

**FAIRVIEW NEW HOMES PLC AND  
SUBSIDIARY COMPANIES**

**Report and Financial Statements**

**31 December 1997**

Registered office:  
50 Lancaster Road  
Enfield  
Middlesex  
EN2 0B7



# **FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES**

## **REPORT AND FINANCIAL STATEMENTS 1997**

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# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

## PRINCIPAL ACTIVITIES

The company and its subsidiaries carry on the business of residential property developers and builders.

## REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the year show a significant increase in profit before tax over 1996 which is considered by the board to be a very satisfactory outcome. Some substantial sales price increases were seen during the year with some pressure on costs and availability of trades also appearing. A large part of the profit increase is therefore attributable to such stock profits. Even though it continues to be difficult to acquire land on terms which will enable the company to achieve a worthwhile return, sites were acquired during the year on which the company intend to build approximately 2,300 units. The timescales required to process planning applications and the ancillary legal processes continue to increase and be a serious cause for concern to all parties whether they be Government, landowner, developer or house owner.

## TRADING RESULTS

Detailed results for the year are set out on page 5. After provision for dividends, the retained profit of £13,677,000 has been transferred to reserves (1996 - £6,715,000).

## DIVIDENDS

The directors recommend the payment of a dividend of £13,198,000 for the year (1996 - £7,067,000).

Subject to approval by the members at the Annual General Meeting, the dividend will be paid on 23 March 1998.

## DIRECTORS AND THEIR INTERESTS

None of the directors had any interests in the shares of the company during the year. The directors' interests, including their beneficial and family interests, at the end of the year in the shares and options of the ultimate parent company, Hillsgdown Holdings plc, are as follows:

		Ultimate parent company		Share options held in ultimate parent company	
		Ordinary £1 shares		Ordinary £1 shares	
		1997	1996	1997	1996
D J Cope	(chairman)	-	-	101,520	101,520
R H Westcott	(deputy chairman)	-	-	-	-
S C Casey	(managing director)	-	-	108,871	108,871
J Anderson		-	-	104,565	104,565
A R Benton		-	-	62,593	62,593
J N D Bickel		-	-	101,520	101,520
I T Closier		-	-	-	-
C P Cobb		-	-	104,566	104,566
J B Cousins		-	-	101,520	101,520
A R Emery		-	-	104,565	104,565
C E Walker		-	-	104,564	104,564

## PAYMENTS TO CREDITORS

The group's policy is to fix payment terms when agreeing the terms of each transaction. It is the group's general policy to pay suppliers according to the agreed terms and conditions provided that the supplier has complied with those terms.

Trade creditors at 31 December 1997 represented 32 days of annual purchases from suppliers of materials.

# **FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES**

## **DIRECTORS' REPORT**

### **DISABLED PERSONS**

The company has an established policy of encouraging the employment of disabled persons wherever this is practicable. The company endeavours to ensure that disabled employees benefit from training and career development programmes in common with all employees.

### **EMPLOYEE INVOLVEMENT**

Communication with employees is effected by briefing meetings conducted by the directors for senior management.

### **CHARITABLE DONATIONS**

During the year the group made charitable donations of £22,582 (1996 - £8,479).

### **FAIRVIEW NEW HOMES PLC EMPLOYEE DISCRETIONARY TRUST**

A partner of Deloitte & Touche acts as a trustee of the above trust.

### **AUDITORS**

A resolution to reappoint Deloitte & Touche as auditors 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

*19 February* 1998

**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 and of the group as at the end of the financial year and of the profit or loss of the group 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 a going concern basis unless it is inappropriate to presume that the group 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 of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## Chartered Accountants

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

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## AUDITORS' REPORT TO THE MEMBERS OF

### FAIRVIEW NEW HOMES PLC

We have audited the financial statements on pages 5 to 17 which have been prepared under the accounting policies set out on pages 8 and 9.

