

COMPANY NUMBER 329622

COMPANIES HOUSE	
WARDS CONSTRUCTION (MEDWAY) LIMITED	
18 JUN 1990	
M	DIRECTORS REPORT AND ACCOUNTS
31 OCTOBER 1989	

KPMG PEAT MARWICK McLINTOCK
Bayham Court, Teston, Maidstone, Kent. ME18 5BZ

WARDS CONSTRUCTION (MEDWAY) LIMITEDDIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 31 October 1989.

Activities and business review:

The principal activity of the Company is housebuilding.

The results achieved for the year were as follows:

	<u>1989</u> £	<u>1988</u> £
Turnover	23,127,454	32,253,010
Profit on ordinary activities before taxation	2,815,803	11,312,364
Taxation	(1,545,076)	(3,796,448)
Profit for the financial year	<u>1,270,727</u>	<u>7,515,916</u>

The Company consider the results for the year to be satisfactory and is continuing to invest in new sites for residential development for the future.

An interim dividend of £262,867 (1988 : £Nil) was paid in 1988 and the directors recommend a final dividend in respect of the year ended 31 October 1989 of £1,104,040 (1988 : £1,262,000). The total dividends for the year will thus amount to £1,366,907 (1988 : £1,262,000).

Directors:

The directors during the year were:

D.J. Ward (Chairman)
D.W. Pead
C.A. London
J.V. Walker
R.D. Terry
R.T. Warren
R.H. Thomas

The directors held no interest in the shares of the company during the years ended 31 October 1989 and 31 October 1988.

Mr. D.J. Ward, Mr. J.V. Walker and Mr. D.W. Pead were directors of the Company's ultimate holding company, Ward Holdings Plc and, accordingly, particulars of their interests in the shares of that company are included in the report of the directors of Ward Holdings Plc. Mr C. A. London held 28,000 ordinary shares during the year ended 31 October 1989.

WARDS CONSTRUCTION (MEOWAY) LIMITED

DIRECTORS' REPORT
(Continued)

Fixed assets:

Details of changes in fixed assets during the year are shown in Note 8 to the accounts.

Employees:

The Company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitude and abilities.

It is the director's policy to ensure that continued employment is offered to employees who become temporarily or permanently disabled.

The training, career development and promotion of disabled persons employed by the Company is an integral part of the personnel policy applicable to all employees.

The Company recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance. During the year, information regarding financial and economic factors affecting the performance of the Company and other matters of concern to employees were regularly made available.

Auditors:

On 1 January, 1990 our auditors changed the name under which they practice to KPMG Peat Marwick McLintock, and accordingly have signed their report in their new name. In accordance with section 384 of the Companies Act 1985 a resolution concerning the reappointment of KPMG Peat Marwick McLintock as auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board


Secretary

AUDITORS' REPORT TO THE MEMBERS OF
WARDS CONSTRUCTION (MEDWAY) LIMITED

We have audited the accounts set out on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 31 October 1989, and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Maidstone

KMK6 Paul Munnell Munnell

8 February 1990

Chartered Accountants

WARDS CONSTRUCTION (MEDWAY) LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 OCTOBER 1989

	<u>Note</u>	<u>1989</u> £	<u>1988</u> £
TURNOVER	1	23,127,454	32,253,010
Cost of sales		(15,145,257)	(17,099,458)
		<hr/>	<hr/>
GROSS PROFIT		7,982,197	15,153,552
Administrative expenses		(6,567,980)	(3,310,742)
Interest payable	3	-	(530,446)
Interest receivable	3	1,401,586	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	2,815,803	11,312,364
Tax on profit on ordinary activities	6	(1,545,076)	(3,796,448)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,270,727	7,515,916
Dividends	7	(1,366,907)	(1,262,000)
		<hr/>	<hr/>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(96,180)	6,253,916
Retained profit brought forward		22,818,486	16,564,570
		<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD		22,722,306	22,818,486

The notes on pages 7 to 13 form part of these accounts.

