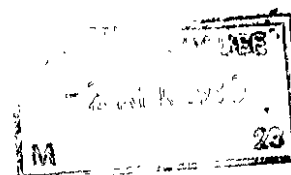


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BRYANT HOMES SOUTHERN LIMITED
REPORT AND FINANCIAL STATEMENTS

31 MAY 1989



BRYANT HOMES SOUTHERN LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 1989.

1. ACTIVITIES

The principal activities of the company are building and development.

2. REVIEW OF ACTIVITIES

The company has performed satisfactorily given the general economic climate. Further details of the company's performance are given in the Profit and Loss Account on page 4 and the notes on pages 8 and 9. The position of the company at the end of the year is set out in the Balance Sheet on page 5 and the notes on pages 9 to 11. The directors consider that the company is well placed to continue to perform satisfactorily given a favourable trading climate.

3. DIVIDENDS

A dividend of £337,671 has been paid (1988 - £6,220,832).

4. DIRECTORS

The following were directors of the company during the year and their interests in the shares of the ultimate holding company were :-

	Ordinary shares of 25p each	
	1 June 1988	31 May 1989
	(or date of appointment)	
A.C.Bryant	*	*
A.Mackenzie	*	*
G.L.Holland	38,799	39,660
G.F.Potton	33,781	17,978
C.G.Gabb	5,590	11,710
M.Dalton	9,463	18,469
R.Jones	15,484	16,003
N.Smith (Appointed 3 January 1989)	-	-

*Interests in the shares of the ultimate holding company are shown in the directors' report of Bryant Group plc.

At no time during the year did any director have any interest in the shares of the company.

BRYANT HOMES SOUTHERN LIMITED

DIRECTORS' REPORT

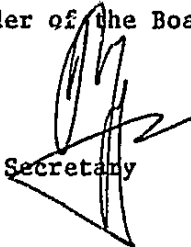
5. CLOSE COMPANY STATUS

So far as the directors are aware, the company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

6. AUDITORS

The auditors, Touche Ross & Co., have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the Annual General Meeting.

By Order of the Board



Secretary

AUDITORS' REPORT TO THE MEMBERS

of

BRYANT HOMES SOUTHERN LIMITED

We have audited the financial statements on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 May 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.

16 November 1989

Touche Ross. & Co

Chartered Accountants
Kensington House ,
136 Suffolk Street Queensway ,
Birmingham.
B1 1LL

BRYANT HOMES SOUTHERN LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 May 1989

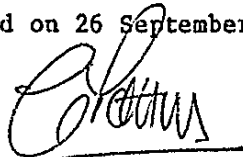
	Note	1989 £	1988 £
Turnover	1	91,329,544	93,871,570
Operating Profit	1	14,448,111	18,04,500
Interest receivable		183,929	76,708
Interest payable	3	(4,312,578)	(3,040,000)
Profit on ordinary activities before taxation	4	10,319,462	15,041,208
Tax on profit on ordinary activities	5	3,608,638	5,282,625
Profit for the financial year		6,710,824	9,758,583
Dividend		337,671	6,220,832
Retained profit for the year		6,373,153	3,537,751
Retained profit brought forward		9,072,253	5,534,502
Retained profit carried forward		£15,445,406	£ 9,072,253

BRYANT HOMES SOUTHERN LIMITED

BALANCE SHEET 31 May 1989

	Note	1989 £	1988 £
FIXED ASSETS			
Investments	6	800	900
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks and work in progress		127,429,260	91,047,969
Debtors	7	2,427,911	2,979,538
		<hr/>	<hr/>
		129,857,171	94,027,507
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	113,117,429	78,296,490
		<hr/>	<hr/>
NET CURRENT ASSETS		16,739,742	15,731,017
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		16,740,542	15,731,917
		<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9	-	(5,275,579)
PROVISIONS FOR LIABILITIES AND CHARGES	10	(1,195,136)	(1,284,085)
		<hr/>	<hr/>
		£15,545,406	£ 9,172,253
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	11	100,000	100,000
Profit retained		15,445,406	9,072,253
		<hr/>	<hr/>
		£15,545,406	£ 9,172,253
		<hr/>	<hr/>

Approved by the board on 26 September 1989



Directors


5-

BRYANT HOMES SOUTHERN LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended 31 May 1935

	1935 £	1934 £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation being amount generated from operations	10,319,462	15,041,208
Increase in creditors	7,693,689	7,315,669
Increase in amounts owed to group companies	18,568,952	15,288,305
Increase in amount owed to associated companies	2,336,137	2,245,115
Decrease in amounts owed by group companies	-	776,458
Decrease in amounts owed by associated companies	386,300	-
Decrease in other debtors	144,220	-
	<hr/> £39,448,760 <hr/>	<hr/> £40,666,755 <hr/>
APPLICATION OF FUNDS		
Dividend paid	337,671	6,220,832
Taxation paid	2,805,592	839,376
Investments (transferred) / purchased	(100)	100
Increase in stocks	36,381,291	36,343,158
Increase in amounts owed by group companies	1,172	-
Increase in other debtors	-	88,872
Increase in amounts owed by associated companies	-	1,319,934
	<hr/> 39,525,626 <hr/>	<hr/> 44,812,272 <hr/>
Items not involving the movement of funds:		
Decrease / (Increase) for provisions	88,949	(534,815)
(Increase) / Decrease in bank overdraft	(165,815)	(3,610,702)
	<hr/> £39,448,760 <hr/>	<hr/> £40,666,755 <hr/>

BRYANT HOMES SOUTHERN LIMITED

ACCOUNTING POLICIES

1. CONSOLIDATED ACCOUNTS

As the company is a wholly owned subsidiary no consolidated financial statements for the company and its subsidiaries and associate have been prepared.

