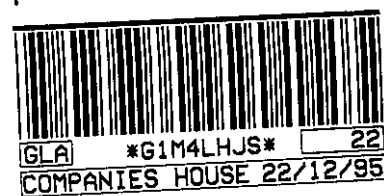


HAVERSTOCK HOMES PLC
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MAY 1995
(Company Number SC123618)

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DIRECTORS AND OFFICERS

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DIRECTORS

Sir Albert McQuarrie (Chairman)
John Stacpoole
Lady Rhoda McQuarrie

SECRETARY

Lady Rhoda McQuarrie

AUDITORS

Moores Rowland
Allan House
25 Bothwell Street
Glasgow
G2 6NL

BANKERS

National Westminster Bank plc
169 Victoria Street
London
SW1E 5BT

REGISTERED OFFICE

Crimond
11 Balcomie Crescent
Troon
Ayrshire
KA10 7AR

The Directors present their annual report on the affairs of the company together with the Accounts for the year ended 31 May 1995.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £12,808 (1994: Loss £14,517).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the letting of property on assured tenancies.

A full review of the company's business was undertaken in the year 1994/95 and was reported to the shareholders at the AGM. No changes have taken place since then.

The directors reported at the AGM that a large majority of the shareholders were in favour of continuing to operate the business in the future and when circumstances permit to increase the company's portfolio of properties. The report was approved at the AGM and the directors authorised to proceed as recommended.

The company's leasehold properties have been professionally valued. The result of the valuation is contained in note 12 to the accounts.

During the year there was a substantial increase in the rents received for the leasehold properties due to rent increases imposed and better letting results. Expenditure was kept to the minimum while maintaining the standard of the properties.

DIRECTORS AND THEIR INTERESTS

Sir Albert McQuarrie served as a director throughout the year. Mrs Nike Polity-Zorbas resigned as a director on 14 August 1995. Lady Rhoda McQuarrie was appointed a director on 23 October 1995 and John Stacpoole was appointed a director on 6 November 1995.

The beneficial interests of the directors in the shares of the company at the beginning and the end of the year were as follows:

	Ordinary Shares of 50p each 31 May 1995	Ordinary Shares 50p each 31 May 1994
Sir Albert McQuarrie	-	-
Mrs Nike Polity-Zorbas	-	50,000

DIRECTORS' RESPONSIBILITIES

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 profit or loss of the company for that period. In preparing those accounts, the directors are required to:

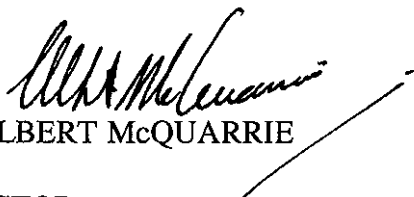
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the accounts 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 accounts 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

Moore Rowland have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



SIR ALBERT McQUARRIE

DIRECTOR

21 December 1995

AUDITORS' REPORT TO THE MEMBERS OF
HAVERSTOCK HOMES PLC

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We have audited the accounts on pages 5 to 12.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 May 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MOORES ROWLAND

Chartered Accountants
Registered Auditors

Allan House
25 Bothwell Street
Glasgow G2 6NL

21 December 1995

PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 MAY 1995

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		1995	1994
	Note	£	£
TURNOVER	2	48,102	26,920
Administration expenses		<u>25,082</u>	<u>28,536</u>
OPERATING PROFIT/(LOSS)	3	23,020	(1,616)
Interest payable		<u>10,212</u>	<u>12,901</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		12,808	(14,517)
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE YEAR	9	<u><u>12,808</u></u>	<u><u>(14,517)</u></u>

All disclosures relate only to continuing operations.

The notes on pages 9 to 12 form part of these accounts.

BALANCE SHEET AS AT 31 MAY 1995

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		1995	1994
	Note	£	£
FIXED ASSETS			
Tangible assets	5	<u>392,831</u>	<u>395,046</u>
CURRENT ASSETS			
Debtors	6	5,572	2,315
CREDITORS: AMOUNTS DUE WITHIN ONE YEAR	7	<u>126,879</u>	<u>138,645</u>
NET CURRENT LIABILITIES		<u>(121,307)</u>	<u>(136,330)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>271,524</u>	<u>258,716</u>
CAPITAL AND RESERVES			
Share capital	8	229,983	229,983
Reserves	9	<u>41,541</u>	<u>28,733</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>271,524</u>	<u>258,716</u>

The accounts on pages 5 to 12 were approved by the board of directors on 21 December 1995 and were signed on its behalf by:



.....
SIR ALBERT McQUARRIE

DIRECTOR

The notes on pages 9 to 12 form part of these accounts.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 1995

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		1995	1994
	Note	£	£
Net cash inflow from operating activities	10	30,600	17,239
Returns on investment and servicing of finance			
Interest paid		(10,212)	(12,901)
Taxation			
UK Corporation Tax		-	(791)
Investing activities			
Purchase of tangible fixed assets		-	(300)
Net cash inflow before financing		20,388	3,247
Financing			
Repayments of loan capital		(6,558)	(6,788)
Share capital issued		-	2,000
Net cash outflow from financing	11	(6,558)	(4,788)
Net cash inflow/(outflow)		<u>13,830</u>	<u>(1,541)</u>
Increase/(decrease) in cash and cash equivalents			
Bank overdraft at 1 June 1994		(46,394)	(44,853)
Net cash inflow/(outflow)		<u>13,830</u>	<u>(1,541)</u>
Bank overdraft at 31 May 1995		<u>(32,564)</u>	<u>(46,394)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 MAY 1995