WARDS CONSTRUCTION (MEDWAY) LIMITEDBALANCE SHEET AT 31 OCTOBER 1989

	<u>Note</u>	<u>1989</u>	<u>1988</u>
		£	£
FIXED ASSETS			
Tangible fixed assets	8	458,172	716,576
CURRENT ASSETS			
Stocks	9	40,162,265	37,046,169
Debtors	10	23,805,707	17,097,947
Cash at bank and in hand		20,342,169	14,076,347
		<u>84,310,141</u>	<u>68,220,463</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(61,855,663)	(45,870,184)
NET CURRENT ASSETS		<u>22,454,478</u>	<u>22,350,279</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>23,912,650</u>	<u>23,066,855</u>
CREDITORS FALLING DUE AFTER ONE YEAR	12	(22,957)	(64,271)
PROVISIONS FOR LIABILITIES AND CHARGES	13	-	(16,711)
NET ASSETS		<u>22,889,693</u>	<u>22,985,873</u>
CAPITAL AND RESERVES			
Called up share capital	14	147,965	147,965
Capital reserve		19,422	19,422
Profit and loss account		22,722,306	22,818,486
		<u>22,889,693</u>	<u>22,985,873</u>



 Directors

Approved by the Board on 8 February 1990

The notes on pages 7 to 13 form part of these accounts.

WARDS CONSTRUCTION (MEDWAY) LIMITED
SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 OCTOBER 1989

	1987	1988
	£	£
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	2,815,803	11,312,364
ADJUSTMENT FOR ITEMS NOT INVOLVING THE MOVEMENT OF FUNDS:		
Depreciation	343,906	350,047
Surplus on disposal of tangible fixed assets	(17,173)	(44,279)
	326,733	305,768
FUNDS GENERATED FROM OPERATIONS	3,142,536	11,618,132
FUNDS FROM OTHER SOURCES		
Proceeds of sale of tangible fixed assets	20,075	60,272
	3,162,611	11,678,404
APPLICATION OF FUNDS		
Purchase of fixed assets	88,401	431,407
Tax paid	3,284,277	4,499,352
Dividends paid	262,870	1,873,687
Decrease in amounts falling due after more than one year	58,025	7,166
	(3,693,573)	(6,811,612)
(DECREASE)/INCREASE IN WORKING CAPITAL	(530,962)	4,866,792
COMPONENTS OF (DECREASE)/INCREASE IN WORKING CAPITAL		
Stocks	3,116,096	10,024,040
Debtors	6,707,760	3,090,858
Creditors falling due within one year	(16,620,640)	(24,824,383)
Movement in net liquid funds:		
Increase in cash at bank and in hand	6,265,822	13,825,986
Decrease in bank loans and overdraft	-	2,750,291
	6,265,822	16,576,277
	(530,962)	4,866,792

WARDS CONSTRUCTION (MEDWAY) LIMITED

NOTES TO THE ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

Basis of accounting:

The accounts are prepared under the historical cost accounting rules.

Turnover:

Turnover represents amounts receivable on the sale of houses and land and includes amounts receivable from fellow subsidiaries of £997,500 (1988 : £40,000). All turnover arises within the United Kingdom.

Basis of taking credit for sales:

Credit is taken for profit on house sales on the date at which the legal title to the property is transferred.

Stocks and work in progress:

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. In respect of work in progress, cost includes labour, materials and relevant overheads. Land held for development is valued on a site by site basis at the lower of cost and estimated net realisable value.

Depreciation:

Tangible fixed assets are depreciated at the following annual rates estimated to write each asset off over the term of its useful life:-

Plant, machinery, fixtures and fittings - 25% on cost

Deferred taxation:

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that, in the Directors' opinion, it is probable that liabilities will crystallise in the foreseeable future.

