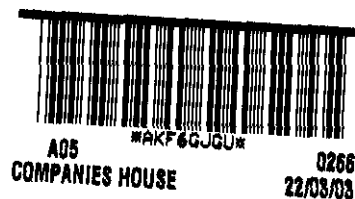


PURELAKE NEW HOMES LIMITED**REPORT AND ACCOUNTS****PERIOD 1 OCTOBER 2001 TO 31 DECEMBER 2002****CONTENTS****PAGE**

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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
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****PERIOD 1 OCTOBER 2001 TO 31 DECEMBER 2002**

The directors have pleasure in presenting their report and the accounts for the period 1 October 2001 to 31 December 2002.

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 and took advantage of the strength of the housing market.

The company made a profit after taxation and dividends for the period of £2093723 (year ended 30 September 2001 - £15255 deficit) which was transferred to/(from) reserves.

DIVIDENDS

No interim dividends were paid in the period (year ended 30 September 2001 - £80000). No final dividend is recommended.

PARENT COMPANY

The company is a subsidiary of Purelake Properties Limited which owns 80% of the Ordinary Shares (year ended 30 September 2001 - 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
31.12.02 and 30.09.01

B J White)	
) Jointly	100
Mrs S A White)	

Shares in Company

Ordinary Shares of £1 each
31.12.02 and 30.09.01

PURELAKE NEW HOMES LIMITED

REPORT OF THE DIRECTORS

PERIOD 1 OCTOBER 2001 TO 31 DECEMBER 2002

CHARITABLE AND POLITICAL DONATIONS

The company contributed £1723 (year ended 30 September 2001 - £1365) 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, Chartered Accountants, 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 safeguarding 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 15 together with the full financial statements of the company for the period 1 October 2001 to 31 December 2002 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 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

19th March 2003

PURELAKE NEW HOMES LIMITEDPROFIT AND LOSS ACCOUNTPERIOD 1 OCTOBER 2001 TO 31 DECEMBER 2002

	<u>Notes</u>	Period 01.10.01 to <u>31.12.02</u> £	Year Ended <u>30.09.01</u> £
<u>GROSS PROFIT</u>		4574538	905803
 <u>ADMINISTRATIVE EXPENSES</u>		1399373	617296
		<u>3175165</u>	<u>288507</u>
 <u>OTHER OPERATING INCOME</u>	17	206654	171608
<u>OPERATING PROFIT</u>	13	<u>3381819</u>	<u>460115</u>
 <u>INTEREST PAYABLE AND SIMILAR CHARGES</u>	18	368365	378199
 <u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		<u>3013454</u>	<u>81916</u>

PURELAKE NEW HOMES LIMITED**PROFIT AND LOSS APPROPRIATION ACCOUNT****PERIOD 1 OCTOBER 2001 TO 31 DECEMBER 2002**

	<u>Note</u>	Period 01.10.01 to 31.12.02 £	Year Ended 30.09.01 £
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		3013454	81916
<u>TAXATION</u>	16	919731	17171
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		2093723	64745
<u>DIVIDENDS</u>		--	80000
<u>RETAINED PROFIT/(LOSS) for period/year</u>		2093723	(15255)
<u>RETAINED PROFIT</u> brought forward		2946767	2962022
<u>RETAINED PROFIT</u> carried forward		5040490	2946767

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

PURELAKE NEW HOMES LIMITED**BALANCE SHEET - 31 DECEMBER 2002**

	<u>Notes</u>	<u>31.12.02</u> £	<u>30.09.01</u> £
<u>FIXED ASSETS</u>			
Tangible Assets	7	213916	266067
<u>CURRENT ASSETS</u>			
Stocks	8	7586277	8958596
Debtors	9	2998649	1681617
Cash at Bank and in Hand		386	54478
		<u>10585312</u>	<u>10694691</u>
<u>CREDITORS</u>			
<u>AMOUNTS FALLING DUE WITHIN ONE YEAR</u>			
Bank Overdraft		111875	461643
Other Creditors	10	5429366	5993033
		<u>5541241</u>	<u>6454676</u>
<u>NET CURRENT ASSETS</u>		5044071	4240015
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>5257987</u>	<u>4506082</u>
<u>CREDITORS</u>			
<u>AMOUNTS FALLING DUE AFTER ONE YEAR</u>			
	11	195547	1559215
		<u>5062440</u>	<u>2946867</u>
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>			
	12	21850	--
		<u>5040590</u>	<u>2946867</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	2	100	100
Profit and Loss Account		5040490	2946767
		<u>5040590</u>	<u>2946867</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
B J White