#### 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 and the group'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 affairs of the company and the group as at 31 December 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*  
Chartered Accountants and  
Registered Auditors  
18 March 1998

# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 1997

	Note	1997 £'000	1996 £'000
<b>TURNOVER</b>	1,2	163,237	122,457
Cost of sales		(114,544)	(93,050)
Gross profit		48,693	29,407
Administrative expenses		(8,738)	(7,869)
Other operating income	5	959	904
<b>OPERATING PROFIT</b>	6	40,914	22,442
Income from interests in associated undertakings		377	808
Net interest payable	7	(1,698)	(2,012)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		39,593	21,238
Tax on profit on ordinary activities	8	(12,718)	(7,456)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		26,875	13,782
Equity dividends	10	(13,198)	(7,067)
<b>Retained profit transferred to reserves</b>	19	13,677	6,715

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

# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

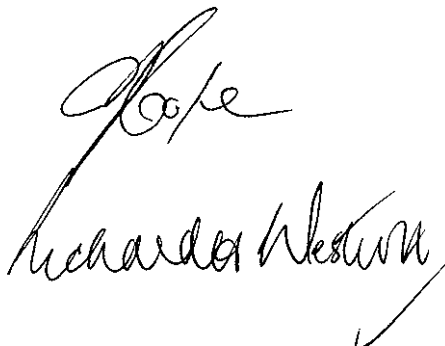
## CONSOLIDATED BALANCE SHEET 31 December 1997

	Note	1997 £'000	1996 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	1,969	2,059
Investments	12	507	1,361
		<u>2,476</u>	<u>3,420</u>
<b>CURRENT ASSETS</b>			
Land and buildings in course of development	13	174,382	150,557
Debtors	14	22,681	18,995
Cash at bank and in hand		31,617	16,146
		<u>228,680</u>	<u>185,698</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(111,810)</u>	<u>(89,373)</u>
<b>NET CURRENT ASSETS</b>		<u>116,870</u>	<u>96,325</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		119,346	99,745
<b>CREDITORS: amounts falling due after more than one year</b>	16	<u>(55,534)</u>	<u>(49,610)</u>
		<u>63,812</u>	<u>50,135</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	22,816	22,816
Acquisition reserve		183	183
Profit and loss account	19	40,813	27,136
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>63,812</u>	<u>50,135</u>

These financial statements were approved by the Board of Directors on 19 February 1998.  
Signed on behalf of the Board of Directors

D J Cope

R H Westcott  
Directors





# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

## COMPANY BALANCE SHEET 31 December 1997

	Note	1997 £'000	1996 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	277	277
Investments	12	231	231
		<u>508</u>	<u>508</u>
<b>CURRENT ASSETS</b>			
Land and buildings in course of development	13	96,646	129,225
Debtors	14	85,156	33,662
Cash at bank and in hand		31,601	17,384
		<u>213,403</u>	<u>180,271</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(102,193)</u>	<u>(83,471)</u>
<b>NET CURRENT ASSETS</b>		<u>111,210</u>	<u>96,800</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		111,718	97,308
<b>CREDITORS: amounts falling due after more than one year</b>	16	<u>(50,701)</u>	<u>(49,610)</u>
		<u>61,017</u>	<u>47,698</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	22,816	22,816
Acquisition reserve		183	183
Profit and loss account	19	38,018	24,699
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>61,017</u>	<u>47,698</u>

These financial statements were approved by the Board of Directors on *19 February* 1998.  
Signed on behalf of the Board of Directors

D J Cope

R H Westcott  
Directors

*Richard Westcott*

# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS

Year ended 31 December 1997

### 1. ACCOUNTING POLICIES

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

#### Accounting convention

These financial statements are prepared under the historical cost convention.

#### Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiaries, and include the group's share of the results and post-acquisition reserves of its associated undertakings. All trading profits between group companies are excluded. All subsidiary and associated undertakings make up their accounts to the same date and follow common accounting policies in all material respects.

#### Turnover

Turnover comprises:

- (i) the net proceeds of properties developed by the group sold to third parties, together with the sale proceeds of both partially developed and undeveloped sites. Sales of units and undeveloped sites are recognised at the time of legal completion
- (ii) the value of ground rents sold to third parties during the year
- (iii) amounts invoiced to third parties in respect of building work completed during the year.

#### 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 the 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.

#### Interest

All interest is charged direct to the profit and loss account and included within interest payable.

