u>	<u>2004</u>
		<u>£</u>	<u>£</u>
	Directors Salaries	618667	1037000
	Directors Pension Costs	71440	52860
	Other Salaries	719594	675999
	Social Security Costs	147568	221823
	Employees Pension Scheme	11355	9632
		<hr/>	<hr/>
		1568624	1997314
		<hr/>	<hr/>

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

	<u>2005</u>	<u>2004</u>
	<u>No.</u>	<u>No.</u>
Directors	3	3
Site Managers and Labourers	15	13
Office	8	7
	<hr/>	<hr/>
	26	23
	<hr/>	<hr/>

16.	<u>DIRECTORS EMOLUMENTS</u>	<u>2005</u>	<u>2004</u>
		<u>£</u>	<u>£</u>
	Aggregate Emoluments	657171	1063648
	Pension Contributions	71440	52860
		<hr/>	<hr/>
		728611	1116508
		<hr/>	<hr/>

The emoluments of the highest paid director for the year are £397053 (2004 - £539066).

There are 2 directors benefiting from the Money Purchase Pension Scheme (2004 - 2). Contributions for the year relating to the highest paid director amounted to £48300 (2004 - £31014).

PURELAKE NEW HOMES LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2005****17. TAXATION**

Corporation Tax has been charged on the profits for the year at a rate of 30% (2004 - 30%) and amounts to £284111 (2004 - £626415).

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

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Mainstream Corporation Tax Payable	284111	626415
Additional Corporation Tax for Prior Years	--	48000
Receipt from Parent Company		
for Surrender of Losses for the Year	--	(28854)
Transfer from Deferred Taxation Provision	(300)	(4980)
	<u>283811</u>	<u>640581</u>

The deferred taxation charge provided for in the accounts is made up as follows: -

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Capital Allowances in Advance of Depreciation	16700	17000

18. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Bank Charges	7324	27191
Bank Overdraft and Loan Interest	195692	109041
Interest on Inter Company Loan (Note 5)	23786	46115
Hire Purchase Interest	405	3909
Other Interest Payable	8859	--
	<u>236066</u>	<u>186256</u>

PURELAKE NEW HOMES LIMITED**NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2005**19. **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Operating Profit	1209267	2306287
Depreciation	71217	80157
Interest Received	(48478)	(98151)
Decrease in Work in Progress	458583	755475
Increase in Debtors	(687564)	(2289308)
Increase/(Decrease) in Creditors	98834	(167855)
Net Cash Inflow from Operating Activities	<u>1101859</u>	<u>586605</u>

20. **ANALYSIS OF CHANGES IN NET DEBT**

	<u>As at</u>	<u>Cash</u>	<u>Other</u>	<u>As at</u>
	<u>31.12.04</u>	<u>Flow</u>	<u>Movement</u>	<u>31.12.05</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank and Cash Balances	645397	307523	--	952920
Debt Due Within One Year	(2850487)	72124	224444	(2553919)
Debt Due After More Than One Year	--	--	(224444)	(224444)
Total	<u>(2205090)</u>	<u>379647</u>	<u>--</u>	<u>(1825443)</u>