WARDS CONSTRUCTION (MEDWAY) LIMITEDNOTES TO THE ACCOUNTS
(Continued)1. STATEMENT OF ACCOUNTING POLICIES (Continued)Leasing

Assets acquired under finance leases that give rights approximating to ownership are treated as if they had been purchased and an amount equivalent to their cost is included under tangible fixed assets. Depreciation for these assets is provided in accordance with the group's normal depreciation policy. Leasing payments are treated as consisting of capital and interest elements with the interest part charged to the profit and loss account.

Pension Scheme

Contributions to defined benefit pension schemes are calculated in accordance with the schemes' funding policy and are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the remaining service lives of current employees in the schemes. Contributions to the defined contribution scheme are charged directly to the profit and loss account.

2. STAFF NUMBERS AND COSTS

The average number of persons employed (including directors and part-time employees) was as follows:

	<u>1989</u>	<u>1988</u>
	<u>No</u>	<u>No</u>
Management	7	11
Administration	92	81
Production and sales staff	159	165
	<u>258</u>	<u>257</u>

The aggregate payroll costs of these persons were as follows:

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Wages and salaries	2,675,313	2,596,979
Social security costs	242,301	208,764
Other pension costs	59,126	88,373
	<u>2,976,740</u>	<u>2,894,116</u>

3. INTEREST (PAYABLE)/RECEIVABLE

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
On bank loans, overdrafts and other loans wholly repayable within five years	-	(530,446)
On cash and bank balance	1,401,586	-
	<u>1,401,586</u>	<u>(530,446)</u>

WARDS CONSTRUCTION (MEDWAY) LIMITEDNOTES TO THE ACCOUNTS
(Continued)4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging or (crediting) the following:

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Depreciation of tangible fixed assets	343,906	350,047
Directors' emoluments (See Note 5)		
As directors	18,500	26,500
Remuneration as executives	314,579	256,743
Auditors' remuneration and expenses	34,100	19,300
Plant hire	301,205	582,575
Leasing charges	101,501	120,025
Profit of sale of fixed assets	(17,172)	(44,279)

5. DIRECTORS' EMOLUMENTS

Excluding pension contributions, the emoluments of the chairman and highest paid director were:

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Chairman	50,462	42,708
Highest paid director	61,236	55,142

The emoluments of the other directors were within the following ranges:

	<u>1989</u>	<u>1988</u>
	<u>No</u>	<u>No</u>
Nil - £ 5,000	1	-
£30,001 - £35,000	1	1
£35,001 - £40,000	-	3
£40,001 - £45,000	-	1
£45,001 - £50,000	2	-
£50,001 - £55,000	1	1

WARDS CONSTRUCTION (MEDWAY) LIMITEDNOTES TO THE ACCOUNTS
(Continued)6. TAX ON PROFIT OR LOSS ON OTHER ACTIVITIES

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Corporation tax payable at 35% (1988 : 35%)	1,561,787	3,821,297
Deferred taxation	(16,711)	(24,849)
	<u>1,545,076</u>	<u>3,796,448</u>

7. DIVIDENDS

The amounts provided for dividends are as follows:

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Interim dividend paid	262,867	-
Proposed final dividend	1,104,040	1,262,000
	<u>1,366,907</u>	<u>1,262,000</u>

8. TANGIBLE FIXED ASSETS

	Plant and machinery under finance lease <u>£</u>	Owned Plant and machinery <u>£</u>	Fixtures and fittings <u>£</u>	Total <u>£</u>
Cost:				
At 1 November 1988	567,744	1,431,110	80,940	2,079,794
Additions	-	76,446	4,694	81,140
Disposals	-	(38,468)	-	(38,468)
Transfers from group companies	-	7,264	-	7,264
At 31 October 1989	<u>567,744</u>	<u>1,476,352</u>	<u>85,634</u>	<u>2,129,730</u>
Depreciation:				
At 1 November 1988	427,435	883,074	52,709	1,363,218
Charge for the year	82,264	246,462	13,670	342,396
Disposals	-	(35,566)	-	(35,566)
Transfers from group companies	-	1,510	-	1,510
At 31 October 1989	<u>509,699</u>	<u>1,095,480</u>	<u>66,379</u>	<u>1,671,558</u>
Net Book Value				
At 31 October 1989	<u>58,045</u>	<u>380,872</u>	<u>19,255</u>	<u>458,172</u>
At 31 October 1988	<u>140,309</u>	<u>548,036</u>	<u>28,231</u>	<u>716,576</u>