#### Tangible fixed assets and depreciation

No depreciation is charged on freehold land and buildings as it is considered that the amount involved would be immaterial. Other fixed assets are depreciated over their estimated useful lives. The rates of depreciation are as follows:

Improvements to leasehold property	20% per annum straight line
Computer equipment	25% per annum straight line
Motor vehicles	25% per annum straight line
Other fixed assets	33.3% per annum straight line

#### Pensions

The company operates a pension scheme providing benefits based principally on final pensionable salaries. The assets are held separately from those of the company, being invested in managed unit funds. Contributions to the scheme are charged to the profit and loss account so as to spread the cost over the service lives of the employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS

Year ended 31 December 1997

### 1. ACCOUNTING POLICIES (continued)

#### Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

### 2. TURNOVER

	1997 £'000	1996 £'000
<b>Turnover comprises:</b>		
Sale of residential dwellings	146,352	115,102
Sale of ground rents	1,476	1,644
Building work	15,409	5,711
	<u>163,237</u>	<u>122,457</u>

All turnover arises in the United Kingdom. The group utilises its assets across all the business sectors described above. Consequently it is not possible to split net assets or profit before tax between the different categories.

### 3. EMPLOYEES

	1997 No.	1996 No
<b>Average number of persons employed (including directors)</b>		
Site staff	352	284
Sales staff	96	103
Administrative staff	179	187
	<u>627</u>	<u>574</u>
 <b>Staff costs during the year (including directors)</b>	 <b>£'000</b>	 <b>£'000</b>
Wages and salaries (note (i))	12,624	10,854
Social security costs (note (ii))	1,141	968
Other pension costs	801	657
	<u>14,566</u>	<u>12,479</u>

Note: (i) The figure for wages and salaries includes long-term incentive payments, charged in previous years, of £70,000 (1996 - £nil) paid in the year to a director by the Fairview New Homes Plc Employee Discretionary Trust.

(ii) The figure for social security costs includes £7,140 (1996 - £nil) paid in respect of the above payments from the Fairview New Homes Plc Employee Discretionary Trust.

During the year the company has made provision for payments amounting to £1.35m (1996 - £0.98m) to the Fairview New Homes Plc Employee Discretionary Trust. The trust is discretionary and awards may be made to employees of Fairview New Homes Plc and its subsidiary undertakings as the trustees see fit.

The above provision has been included within administrative expenses on page 5 of the financial statements. It does not form part of the employee costs of £14.6m (1996 - £12.5m) shown above.

The trust has made loans to the company and during the year interest of £181,890 (1996 - £98,099) was paid.

# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS

Year ended 31 December 1997

### 4. DIRECTORS' EMOLUMENTS

	1997 £'000	1996 £'000
<b>Directors' emoluments</b>		
Aggregate emoluments (excluding pension contributions and pension benefits and accruals under long term incentive plans)	1,648	1,498
Aggregate compensation for loss of office	-	250
Value of awards under long term incentive plans	70	-
	<u>          </u>	<u>          </u>
	No.	No.
Number of directors who are members of a defined benefit pension schemes	8	9
	<u>          </u>	<u>          </u>
	£'000	£'000
<b>Highest paid director's remuneration</b>		
Aggregate of emoluments and awards under long term incentive schemes (excluding pension contributions)	192	187
	<u>          </u>	<u>          </u>

The amount of the accrued pension of the highest paid director at 31 December 1997 is £44,000.

### 5. OTHER OPERATING INCOME

	1997 £'000	1996 £'000
Rental income	853	853
Profit on sale of fixed assets	106	51
	<u>          </u>	<u>          </u>
	959	904
	<u>          </u>	<u>          </u>

### 6. OPERATING PROFIT

	1997 £'000	1996 £'000
<b>Operating profit is after charging:</b>		
Depreciation		
Owned assets	721	693
Leased assets	-	13
Auditors' remuneration - audit	55	53
- non-audit	27	16
Rentals under operating leases:		
Hire of plant and equipment	53	37
Other operating leases	102	97
	<u>          </u>	<u>          </u>

# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS

Year ended 31 December 1997

### 7. NET INTEREST PAYABLE

	1997 £'000	1996 £'000
<b>Payable</b>		
Ultimate parent company loans	4,062	2,056
Bank loans, overdrafts and other loans repayable within five years	555	496
<b>Receivable</b>		
Bank and other interest	(2,919)	(540)
	<u>1,698</u>	<u>2,012</u>

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £'000	1996 £'000
United Kingdom corporation tax at 31.5% (1996 - 33%) based on the profit for the year	12,857	7,190
Adjustments in respect of prior years	(279)	(1)
Associated undertakings	140	267
	<u>12,718</u>	<u>7,456</u>

### 9. PROFIT FOR THE YEAR ATTRIBUTABLE TO THE MEMBERS OF FAIRVIEW NEW HOMES PLC

	1997 £'000	1996 £'000
Profit of the parent company	<u>26,517</u>	<u>12,457</u>

The company has taken advantage of S.230 of the Companies Act 1985 and consequently a profit and loss account for the company alone is not presented.