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	1995	1994
	£	£
Profit/(loss) for the year	12,808	(14,517)
Shares issued at par	-	2,000
Property revaluation	-	(130,297)
Net increase/(decrease) in shareholders funds	12,808	(142,814)
Opening shareholders' funds	258,716	401,530
Closing shareholders' funds	<u>271,524</u>	<u>258,716</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MAY 1995

Profit/(loss) for the year	12,808	(14,517)
Unrealised surplus/(deficit) on revaluation of properties	-	(130,297)
Total recognised profit/(losses) relating to the year	<u>12,808</u>	<u>(144,814)</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MAY 1995

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1. ACCOUNTING POLICIES

(a) The accounts have been prepared under the historical cost convention modified by the revaluation of investment properties.

(b) Depreciation is provided in equal instalments over the assets useful lives. The following rates have been applied:

Fixtures and Fittings	25%
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(c) The company's leasehold properties are held as investment properties. These properties are revalued annually and the aggregate surplus or deficit is transferred to reserves. No depreciation is provided in respect of these properties. This constitutes a departure from the statutory requirement that fixed assets are depreciated over their economic useful lives and is necessary to enable the accounts to give a true and fair view.

2. TURNOVER

The turnover and profit before taxation is attributable to the company's principal activity, namely that of letting property on assured tenancies.

3. OPERATING PROFIT

The operating profit is stated after charging:	1995	1994
	£	£
Depreciation	2,215	2,215
Management fees	5,000	5,000
Auditors' remuneration - audit services	1,275	1,250
- non-audit services	1,134	1,994
	<u> </u>	<u> </u>

4. TAXATION

There is no tax charge for the year due to excess management expenses brought forward.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MAY 1995 (CONT'D)

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5. TANGIBLE FIXED ASSETS

	Leasehold Properties	Fixtures & Fittings	Total
	£	£	£
<i>Cost or valuation</i>			
At 1 June 1994	390,889	8,860	399,749
Additions	-	-	-
At 31 May 1995	390,889	8,860	399,749
<i>Depreciation</i>			
At 1 June 1994	-	4,703	4,703
Charge for year	-	2,215	2,215
At 31 May 1995	-	6,918	6,918
<i>Net Book Value</i>			
At 31 May 1995	390,889	1,942	392,831
At 31 May 1994	390,889	4,157	395,046

The directors consider that the net book value of the leasehold properties is not significantly different from market value. A professional revaluation of the properties was carried out on 23 November 1995, the details of which are contained in note 12 to these accounts.

6. DEBTORS

	1995	1994
	£	£
Amounts due within one year		
Trade debtors	3,648	-
Directors loans	-	1,486
Sundry debtors	-	417
Prepayments	295	412
Tax recoverable	1,629	-
	5,572	2,315

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MAY 1995 (CONT'D)

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7. CREDITORS

	1995	1994
	£	£
Amounts due within one year		
Bank overdraft	32,564	46,394
Bank loan	64,806	71,364
Tenants' deposits	2,867	2,867
Accruals	26,642	15,655
Sundry creditors	-	2,365
	<u>126,879</u>	<u>138,645</u>

The bank overdraft and loan are secured by legal mortgages over the leasehold properties and are repayable on demand.

8. SHARE CAPITAL

	1995	1994
	£	£
Authorised		
15,000,000 Ordinary shares at 50p each	<u>7,500,000</u>	<u>7,500,000</u>
Allotted, called up and fully paid		
459,965 Ordinary shares at 50p each	<u>229,983</u>	<u>229,983</u>

9. RESERVES

	Property Revaluation Reserve	Share Premium Account	Profit & Loss Account	Total
	£	£	£	£
At 1 June 1994	(130,297)	165,201	(6,171)	28,733
Profit for year	-	-	12,808	12,808
At 31 May 1995	<u>(130,297)</u>	<u>165,201</u>	<u>6,637</u>	<u>41,541</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MAY 1995 (CONT'D)

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10. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO
NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995	1994
	£	£
Operating profit/(loss)	23,020	(1,616)
Depreciation charges	2,215	2,215
(Increase)/decrease in debtors	(3,257)	4,625
Increase in creditors	8,622	12,015
	<u>30,600</u>	<u>17,239</u>
Net cash inflow from operating activities	<u>30,600</u>	<u>17,239</u>

11. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital including premium	Loan
	£	£
Financing at 1 June 1994	395,184	71,364
Cash outflows from financing	-	6,558
	<u>395,184</u>	<u>64,806</u>
Financing at 31 May 1995	<u>395,184</u>	<u>64,806</u>

12. POST BALANCE SHEET EVENT

The company's leasehold properties were revalued on 23 November 1995 by Maunder Taylor, Chartered Surveyors, on an open market basis subject to vacant possession, at a total of £395,000. The properties are all held on assured shorthold tenancies of six months which can be terminated by the landlord at the end of the tenancy period and consequently the directors will only realise property on the basis of vacant possession.