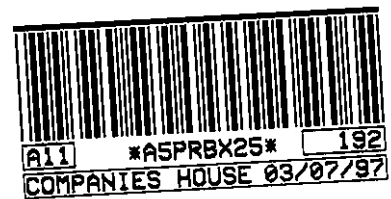


**FAIRVIEW NEW HOMES (PALMERS
GREEN) LIMITED**

Report and Financial Statements

31 December 1996

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**





REPORT AND FINANCIAL STATEMENTS 1996

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DIRECTORS' REPORT

The directors present their first report and the audited financial statements for the period from date of incorporation on 15 February 1996 to 31 December 1996.

ACTIVITIES AND REVIEW OF DEVELOPMENTS

The company was incorporated on 15 February 1996. The only transaction during the period since incorporation has been the acquisition of land for development into residential properties.

CHANGE OF NAME

The company changed its name from Saslon Limited to Fairview New Homes (Palmers Green) Limited on 28 June 1996.

FUTURE PROSPECTS

It is intended that the principal activities of the company in the future will be that of a property developer.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period are set out below.

No director had any interest in the shares of the company.

The directors' interests, including their beneficial and family interests at the end of the period in the shares and options of the ultimate parent company, Hillsdown Holdings plc, are as follows:

		Ordinary £1 shares	Share options held in ordinary £1 shares
R H Westcott	- (appointed 1 March 1996)	-	-
S C Casey	- (appointed 8 July 1996)	-	108,871
J B Cousins	- (appointed 8 July 1996)	-	101,520

Combined Nominees Limited and Combined Secretarial Services Limited served as directors from the date of incorporation to 1 March 1996. Mr D J Lanchester served as a director from 1 March 1996 to 8 July 1996.

None of the directors has a service contract or contract for services with the company.

ISSUE OF SHARES

Details of the shares issued by the company during the period are set out in note 6 to the accounts.

TAXATION STATUS

In the opinion of the directors, the company is not a close company for taxation purposes.

AUDITORS

Deloitte & Touche were appointed first auditors of the company and, having expressed their willingness to continue in office, a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A. C. Taylor
A C Taylor
Secretary

30 April 1997

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements 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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS OF

FAIRVIEW NEW HOMES (PALMERS GREEN) LIMITED

We have audited the financial statements on pages 4 to 6 which have been prepared under the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 2 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 the 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 31 December 1996 and of the result for the period from date of incorporation on 15 February 1996 to 31 December 1996 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
DELOITTE & TOUCHE

Chartered Accountants and
Registered Auditors

9 May 1997

BALANCE SHEET
31 December 1996

	Note	1996 £
CURRENT ASSETS		
Land and buildings in course of development	3	2,202,494
Debtors	4	<u>2</u>
		2,202,496
CREDITORS: amounts falling due within one year	5	<u>(2,202,494)</u>
NET CURRENT ASSETS		<u><u>2</u></u>
CAPITAL AND RESERVES		
Called up share capital	6	<u>2</u>
Total equity shareholders' funds		<u><u>2</u></u>

These financial statements were approved by the Board of Directors on 30 April 1997.

Signed on behalf of the Board of Directors



R H Westcott
 Director

NOTES TO THE ACCOUNTS
Period ended 31 December 1996

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Land and buildings in course of development

Land and buildings in course of development and land upon which development has not yet commenced are valued at the lower of cost and net realisable value. Cost includes the cost of acquiring land, development expenditure to date and an appropriate proportion of overhead expenditure.

In considering net realisable value, it is assumed that the sites will be fully developed and completed residential units sold in the ordinary course of the company's business and that the sites would not be placed on the market for immediate sale in their existing state.

2. PROFIT AND LOSS ACCOUNT

The company has not traded during the period from incorporation on 15 February 1996 to 31 December 1996. The only transaction during the period has been the acquisition of land for development and hence the company has made neither profit or loss nor any other recognised gains or losses for the period.

The company has had no employees during the period and none of the directors has received any emoluments or other benefits. Auditors' remuneration has been borne by another group company.

3. LAND AND BUILDINGS IN COURSE OF DEVELOPMENT

As at 31 December 1996 approximately £2.20m of land included in land and buildings in the course of development had not received appropriate residential planning consent.

It is the nature of the company's business activities that negotiations with local authorities to obtain planning consent often continue for a number of months and delays in resolution of these negotiations can occasionally occur. The directors have assessed the status of negotiations with local authorities on the sites currently without planning permission and are of the opinion that the underlying value of the site is at least equal to the value shown in the financial statements.

4. DEBTORS

	1996 £
Amount due from Fairview New Homes Plc	2

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £
Amount due to Fairview New Homes Plc	2,195,821
Amount due to Fairview Estates (Housing) Limited	6,673
	<u>2,202,494</u>

NOTES TO THE ACCOUNTS
Period ended 31 December 1996

6. CALLED UP SHARE CAPITAL

	1996 £
Authorised share capital: 100 ordinary shares of £1 each	100
Called up, allotted and fully paid: 2 ordinary shares of £1 each	2

The company was incorporated with an authorised share capital of £100 divided into 100 ordinary shares of £1 each, of which 2 subscriber shares were issued at par to Combined Nominees Limited and Combined Secretarial Services Limited. The two shares were transferred to Fairview New Homes Plc on 1 March 1996.

7. ULTIMATE PARENT COMPANY

The company is a subsidiary of Hillsgown Holdings plc, a company registered in England and Wales.

The largest and smallest groups of undertakings for which group accounts are drawn up and of which the company is a member are:

Largest and ultimate controlling party:
 Hillsgown Holdings plc

Hillsgown House
 32 Hampstead High Street
 London NW3 1QD

Smallest and controlling party:
 Fairview New Homes Plc (registered in England and
 Wales)
 50 Lancaster Road
 Enfield
 Middlesex EN2 0BY

Copies of the group accounts may be obtained at the addresses shown above.

8. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No 8 "Related Party Disclosures" transactions with other undertakings within the Fairview New Homes Plc group have not been disclosed in these financial statements.

9. CASH FLOW STATEMENT

The company has not presented a cash flow statement under FRS1, "Cash Flow Statements", because it is a wholly owned subsidiary of Hillsgown Holdings plc whose consolidated financial statements include a consolidated cash flow statement.