### 10. EQUITY DIVIDENDS

	1997 £'000	1996 £'000
Proposed dividend - 57.85p per ordinary share (1996 - 30.97p)	<u>13,198</u>	<u>7,067</u>

# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS Year ended 31 December 1997

### 11. TANGIBLE ASSETS

GROUP	Freehold land and buildings £'000	Improve- ments to leasehold property £'000	Fixtures, fittings and computers £'000	Site equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 January 1997	277	648	1,106	50	2,205	4,286
Additions	-	-	176	-	700	876
Disposals	-	-	(7)	(6)	(657)	(670)
At 31 December 1997	277	648	1,275	44	2,248	4,492
<b>Depreciation</b>						
At 1 January 1997	-	648	680	42	857	2,227
Charge for the year	-	-	200	5	516	721
Disposals	-	-	(9)	(4)	(412)	(425)
At 31 December 1997	-	648	871	43	961	2,523
<b>Net book value</b>						
At 31 December 1997	277	-	404	1	1,287	1,969
At 31 December 1996	277	-	426	8	1,348	2,059
<b>COMPANY</b>						
<b>Cost and net book value</b>						
At 1 January 1997 and 31 December 1997						277
						<u>Freehold land and buildings £'000</u>

### 12. INVESTMENTS HELD AS FIXED ASSETS

GROUP	Associated undertakings £'000	£'000
Cost of investment		-
Group's share of undistributed post acquisition profits		
Balance at 1 January 1997	1,361	
Profits retained for the year	237	
Less: net dividend received	(1,091)	
Balance at 31 December 1997		507
Total investments at 31 December 1997		<u>507</u>

# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS

Year ended 31 December 1997

### 12. INVESTMENTS HELD AS FIXED ASSETS (continued)

#### COMPANY

Subsidiary and  
associated undertakings  
£'000

#### Cost of investment

At 1 January 1997 and 31 December 1997

231

Details of the group's investments in subsidiary and associated undertakings are given in note 28. The directors consider that the carrying value of all associated undertakings is not less than the relevant proportion of each associated undertaking's net assets.

### 13. LAND AND BUILDINGS IN COURSE OF DEVELOPMENT

At 31 December 1997 the group held approximately £47.2 m (1996 - £58.4m) of land included within land and buildings in the course of development which had not received appropriate residential planning consent.

It is in the nature of the group's business activities that negotiations with local authorities to obtain planning consent often continue for a number of months and delays in the resolution of these negotiations can occasionally occur. The directors have assessed the status of negotiations with local authorities on sites currently without planning permission and are of the opinion that the underlying value of the sites is at least equal to the value shown in the financial statements. However within this figure £15.1m of land had, by the date of approval of these accounts, been the subject of resolutions to grant consent subject to the signing of Section 106 Agreements.

### 14. DEBTORS

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Trade debtors	145	102	-	-
Amounts owed by associated undertakings	19,196	15,811	18,188	15,438
Amounts owed by subsidiary undertakings	-	-	64,682	15,652
Corporation tax recoverable	285	-	-	-
Other debtors	639	1,464	501	1,328
Prepayments and accrued income	2,416	1,618	1,785	1,244
	<u>22,681</u>	<u>18,995</u>	<u>85,156</u>	<u>33,662</u>

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Bank overdraft	6,747	4,289	6,153	4,289
Trade creditors	2,309	1,839	-	-
Amounts owed to ultimate parent company	60,819	49,272	60,819	49,272
Other creditors	703	636	606	606
Loan from Employee Discretionary Trust	2,721	1,706	2,721	1,706
Corporation tax	13,013	7,535	12,280	7,065
Other taxes and social security	412	375	-	-
Accruals and deferred income	11,888	16,654	6,416	13,466
Proposed dividend	13,198	7,067	13,198	7,067
	<u>111,810</u>	<u>89,373</u>	<u>102,193</u>	<u>83,471</u>

# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS Year ended 31 December 1997

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

Interest is charged on the loan from the Employee Discretionary Trust at a rate of 1% over the published base rate of Barclays Bank PLC.