..... 12/03/03
Date

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PURELAKE NEW HOMES LIMITED
CASH FLOW STATEMENT
PERIOD 1 OCTOBER 2001 TO 31 DECEMBER 2002

	<u>Notes</u>	Period 01.10.01 to 31.12.02 £	Year Ended 30.09.01 £
<u>CASH INFLOW/(OUTFLOW)</u>			
<u>FROM OPERATING ACTIVITIES</u>	19	3495828	(2399905)
<u>RETURNS ON INVESTMENTS AND</u>			
<u>SERVICING OF FINANCE</u>			
Interest Received	174131		135244
Interest Paid	(368365)		(378199)
<u>Net Cash Outflow from Returns on</u>			
<u>Investments and Servicing of Finance</u>		(194234)	(242955)
<u>TAXATION</u>		65420	(860636)
<u>CAPITAL EXPENDITURE</u>			
Payments to Acquire Fixed Assets	(9710)		(18136)
Receipts from Sales of Fixed Assets	1500		18000
<u>Net Cash Outflow from</u>			
<u>Capital Expenditure</u>		(8210)	(136)
<u>FINANCING</u>			
Repayment of Loans	(5956105)		(117776)
Receipts from New Loans	2979852		3236810
Capital Hire Purchase Repayments	(86875)		(43352)
<u>Net Cash (Outflow)/Inflow from Financing</u>		(3063128)	3075682
<u>EQUITY DIVIDENDS PAID</u>		--	(80000)
<u>INCREASE/(DECREASE) IN CASH</u>		295676	(507950)
<u>RECONCILIATION OF NET CASH</u>			
<u>FLOW TO MOVEMENT IN NET DEBT</u>	20		
Increase/(Decrease) in Cash in the Period/Year		295676	(507950)
Capital Hire Purchase Repayments		86875	43352
Repayment of Loans		5956105	117776
Receipts from New Loans		(2979852)	(3236810)
New Hire Purchase Agreement		(32606)	(193279)
<u>Net Debt as at 30 September 2001/2000</u>		3326198 (6133506)	(3776911) (2356595)
<u>Net Debt as at 31 December 2002/30 September 2001</u>		(2807308)	(6133506)

PURELAKE NEW HOMES LIMITED**NOTES TO THE ACCOUNTS****PERIOD 1 OCTOBER 2001 TO 31 DECEMBER 2002****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) Stocks and Work in Progress

Stocks and Work in Progress are valued at the lower of cost or 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.

PURELAKE NEW HOMES LIMITED**NOTES TO THE ACCOUNTS****PERIOD 1 OCTOBER 2001 TO 31 DECEMBER 2002**2. **SHARE CAPITAL** **31.12.02 and 30.09.01**

Authorised - Ordinary Shares of £1 each	100
---	-----

Issued and Fully Paid - Ordinary Shares	100
---	-----

3. **SECURED CREDITORS**

All bank borrowings totalling £2548506 (year ended 30 September 2001 - £5952527) from Barclays Bank plc and are secured by a charge over developments in progress and a floating charge over all other assets.

4. **CONTROLLING PARTY**

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

5. **HOLDING COMPANY**

The company is a subsidiary of Purelake Properties Limited, a company incorporated in England. At 31 December 2002 the company owed £771428 (year ended 30 September 2001 - £866928) to the holding company in respect of loan advances

The company paid interest on the loan at the rate it would pay interest to its bankers. The interest for the period ended 31 December 2002 amounted to £75043 (year ended 30 September 2001 - £53595).

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

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 £2294000, which are based on open market valuations. At 31 December 2002 the company was owed £2433384 by Purelake Investments Limited (year ended 30 September 2001 - £1122030) in respect of loan advances which are repayable on demand.