WARDS CONSTRUCTION (MEDWAY) LIMITEDNOTES TO THE ACCOUNTS
(Continued)9. STOCKS

	<u>1989</u>	<u>1988</u>
	£	£
Land held for development	28,006,484	26,980,153
Raw materials and consumables	556,570	908,161
Work in progress	11,599,211	9,157,855
	<u>40,162,265</u>	<u>37,046,169</u>

In the opinion of the directors the replacement cost of land held for development is in excess of the book value.

10. DEBTORS

	<u>1989</u>	<u>1988</u>
	£	£
Trade debtors	5,337	7,097
Amounts owed by group companies	23,099,347	16,621,267
Other debtors	228,806	403,286
Prepayments	472,217	66,297
	<u>23,805,707</u>	<u>17,097,947</u>

11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1989</u>	<u>1988</u>
	£	£
Trade creditors	553,709	880,831
Finance leases	35,087	76,037
Amounts owed to group companies	52,285,714	34,135,114
Other creditors including taxation and social security	6,377,292	8,023,012
Accruals and deferred income	1,499,821	1,493,190
Proposed dividend	1,104,040	1,262,000
	<u>61,855,663</u>	<u>45,870,184</u>

WARDS CONSTRUCTION (MEDWAY) LIMITEDNOTES TO THE ACCOUNTS
(Continued)11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR (Continued)

Other creditors including taxation and social security comprises:

Corporation tax	6,030,768	7,753,258
Taxation and social security	76,651	84,087
Other creditors	269,873	185,667
	<u>6,377,292</u>	<u>8,023,012</u>

12. CREDITORS FALLING DUE AFTER ONE YEAR

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Obligations under finance leases	22,957	64,271

The obligations under finance leases are all repayable within five years.

13. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided for deferred taxation calculated at 35% (1988 : 35%) on the liability method are set out below:

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Accelerated capital allowances	-	16,711

The only amounts unprovided relate to capital losses carried forward amounting to £32,731 (1988 : £32,731) which may be utilised against future capital gains.

14. SHARE CAPITAL

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Authorised: 3,000,000 ordinary shares of 5p each	150,000	150,000
Allotted, called up and fully paid: 2,959,299 ordinary shares of 5p each	147,965	147,965

WARDS CONSTRUCTION (MEDWAY) LIMITED

NOTES TO THE ACCOUNTS
(Continued)

15. CONTINGENT LIABILITIES

The company is party to a multilateral guarantee secured by fixed and floating charges in respect of amounts due on bank overdrafts by the Ward Holdings Plc group of companies up to a maximum of £10,000,000 of which £3,240,646 (1988 : £5,090,255) was outstanding at 31 October 1989.

Contingent liabilities in respect of performance bonds totalled £1,253,500 (1988 : £2,705,335) at 31 October 1989.

16. PENSION SCHEME

The Group operates defined benefit pension schemes covering certain of its permanent employees. The schemes are administered by Trustees and are independent of the Group's finances. Contributions are determined by an independent professional actuary on the basis of the triennial valuations using the aggregate basis.

The most recent actuarial valuation of the schemes was as at 1 July, 1987.

At the date of the latest actuarial valuation the market value of the schemes' assets was £611,000 and the funding level was 114%. The contributions of the Group will remain at 14.5% of earnings.

The pension charge for the year was £59,126 (1988 : £88,373)

17. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Ward Holdings Plc, a company incorporated in Great Britain.