### 16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £'000	Group 1996 £'000	1997 £'000	Company 1996 £'000
Amounts owed to ultimate parent company	37,819	35,000	37,819	35,000
Other creditors	17,715	14,610	12,882	14,610
	<u>55,534</u>	<u>49,610</u>	<u>50,701</u>	<u>49,610</u>

### 17. DEFERRED TAXATION

The total amount of unprovided deferred tax can be analysed as follows:

	1997 £'000	Group 1996 £'000	1997 £'000	Company 1996 £'000
Capital allowances less than depreciation	(72)	(76)	-	-
Maintenance provision	(203)	(210)	(188)	(200)
Payments to Employee Discretionary Trust	(1,241)	(876)	(1,241)	(876)
Net deferred tax asset not recognised	<u>(1,516)</u>	<u>(1,162)</u>	<u>(1,429)</u>	<u>(1,076)</u>

### 18. CALLED UP SHARE CAPITAL

	No.	1997 £'000	No.	1996 £'000
Authorised:				
Ordinary shares of £1 each	24,772,000	24,772	24,772,000	24,772
Called up, allotted and fully paid:				
Ordinary shares of £1 each	22,816,458	22,816	22,816,458	22,816

### 19. PROFIT AND LOSS ACCOUNT

	Group £'000	Company £'000
Balance at 1 January 1997	27,136	24,699
Retained profit for the year	13,677	13,319
Balance at 31 December 1997	<u>40,813</u>	<u>38,018</u>



# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS Year ended 31 December 1997

### 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £'000	Group 1996 £'000	1997 £'000	Company 1996 £'000
Profit for the financial year	26,875	13,782	26,517	12,457
Dividends	(13,198)	(7,067)	(13,198)	(7,067)
Net addition to shareholders' funds	13,677	6,715	13,319	5,390
Opening shareholders' funds	50,135	43,420	47,698	42,308
Closing shareholders' funds	63,812	50,135	61,017	47,698

### 21. ULTIMATE PARENT COMPANY

In the opinion of the directors, the company's ultimate parent company is Hillsgdown Holdings plc, a company registered in England and Wales.

Copies of the group financial statements of Hillsgdown Holdings plc are available from Hillsgdown Holdings plc, Hillsgdown House, 32 Hampstead High Street, London NW3 1QD.

### 22. GUARANTEES AND CONTINGENT COMMITMENTS

The company has contingent liabilities in respect of various performance bonds entered into during the normal course of business.

### 23. CAPITAL COMMITMENTS

At 31 December 1997 the group had no capital commitments either authorised or contracted for and not provided in the financial statements.

### 24. PENSIONS

The total pension cost for the year was £801,000 (1996 - £657,000). Pension costs are assessed in accordance with the advice of professionally qualified actuaries. The projected unit method was used in the valuation and it was assumed that the rate of investment return would exceed salary increases by 2% per annum. Actuarial valuations of the pension scheme are performed at least triennially.

The most recent actuarial valuation as at 1 August 1997 revealed that the market value of the scheme's assets was £6.22m and this represented 108% of the actuarial value of the benefits that had accrued to members on the valuation date. The pension charge for the year to 31 December 1997 represented contributions at a rate of 14.5% of pensionable salary roll from 1 January 1997.

### 25. OPERATING LEASE COMMITMENTS

At 31 December 1997 the group was committed to making the following payments during the next year in respect of operating leases:

	Property £'000	Plant and equipment £'000
Leases which expire:		
Within one year	-	46
After more than five years	175	-

# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS

Year ended 31 December 1997

### 26. RELATED PARTY TRANSACTIONS

As disclosed in note 28, the company holds 50 per cent of the issued share capital, and voting rights, of two associated undertakings, Riverside Developments (South Bank) Limited and Hither Green Developments Limited. In the directors' opinion these companies are defined as related parties under Financial Reporting Standard No. 8.

The two companies are engaged in property development. The property held by Riverside Developments (South Bank) Limited is being built by a subsidiary undertaking, Fairview Estates (Housing) Limited, and the costs charged to the associated undertaking. Fairview New Homes plc provided funds to Riverside Developments (South Bank) Limited during the year to finance the development of the property. The costs recharged by Fairview New Homes Plc to this company during the year represent interest charges.