The company charged interest at a commercial rate and for the period ended 31 December 2002 this amounted to £168429 (year ended 30 September 2001 - £125250).

The company operates a Self Administered Pension Scheme. The scheme has loaned £163000 to the company which is still outstanding at the period end. (At 30 September 2001 - £85000). The sum is repayable within five years and attracts interest at the commercial rate.

PURELAKE NEW HOMES LIMITED**NOTES TO THE ACCOUNTS****PERIOD 1 OCTOBER 2001 TO 31 DECEMBER 2002****7. TANGIBLE FIXED ASSETS**

	<u>Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<u>COST</u>			
At 30 September 2001	284585	99806	384391
Additions	42316	--	42316
	<u>326901</u>	<u>99806</u>	<u>426707</u>
Disposals	--	6000	6000
At 31 December 2002	<u>326901</u>	<u>93806</u>	<u>420707</u>
<u>DEPRECIATION</u>			
At 30 September 2001	71846	46478	118324
Charge for Period	74837	18130	92967
	<u>146683</u>	<u>64608</u>	<u>211291</u>
Eliminated on Disposals	--	4500	4500
At 31 December 2002	<u>146683</u>	<u>60108</u>	<u>206791</u>
<u>NET BOOK VALUE</u>			
At 31 December 2002	<u>180218</u>	<u>33698</u>	<u>213916</u>
At 30 September 2001	<u>212739</u>	<u>53328</u>	<u>266067</u>

ASSETS ACQUIRED UNDER HIRE PURCHASE AGREEMENTS

The total net book value of fixed assets includes £142088 (year ended 30 September 2001 - £175560) in respect of assets acquired under hire purchase agreements after charging depreciation for the period of £61222 (year ended 30 September 2001 - £17719).

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PURELAKE NEW HOMES LIMITED
NOTES TO THE ACCOUNTS
PERIOD 1 OCTOBER 2001 TO 31 DECEMBER 2002

8.	<u>STOCKS</u>	<u>31.12.02</u>	<u>30.09.01</u>
		£	£
	Stocks and Developments in Progress	7586277	8958596
		<hr/>	<hr/>
9.	<u>DEBTORS</u>	<u>31.12.02</u>	<u>30.09.01</u>
		£	£
	Trade Debtors	403074	458813
	Taxation	57397	58307
	Prepayments	104794	15593
	Amounts Owed by Group Undertaking (Note 6)	2433384	1122030
	Corporation Tax	--	26874
		<hr/>	<hr/>
		2998649	1681617
		<hr/>	<hr/>
10.	<u>CREDITORS</u>	<u>31.12.02</u>	<u>30.09.01</u>
	<u>AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>£</u>	<u>£</u>
	Bank Loan Instalments	2436631	4110884
	Hire Purchase Instalments	63641	56242
	Trade Creditors	778372	706642
	Amounts Owed to Group Undertaking (Note 5)	771428	866928
	Corporation Tax	936427	--
	Other Taxes and Social Security Costs	247811	24161
	Accruals	40420	83832
	Directors Current Account	154636	144344
		<hr/>	<hr/>
		5429366	5993033
		<hr/>	<hr/>
11.	<u>CREDITORS</u>	<u>31.12.02</u>	<u>30.09.01</u>
	<u>AMOUNTS FALLING DUE AFTER ONE YEAR</u>	<u>£</u>	<u>£</u>
	Bank Loan Instalments	--	1380000
	Hire Purchase Instalments	32547	94215
	Other Loans (Note 6)	163000	85000
		<hr/>	<hr/>
		195547	1559215
		<hr/>	<hr/>
12.	<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	<u>31.12.02</u>	<u>30.09.01</u>
		£	£
	Provision for Deferred Taxation	21850	--
		<hr/>	<hr/>

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PURELAKE NEW HOMES LIMITED
NOTES TO THE ACCOUNTS
PERIOD 1 OCTOBER 2001 TO 31 DECEMBER 2002

13. **OPERATING PROFIT**

	Period 01.10.01 to 31.12.02 £	Year Ended 30.09.01 £
Operating profit is stated after charging: -		
Auditors Remuneration	43686	26500
Depreciation	92967	40276

