

WATES LIMITED

STATEMENT OF ACCOUNTS

FOR THE PERIOD ENDED

26TH DECEMBER 1982

93

SLATER, CHAPMAN & COOKE,
CHARTERED ACCOUNTANTS,
16A, ST. JAMES'S STREET,
LONDON, SW1A 1ER.

REPORT OF THE DIRECTORS

The directors present their report and the accounts of the group for the period ended 26th December 1982.

Activities

The company provides finance and financial and management services of all kinds, including co-ordinating the activities of those Wates Companies which are involved in contracting or property development. It has obtained exemption under the Moneylenders Acts, and is licensed under the Consumer Credit Act 1974. The company has property held for investment and two of its subsidiary companies are engaged in residential development.

Results and dividends

The group profit before taxation and extraordinary item for the period as shown on page 6 of the accounts amounted to £428,000. No dividend has been paid during the period.

Fixed assets

The freehold investment property has been valued at £1,350,000 giving rise to a deficit of £582,000 which has been charged to profit and loss account.

Directors and their interests

The directors throughout the period were as follows:-

A.C.Wates
A.T.A.Wates
C.S.Wates
M.E.Wates
P.C.R.Wates
Sir Ronald Wates
P.S.Lord
J.D.Nettleton

The interests of those directors having shareholdings in group companies are shown in detail on page 2.

Employees

* The average number of persons employed each week during the period was 144 and their aggregate remuneration was £1,160,000.

Charitable donations

Charitable donations of £14,223 were made during the period.

Auditors

The auditors, Slater, Chapman & Cooke, have indicated their willingness to continue in office, and a resolution proposing their re-appointment will be considered at the next Annual General Meeting.

BY ORDER OF THE BOARD

M. NICHOLLS

At 26th December 1982

WATES LIMITED
DIRECTORS' INTERESTS IN GROUP COMPANIES

PAGE 2

	Sir Ronald Wates	A.C. Wates	M.E. Wates	C.S. Wates	P.C.R. Wates	A.T.A. Wates
Abbotsleigh Properties Limited	2,430	2,430	750	-	-	-
Addington Development Company	-	-	155	155	155	155
Ades (Surrey) Limited	-	-	40	40	40	40
Auto Diesel Electrical Services Limited	-	-	52	52	52	52
Barry Knight Designs Limited	-	-	40	40	40	40
Brooks and Rivers Limited	-	-	25	25	25	25
Diaperoism Limited	-	-	25	25	25	25
43/45 Eastcheap Limited	-	-	40	40	40	40
Elmore Plant Services Limited	-	-	40	40	40	40
Fernwood Estates	-	-	40	40	40	40
Ordinary shares of £1	426	426	-	-	-	-
'A' ordinary shares of £1	-	-	82	-	-	-
'B' ordinary shares of £1	-	-	9	-	91	-
'C' ordinary shares of £1	-	-	11	102	11	-
Fifth Wates Investments Limited	-	-	40	40	40	40
Forestdew Investments Limited	-	-	1,000	1,000	1,000	1,000
Harp Lane Investments Limited	32	32	-	-	-	-
Hypnor Limited	-	-	25	25	25	25
Joyquid Limited	-	-	20	20	20	20
Number 80 Cheapside Limited	-	-	155	155	155	155
Ordinary shares of 50p	-	-	31	31	31	31
Number 3 Copthall Buildings Limited	-	-	40	40	40	40
Philpot Lane Properties Limited	-	-	24	24	24	24
9/10 Philpot Lane Limited	-	-	24	24	24	24
Retmoon Limited	-	-	50	50	50	50
Sixth Wates Investments Limited	-	-	-	-	-	-
South Western Land Holdings Limited	-	-	-	-	-	-
Ordinary shares of £1	463	463	-	-	-	-
'A' ordinary shares of £1	-	-	90	-	-	-
'B' ordinary shares of £1	-	-	9	-	99	-
'C' ordinary shares of £1	-	-	12	111	12	-
Third Wates Investments Limited	-	-	50	50	50	50
Third Wates Investments (Site Two) Limited	-	-	24	24	24	24
Trellisway Limited	-	-	25	25	25	25
Wates Limited	-	-	230,000	230,000	230,000	230,000
Wates (Ashford) Investments Limited	-	-	40	40	40	40
Wates Built Homes Limited	-	-	7,750	7,750	7,750	7,750
Wates Built Homes (Blakes) Limited	-	-	12,500	12,500	12,500	12,500
Wates Construction Limited	-	-	154,380	154,380	154,380	154,380
Wates (Crawley) Limited	-	-	40	40	40	40
Wates Developments Limited	-	-	40	40	40	40
Wates Eleventh Property Holdings Limited	-	-	250	250	250	250
Wates Estate Agency Services Limited	-	-	20	20	20	20
Wates Fifteenth Property Holdings Limited	-	-	1	-	1	-
Wates Heathwood Estates	-	-	200	200	200	200
Wates Holdings	-	-	40	40	40	40
Wates (Hurst Park) Limited	-	-	240	240	240	240
Wates Metropolitan Investments Limited	267	267	-	-	-	-
Wates Ninth Property Holdings Limited	-	-	31	31	31	31
Wates Orangedale	-	-	40	40	40	40
Wates Philpot Lane Investments Limited	-	-	25	25	25	25
Wates (Sackville Street) Limited	-	-	40	40	40	40
Wates Second Property Holdings Limited	-	-	40	40	40	40
Wates Sixth Property Holdings Limited	-	-	40	40	40	40
Wates Special Works Limited	-	-	40	40	40	40
Ordinary shares of 10p	-	-	21,932	21,932	21,932	21,932
Wates Systems Limited	-	-	40	40	40	40
Wates Twelfth Property Holdings Limited	-	-	250	250	250	250
W.W.R. Housing Company Limited	-	-	40	40	40	40
Woodside Lands Limited	-	-	41	41	41	41


