

Ward Homes (South Eastern) Limited

Directors' report and financial statements

31 October 2000

Registered Number: 554130



Ward Homes (South Eastern) Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7

Ward Homes (South Eastern) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 October 2000.

Principal activities

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

Review of developments and future prospects

During the year the company continued to review the possibility for development at its remaining sites. However, no significant planning permissions were obtained and therefore the company returned a small loss for the period.

Proposed dividend and transfer to reserves

The results for the year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (1999: £nil).

The loss for the year to be transferred from reserves is £4,375 (1999: £ 2,616 loss).

Directors and directors' interests

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

D.J. Ward	(Resigned 11 July 2000)
P.D. Holliday O.B.E.	
M.R. Lethaby	(Appointed 11 July 2000)

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

Mr P.D. Holliday and Mr M.R. Lethaby are directors of the company's ultimate parent company, Ward Homes Group Limited and, accordingly, particulars of their interests in the shares of that company are included in the Directors' Report of Ward Homes Group Limited.

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

KPMG Audit Plc resigned as auditors on 5 October 2000. Deloitte & Touche were appointed to fill the casual vacancy and have indicated their willingness to continue in office as auditors. Accordingly, a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board



M. R. Lethaby

Secretary

20 February 2001

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.

Ward Homes (South Eastern) Limited

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

We have audited the financial statements on pages 5 to 9, which have been prepared under the accounting policies set out in page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
*Chartered Accountants and
Registered Auditors*
Hill House
1 Little New Street
London
EC4A 3TR

20 February 2001

Ward Homes (South Eastern) Limited

Profit and loss account

for the year ended 31 October 2000

	Note	2000 £	1999 £
Turnover	1	750	3,170
Cost of sales		<u>(7,000)</u>	<u>(43,824)</u>
Gross loss		(6,250)	(40,654)
Administrative expenses		<u>-</u>	<u>2,732</u>
Operating loss	2-3	(6,250)	(37,922)
Other interest receivable and similar income		<u>-</u>	<u>10,942</u>
Loss on ordinary activities before taxation		(6,250)	(26,980)
Tax credit on loss on ordinary activities	4	<u>1,875</u>	<u>29,596</u>
(Loss)/Profit for the financial year	9	(4,375)	2,616
Retained profit brought forward		<u>1,447,449</u>	<u>1,444,833</u>
Retained profit carried forward		<u>1,443,074</u>	<u>1,447,449</u>

The company has no recognised gains or losses in either 2000 or 1999 other than those reported in the Profit and Loss Account above.

All operations are continuing.

The notes on pages 7 - 10 form part of these financial statements.

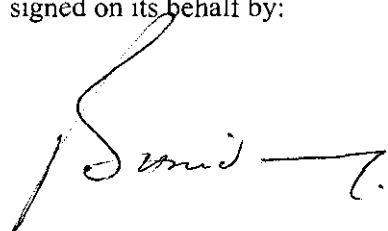
Ward Homes (South Eastern) Limited

Balance Sheet

as at 31 October 2000

	Note	2000	1999
		£	£
Current assets			
Stocks	5	295,002	282,000
Debtors	6	1,190,772	1,188,149
		<u>1,485,774</u>	<u>1,470,149</u>
Creditors: amount falling due within one year	7	(40,700)	(20,700)
Net assets		<u>1,445,074</u>	<u>1,449,449</u>
Capital and reserves			
Called up share capital	8	2,000	2,000
Profit and loss account		1,443,074	1,447,449
Equity shareholders' funds	9	<u>1,445,074</u>	<u>1,449,449</u>

These financial statements were approved by the Board of Directors on 20 February 2001 and were signed on its behalf by:



P.D. Holliday O.B.E.

The notes on pages 7 - 10 form part of these financial statements.

Ward Homes (South Eastern) Limited

Notes to the accounts

Year ended 31 October 2000

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 and rents receivable.

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 to the accounts (continued)

Year ended 31 October 2000

2. Remuneration of Directors and Auditors

The directors did not receive any remuneration either as directors or executives during the year (1999: £nil). Auditors' remuneration was borne by the parent company in both the current and preceding year.

3. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was nil (1999 nil).

4. Tax credit on loss on ordinary activities

	2000 £	1999 £
UK Corporation Tax at 30% (1999: 31.%)	(1,875)	(8,206)
Adjustment in respect of prior years	-	(21,390)
	<u>(1,875)</u>	<u>(29,596)</u>

5. Stocks

	2000 £	1999 £
Land	<u>295,002</u>	<u>282,000</u>

6. Debtors

	2000 £	1999 £
Amounts owed by group undertakings	1,169,384	1,166,759
Taxation recoverable	21,388	21,390
	<u>1,190,772</u>	<u>1,188,149</u>

7. Creditors: amounts falling due within one year

	2000 £	1999 £
Accruals and deferred income	40,700	20,700
	<u>40,700</u>	<u>20,700</u>

Ward Homes (South Eastern) Limited

Notes to the accounts (continued)

Year ended 31 October 2000

8. Share Capital

	2000 £	1999 £
<i>Authorised, Allotted, called up and fully paid:</i>		
1000 Ordinary shares of £1 each	1,000	1,000
1000 Deferred shares of £1 each	1,000	1,000
	<u>2,000</u>	<u>2,000</u>

9. Reconciliation of movements in shareholders' funds

	2000 £	1999 £
(Loss)/profit for the financial year	(4,375)	2,616
Opening shareholders' funds	1,449,449	1,446,833
Closing shareholders' funds	<u>1,445,074</u>	<u>1,449,449</u>

10. Contingent liabilities

The company is party to a multilateral guarantee secured by fixed and floating charges in respect of amounts due on bank loans and overdrafts by Ward Homes Group Limited and its subsidiaries up to a maximum of £44.1m of which £34.4m was outstanding as at 31 October 2000.

11. Ultimate Parent Company

The company is a subsidiary undertaking of Ward Homes Group Limited registered in England and Wales, for which group financial statements are drawn up and of which the company is a member. The ultimate controlling parties are the Phildrew Ventures Fifth Fund LP, the Phildrew Ventures Fifth Fund B LP and Phildrew 2000 LP, who, in aggregate control over 50% of the voting rights of Ward Homes Group Limited.

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

12. 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 Homes Group Limited.