2. ACCOUNTING CONVENTION

The financial statements are prepared on the historic cost basis of accounting.

3. TURNOVER AND PROFIT TAKING

Turnover represents sales of newly constructed homes and land. Profit is taken on legal completion.

4. STOCKS

(a) Stocks and work in progress are valued at the lower of cost and net realisable value. Cost represents direct costs plus site overheads.

(b) Ground rents are valued at the lower of cost and net realisable value.

5. DEFERRED TAXATION

Provision is made for all liabilities that are considered likely to arise in the future.

BRYANT HOMES SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 1989

1. TURNOVER AND OPERATING PROFIT

	1989 £	1988 £
Turnover	91,329,544	93,871,570
Cost of sales	72,651,750	72,774,430
Gross profit	18,677,794	21,097,140
Administrative expenses	4,229,683	3,092,640
Operating profit	£14,448,111	£18,004,500

Turnover includes sales to associated companies of £11,306,676 (1988 - £10,560,242).

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company has no employees and is managed by Bryant Group Services Limited.

Details of the emoluments of directors are shown in the financial statements of Bryant Group Services Limited, except for those directors who are also directors of the holding company, whose emoluments are shown in the financial statements of Bryant Group plc.

3. INTEREST PAYABLE

	1989	1988
Group Loan	£4,312,578	£3,040,000

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1989	1988
After charging:		
Overhead and management charges, including audit fee £1,950 (1988 - £14,800)	£4,142,685	£2,977,950
After crediting:		
Net rents received	£ 31,316	£ 27,661

BRYANT HOMES SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 1989

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1989	1988
	£	£
Corporation tax at a rate of 35%	3,589,533	5,281,784
Deferred taxation	22,279	(101,888)
Adjustment in respect of prior years	(3,174)	102,729
	<hr/>	<hr/>
	£3,608,638	£5,282,625
	<hr/>	<hr/>

6. INVESTMENTS HELD AS FIXED ASSETS

	Subsidiaries	Associates	Total
	£	£	£
Balance at 1 June 1988	400	500	900
Transfer to another group company	(100)	-	(100)
	<hr/>	<hr/>	<hr/>
Balance at 31 May 1989	£300	£500	£800
	<hr/>	<hr/>	<hr/>

The company's subsidiaries, wholly owned and incorporated in the United Kingdom are:-

Consolidated Retail Stores Limited
La Chaumiere Limited
Bryant Homes Weald Limited

The company's associate is Vigobridge Limited which is incorporated in the United Kingdom and owned 50% with Allied Irish Banks plc.

The directors are of the opinion that the value of the company's interest in its investments is not less than the amount stated.

7. DEBTORS

	1989	1988
	£	£
Amounts owed by subsidiary companies	16,834	15,662
Amounts owed by associated companies	1,967,990	2,354,290
Deferred taxation	79,609	101,888
	<hr/>	<hr/>
	2,064,433	2,471,840
Other debtors	363,478	507,698
	<hr/>	<hr/>
	£2,427,911	£2,979,538
	<hr/>	<hr/>

BRYANT HOMES SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 1989

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1989	1988
	£	£
Bank overdraft	4,356,613	4,190,798
Trade creditors	18,789,755	11,549,001
Amounts owed to group companies	75,879,189	57,310,237
Amounts owed to associated companies	4,581,252	2,245,115
Corporation tax	8,653,639	2,597,293
Other creditors and accruals	856,981	404,046
	<hr/>	<hr/>
	£113,117,429	£78,296,490
	<hr/>	<hr/>

Creditors includes £10,498,000 (1988 - £6,201,478) which is secured against land for development.

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1989	1988
	£	
Corporation tax	-	£5,275,579
	<hr/>	<hr/>

10. PROVISIONS FOR LIABILITIES AND CHARGES	1989	1988
Other provisions	£1,195,136	£1,284,085
	<hr/>	<hr/>

Other provisions are principally in respect of additional costs on completed work. The increase in the year has been charged to the profit and loss account.

11. CALLED UP SHARE CAPITAL	1989	1988
Authorised		
Ordinary shares of £1 each	£250,000	£250,000
	<hr/>	<hr/>
Allotted and fully paid		
Ordinary shares of £1 each	£100,000	£100,000
	<hr/>	<hr/>

Bryant Group plc which is incorporated in the United Kingdom, is the ultimate holding company.

BRYANT HOMES SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 1969

12. CONTINGENT LIABILITIES

The company has given unlimited guarantees on the bank borrowings of certain other group companies.

Performance bonds and other building guarantees have been entered into in the normal course of business.