Fairview New Homes (Slough) Limited was an associated company until 27 August 1997 whereupon it became a wholly owned subsidiary following the purchase of the remaining 50 ordinary shares at nominal value. The company changed its name to Fairview New Homes (New Barnet) Limited on 5 November 1997.

At 31 December 1997 the amounts outstanding from / (payable to), and the amounts recharged during the year to each associated undertaking were as follows:

	Amounts receivable / (payable) at 31 December 1997 £'000	Amounts receivable / (payable) at 31 December 1996 £'000	Amounts charged during the year £'000
Hither Green Developments Limited	(49)	462	-
Fairview New Homes (Slough) Limited	-	756	89
Riverside Developments (South Bank) Limited	19,196	14,593	15,332
	<u>19,147</u>	<u>15,811</u>	<u>15,421</u>

Other than the directors' emoluments disclosed in note 4, there are no other identified related party transactions.

### 27. CASH FLOW STATEMENT

The company has not presented a cash flow statement under FRS 1, "Cash Flow Statements", because it is a wholly owned subsidiary of Hillside Holdings plc whose consolidated financial statements include a consolidated cash flow statement.

# FAIRVIEW NEW HOMES PLC AND SUBSIDIARY COMPANIES

## NOTES TO THE ACCOUNTS Year ended 31 December 1997

### 28. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The company holds 100% of the issued share capital, and controls 100% of the voting rights, of the undermentioned subsidiary undertakings.

	Principal activities	10.5% 1st redeemable preference shares of £1	10.5% Non-cumulative 2nd preference shares of £1	Ordinary shares of £1
Fairview Estates (Housing) Limited	Builder	6,000	360	360
Fairview New Homes (Mitcham) Limited	Developer			2
Fairview New Homes (Greenwich) Limited	Developer			2
Fairview New Homes (Clapham) Limited	Developer			2
Fairview New Homes (Dartford) Limited	Developer			2
Fairview New Homes (Palmers Green) Limited	Developer			2
Fairview New Homes (York) Limited	Developer			2
Fairview New Homes (Rickmansworth) Limited	Developer			2
Fairview New Homes (Lewisham) Limited	Developer			2
Fairview New Homes (Burnham) Limited	Developer			2
Fairview New Homes (Clyde Wharf) Limited	Developer			2
Fairview New Homes (Cricklewood) Limited	Developer			2
Fairview New Homes (Chequers Way) Limited	Developer			2
Fairview New Homes (George Street) Limited	Developer			2
Fairview New Homes (Slough) Limited	Developer			2
Fairview New Homes (Dagenham) Limited	Developer			2
Fairview New Homes (Gallions Point) Limited	Developer			2
Fairview New Homes (Englefield Green) Limited	Developer			2
Fairview New Homes (High Wycombe) Limited	Developer			2
Fairview New Homes (Egham) Limited	Developer			2
Fairview New Homes (Holtwhites Hill) Limited	Developer			2
Fairview New Homes (Westminster Drive) Limited	Developer			2
Fairview New Homes (New Barnet) Limited	Developer			2
Fairview New Homes (Enfield) Limited	Developer			2
Fairview Homes Limited	Dormant			100
Enfield Housing Company Limited	Dormant			200,000
Rosa Garages Limited	Dormant			10,000
Dialect Properties Limited	Dormant			2
Fairview Estates (Investments) Limited	Dormant			2
Fairview New Homes (Morden) Limited	Dormant			2
Fairview New Homes (Braintree) Limited	Dormant			2
Fairview New Homes (Hounslow) Limited	Dormant			2
Fairview New Homes (New Malden) Limited	Dormant			2
Fairview New Homes (Finchley) Limited	Dormant			2
Fairview New Homes (Chase Road) Limited	Dormant			2
Fairview New Homes (St Albans) Limited	Dormant			2

The company also holds 50% of the issued share capital, and controls 50% of the voting rights, of the undermentioned associated undertakings.

	Principal activities	Ordinary shares of £1
Riverside Developments (South Bank) Limited	Developer	50
Hither Green Developments Limited	Developer	50

All the above companies are incorporated in Great Britain and registered in England and Wales.