

Ward Homes (South Eastern) Limited

Directors' report and financial statements

31st October 1998

Registered Number: 554130



Ward Homes (South Eastern) Limited

Directors' report and financial statements

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Ward Homes (South Eastern) Limited

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31st October 1998.

Principal activities

The principal activity of the company is house building and related activities.

Business review

The results achieved for the year were as follows:

	1998 £	1997 £
Turnover	77,276	699,373
(Loss)/Profit on ordinary activities before taxation	(90,759)	49,828
Taxation	6,750	(17,316)
Retained (loss)/profit for the financial year	(84,009)	32,512

Proposed dividend and transfer to reserves

The Directors do not recommend the payment of a dividend (1997: £Nil).

The loss for the year to be transferred to reserves is £84,009 (1997: profit £32,512).

Directors and directors' interests

The directors who held office during the year were as follows:

D.W. Pead	(Resigned 31 December 1997)
D.J. Ward	(Appointed 1 January 1998)
P.D. Holliday	(Appointed 2 February 1998)

The director who held office at the end of the financial year had no disclosable interest in the shares of the company.

Mr D.J. Ward and Mr P.D. Holliday are Directors of the Company's ultimate holding company, Ward Holdings PLC and, accordingly, particulars of his interests in the shares of that Company are included in the Directors' Report of Ward Holdings PLC.

Ward Homes (South Eastern) Limited

Directors' report (*continued*)

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 directors' 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 was regularly made available.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as Auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



M. R. Lethaby
Secretary

Ward Homes (South Eastern) Limited

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 profit or loss 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, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the auditors to the members of Ward Homes (South Eastern) Limited

We have audited the financial statements on pages 5 to 11.

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 October 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

28 January 1999

Ward Homes (South Eastern) Limited

Profit and loss account for the year ended 31 October 1998

	Note	1998 £	1997 £
Turnover arising from continuing operations	1	77,276	699,373
Cost of sales		<u>(196,786)</u>	<u>(34,490)</u>
Gross (loss)/profit		(119,510)	664,883
Administrative expenses		<u>(80)</u>	<u>(637,366)</u>
Operating (loss)/profit arising from continuing operations	2-4	(119,590)	27,517
Other interest receivable and similar income		<u>28,831</u>	<u>22,311</u>
(Loss)/profit on ordinary activities before taxation		(90,759)	49,828
Tax on (loss)/profit on ordinary activities	5	<u>6,750</u>	<u>(17,316)</u>
(Loss)/profit for the financial year		(84,009)	32,512
Retained profit brought forward		<u>1,528,842</u>	<u>1,496,330</u>
Retained profit carried forward		<u>1,444,833</u>	<u>1,528,842</u>

The company has no recognised gains or losses in either 1998 or 1997 other than those reported in the Profit and Loss Account above.

The notes on pages 7 - 11 form part of these financial statements.

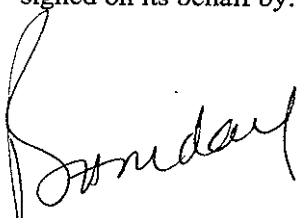
Ward Homes (South Eastern) Limited

Balance Sheet

as at 31 October 1998

	Note	1998	1997
		£	£
Current assets			
Stocks	6	325,826	494,826
Debtors	7	695,312	646,059
Cash at bank and in hand		519,483	503,289
		<u>1,540,621</u>	<u>1,644,174</u>
Creditors: amount falling due within one year	8	(93,788)	(113,332)
Net assets		<u>1,446,833</u>	<u>1,530,842</u>
Capital and reserves			
Called up share capital	9	2,000	2,000
Profit and loss account		1,444,833	1,528,842
Shareholders' funds	10	<u>1,446,833</u>	<u>1,530,842</u>

These financial statements were approved by the Board of Directors on 28 January 1999 and were signed on its behalf by:



P.D. Holliday

The notes on pages 7 - 11 form part of these financial statements.

Ward Homes (South Eastern) Limited

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

Pensions costs

Contributions to defined benefit pension schemes 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 defined contribution schemes are charged directly to the profit and loss account.