14. **STAFF COSTS**

	Period 01.10.01 to 31.12.02 £	Year Ended 30.09.01 £
Directors Salaries	657500	184334
Directors Pension Costs	61726	56982
Other Salaries	587130	375370
Social Security Costs	134825	65719
Employees Pension Scheme	8423	3510
	<u>1449604</u>	<u>685915</u>

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

	Period 01.10.01 to 31.12.02 No.	Year Ended 30.09.01 No.
Directors	3	3
Site Managers and Labourers	11	10
Office	6	5
	<u>20</u>	<u>18</u>

15. **DIRECTORS EMOLUMENTS**

	Period 01.10.01 to 31.12.02 £	Year Ended 30.09.01 £
Aggregate Emoluments	697275	236769
Pension Contributions	61726	56982
	<u>759001</u>	<u>293751</u>

The emoluments of the highest paid director are £508758 (year ended 30 September 2001 - £158238).

There are 2 directors benefiting from the Money Purchase Pension Scheme (year ended 30 September 2001 - 2). Contributions for the period relating to the highest paid director amounted to £31014 (year ended 30 September 2001 - £31014).

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PURELAKE NEW HOMES LIMITED
NOTES TO THE ACCOUNTS
PERIOD 1 OCTOBER 2001 TO 31 DECEMBER 2002

16. **TAXATION**

Corporation Tax has been charged on the profits for the period at a rate of 30% (year ended 30 September 2001 - 20%) and amounts to £936427 (year ended 30 September 2001 - £15000).

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

	Period 01.10.01 to 31.12.02 £	Year Ended 30.09.01 £
Corporation Tax Payable 14 April 2003	192000	--
Corporation Tax Payable 1 July 2003	744427	15000
(Receipt)/Payment (from)/to Parent Company for Surrender of Losses for the Period/Year	(31849)	2171
Receipt from Fellow Subsidiary for Surrender of Losses for the Period/Year	(6697)	--
Transfer to Deferred Taxation	21850	--
	<u>919731</u>	<u>17171</u>

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

	Period 01.10.01 to 31.12.02 £	Year Ended 30.09.01 £
Capital Allowances in Advance of Depreciation	21850	--
	<u>21850</u>	<u>--</u>

17. **OTHER OPERATING INCOME**

	Period 01.10.01 to 31.12.02 £	Year Ended 30.09.01 £
Rent Received	32523	36364
Bank Interest Received	5702	9994
Interest on Inter Company Loan (Note 6)	168429	125250
	<u>206654</u>	<u>171608</u>

PURELAKE NEW HOMES LIMITED**NOTES TO THE ACCOUNTS****PERIOD 1 OCTOBER 2001 TO 31 DECEMBER 2002****18. INTEREST PAYABLE AND SIMILAR CHARGES**

	Period 01.10.01 to 31.12.02 £	Year Ended 30.09.01 £
Bank Charges	15890	20074
Bank Overdraft and Loan Interest	258309	268108
Interest on Inter Company Loan (Note 5)	75043	53595
Hire Purchase Interest	9041	2790
Other Interest Payable	82	33632
	<u>368365</u>	<u>378199</u>

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Period 01.10.01 to 31.12.02 £	Year Ended 30.09.01 £
Operating Profit	3381819	460115
Depreciation	92967	40276
Interest Received	(174131)	(135244)
Increase/(Decrease) in Stocks and Work in Progress	1372319	(2185377)
Increase in Debtors	(1343906)	(1133113)
Increase in Creditors	166760	553438
Net Cash Inflow/(Outflow) from Operating Activities	<u>3495828</u>	<u>(2399905)</u>

20. ANALYSIS OF CHANGES IN NET DEBT

	As at 30.09.01 £	Cash Flow £	Other Movement £	As at 31.12.02 £
Bank and Cash Balances	(407165)	295676	--	(111489)
Debt Due Within One Year	(4167126)	1674254	(7400)	(2500272)
Debt Due After More Than One Year	(1559215)	1388874	(25206)	(195547)
Total	<u>(6133506)</u>	<u>3358804</u>	<u>(32606)</u>	<u>(2807308)</u>