



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

Report and Financial Statements

31 December 1998



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

**REPORT AND FINANCIAL STATEMENTS 1998**

CONTENTS	Page
Directors' report	1
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the six months ended 31 December 1998 .

PRINCIPAL ACTIVITIES

The company's principal activity is that of residential property developers. The directors do not foresee that there will be any changes to the activity in the current year.

REVIEW OF BUSINESS AND RESULTS

The directors regard progress as satisfactory. The results are set out on page 5. No dividend was paid or proposed during the six months (six months ended 30 June 1998 - £nil). The retained profit for the six months ended 31 December 1998 of £1,947,054 (six months ended 30 June 1998 - £673,444) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

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

The directors' interests, including their beneficial and family interests in the shares and options of the previous ultimate parent company, Hillsgdown Holdings plc, were as follows:

	Ultimate parent company Ordinary 10p shares		Ultimate parent company Share options held in Ordinary 10p shares	
	31 December 1998	30 June 1998	31 December 1998	30 June 1998
R H Westcott	139,559	-	-	-
S C Casey	180,467	-	3,252	-
J B Cousins	144,344	-	-	-

The directors had no other interests apart from those listed above.

On 5 October 1998 the company, as part of the Fairview Group, demerged from Hillsgdown Holdings plc. On that date Fairview Holdings Plc became the ultimate parent company.

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

YEAR 2000

The Board recognises the potential implications of Year 2000 issues for the business. An assessment has been made by the senior management of the possible impact on office equipment, information systems and environmental equipment owned by the company. Consideration is also being given to the action being taken by our trading partners, suppliers of materials, subcontractors and banks.

Where necessary upgrades and replacements are being undertaken to ensure that the company's own systems will operate without disruption into the new millennium. In many cases these improvements form part of a general programme of maintenance and replacement. Costs relating to the Year 2000 are not expected to be material in amount.



DIRECTORS' REPORT

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and 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

D K Tipping
Secretary

16 June 1999

Registered office
50 Lancaster Road
Enfield
Middlesex
EN2 0BY

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period 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;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the 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.



AUDITORS' REPORT TO THE MEMBERS OF

FAIRVIEW NEW HOMES (PALMERS GREEN) LIMITED

We have audited the financial statements on pages 5 to 8 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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 1998 and of its profit for the six months then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
DELOITTE & TOUCHE

Chartered Accountants and
Registered Auditors

23 June 1999

PROFIT AND LOSS ACCOUNT
Six months ended 31 December 1998

	Note	6 months ended 31 December 1998 £	6 months ended 30 June 1998 £
TURNOVER	1	7,069,964	2,462,077
Cost of sales		<u>(4,248,147)</u>	<u>(1,486,071)</u>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,821,817	976,006
Tax on profit on ordinary activities at 31% (1998 – 31%)		<u>(874,763)</u>	<u>(302,562)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,947,054	673,444
Retained profit for the period	2 and 5	<u>1,947,054</u>	<u>673,444</u>

All activities derive from continuing operations. There are no recognised gains and losses or movements in shareholders' funds for the current financial period and preceding financial period other than as stated in the profit and loss account.



BALANCE SHEET
31 December 1998

	Note	31 December 1998 £	30 June 1998 £
CURRENT ASSETS			
Land and buildings in course of development	1	388,896	3,342,907
Debtors	3	6,817,086	2
		<u>7,205,982</u>	<u>3,342,909</u>
CREDITORS: amounts falling due within one year	4	(4,585,482)	(2,669,463)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,620,500</u>	<u>673,446</u>
CAPITAL AND RESERVES			
Called up share capital	6	2	2
Profit and loss account	5	2,620,498	673,444
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>2,620,500</u>	<u>673,446</u>

These financial statements were approved by the Board of Directors on 16 June 1999.

Signed on behalf of the Board of Directors



R H Westcott
Director



NOTES TO THE ACCOUNTS

Six months ended 31 December 1998

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.

Turnover

Turnover represents the net proceeds from the sale of residential units to third parties. Turnover is derived wholly in the United Kingdom.

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 and development expenditure to date.

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 will not be placed on the market for immediate sale in their existing state.

2. PROFIT AND LOSS ACCOUNT

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

3. DEBTORS

	31 December 1998 £	30 June 1998 £
Amount due from Fairview New Homes Plc	6,817,086	2

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 1998 £	30 June 1998 £
Amount due to Fairview New Homes Plc	-	143,026
Amount due to Fairview Estates (Housing) Limited	3,387,898	2,153,579
Accruals and deferred income	20,259	70,296
Corporation tax payable	1,177,325	302,562
	<u>4,585,482</u>	<u>2,669,463</u>



NOTES TO THE ACCOUNTS

Six months ended 31 December 1998

5. PROFIT AND LOSS ACCOUNT

	£
Balance 1 July 1998	673,444
Retained profit for the period	1,947,054
	<hr/>
Balance 31 December 1998	2,620,498
	<hr/>

6. CALLED UP SHARE CAPITAL

	31 December 1998 £	30 June 1998 £
Authorised share capital:		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

7. ULTIMATE PARENT COMPANY

The company was, until 5 October 1998, a subsidiary of Hillside Holdings plc, a company incorporated in Great Britain.

On 5 October 1998 Fairview New Homes (Palmer's Green) Limited as part of the Fairview Group demerged from Hillside Holdings plc. With effect from 5 October 1998, Fairview Holdings Plc became the ultimate parent company and controlling party.

The largest and smallest group of undertakings for which group accounts were drawn up and of which the company is a member is Fairview Holdings Plc.

Largest parent company and ultimate controlling party:

Fairview Holdings Plc
(incorporated in Great Britain)
50 Lancaster Road
Enfield
Middlesex EN2 0BY

Smallest and immediate parent company:
Fairview New Homes Plc
(incorporated in Great Britain)
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 FRS 8 "Related Party Disclosures", transactions with other undertakings within the group have not been disclosed in these financial statements.