Stocks

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

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts receivable on the sale of houses and land.

All turnover arose 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.

Ward Homes (South Eastern) Limited

Notes (Continued)

2. (Loss)/profit on ordinary activities before taxation

	1998 £	1997 £
(Loss)/profit on ordinary activities before taxation is stated after charging/crediting:		
Exceptional items:		
Land write off	100,000	
Legal settlement & costs	10,030	
Exceptional bad debt recovered	-	(63,000)
Auditors' remuneration:		
Audit	-	1,000

3. Remuneration of Directors

The Directors did not receive any remuneration either as Directors or Executives during the year (1997: Nil).

4. Staff numbers and costs

The average number of persons employed by the company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	1998	1997
Management	-	1
Administration	-	8
Production and sales	-	51
	-	60

The aggregate payroll costs of these persons were as follows:

	1998 £	1997 £
Wages and salaries	-	634,871
Social Security costs	-	56,079
Other pension costs (see note 13)	-	8,217
	-	699,167

Ward Homes (South Eastern) Limited

Notes (continued)

5. Taxation

	1998 £	1997 £
UK Corporation Tax at 31% (1997: 31.8%)	(6,745)	25,455
Adjustment in respect of prior years	(5)	(8,139)
	<u>(6,750)</u>	<u>17,316</u>

6. Stocks

	1998 £	1997 £
Land held for development	<u>325,826</u>	<u>494,826</u>

7. Debtors

	1998 £	1997 £
Amounts owed by Group undertakings	691,964	643,762
Other taxes and social security	877	-
Prepayments and accrued income	2,471	2,297
	<u>695,312</u>	<u>646,059</u>

8. Creditors: amounts falling due within one year

	1998 £	1997 £
Amounts owed to Group undertakings	70,351	86,645
Other creditors including taxation and social security	23,437	23,437
Accruals and deferred income	-	3,250
	<u>93,788</u>	<u>113,332</u>

Ward Homes (South Eastern) Limited

Notes (continued)

9. Share Capital

	1998 £	1997 £
<i>Authorised, Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,000	1,000
Deferred shares of £1 each	1,000	1,000
	<u>2,000</u>	<u>2,000</u>

10. Reconciliation of movements in shareholders' funds

	1998 £	1997 £
(Loss)/profit for the financial year	(84,009)	32,512
Opening shareholders' funds	1,530,842	1,498,330
	<u>1,446,833</u>	<u>1,530,842</u>
Closing shareholders' funds		

11. 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 £12,500,000 of which £Nil (1997: £ Nil) was outstanding as at 31 October 1998.

12. Pension Scheme

The Ward Holdings PLC Pension and Life Assurance Scheme, was restructured in April 1993.

In respect of service from that date the Scheme now operates as a funded defined contribution scheme. For service to that date, benefits are provided on a funded defined benefit basis. The scheme is administered by Trustees who are independent of the Group's finances and the contributions payable are age related.

The most recent actuarial valuation of the defined benefit part of this scheme was at 1 July 1997 and this indicated that the Scheme's assets of £1.49 million exceeded the liabilities of the fund at that date equivalent to a funding level of 112.3%. The assumption which has the most significant effect on the results of the valuation is that relating to the rate of return on investments. It was assumed that the return would be equivalent to a rate of interest of 9 per cent per annum.

The pension charge for the year was £Nil (1997: £ 6,867).

The group also operates an insured defined contribution scheme for which the pension charge for the year under review was £Nil (1997: £1,350).

Ward Homes (South Eastern) Limited

Notes (*continued*)

13. Ultimate Parent Company

The Company is a subsidiary undertaking of Ward Holdings PLC registered in England and Wales, the head of the only group for which group financial statements are drawn up and of which the company is a member.

Copies of the group financial statements can be obtained from 2 Ash Tree Lane, Chatham, Kent.

14. Statement on Related Party Transactions

The Company is exempt from the requirements of the Financial Reporting Standard 8 ("Related Party Disclosures") insofar as it refers to transactions with fellow Group companies, as it is a wholly-owned subsidiary of Ward Holdings PLC, whose accounts are publicly available.