- Notes:
1. Holdings are ordinary shares of £1 each unless otherwise stated.
 2. Because it is necessary to report each director's interest in shares, certain holdings are duplicated in this statement.
 3. Apart from the holdings of M.E.Wates and C.S.Wates who each disposed of 1 share in Third Land Holdings Limited, Sir Ronald Wates and A.C.Wates who each disposed of 32 shares in Friarstan Properties Limited and M.E.Wates, C.S.Wates, P.C.R.Wates and A.T.A.Wates who each disposed of 250 shares in Wates Thirteenth Property Holdings Limited, the above holdings did not change during the period.
 4. Forestdew Investments Limited, Joyquid Limited, 9/10 Philpot Lane Limited, Retmoon Limited and Wates Philpot Lane Investments Limited became members of the group during the period.

WATES LIMITED

We have audited the financial statements on pages 4 to 12 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of land and buildings held for investment, give a true and fair view of the state of affairs of the company and the group at 26th December 1982 and of the result and source and application of funds of the group for the period then ended and comply with the Companies Acts 1948 to 1981.

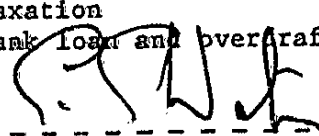
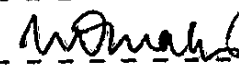
The financial statements do not contain the current cost accounts required by Statement of Standard Accounting Practice No.16.


SLATER, CHAPMAN & COOKE
CHARTERED ACCOUNTANTS

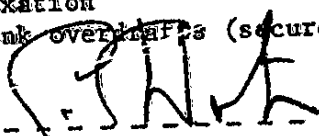
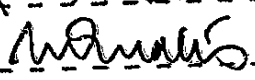
16A, ST. JAMES'S STREET,
LONDON, S.W.1.

29 SEPTEMBER 1983

WATES LIMITEDand its subsidiary companiesCONSOLIDATED BALANCE SHEET26TH DECEMBER 1982

		<u>1981</u>	
<u>£000</u>			
<u>Fixed assets</u> (note 2)	1,816		2,225
<u>Unquoted investments</u>	<u>866</u>		<u>278</u>
	2,682		2,503
<u>Current assets</u>			
Land, work in progress and stock (note 3)	9,334	8,501	
Debtors and prepayments	12,590	6,114	
Due from fellow subsidiaries (note 4)	10,573	9,101	
Quoted investments (note 5)	-	1,722	
Short term deposits	129	1,345	
Bank and cash balances	<u>42</u>	<u>35</u>	<u>26,818</u>
<u>Total assets</u>	<u>35,350</u>		<u>29,321</u>
<u>REPRESENTED BY:</u>			
Share capital (note 6)	1,150		1,150
Retained profit	<u>3,150</u>		<u>3,303</u>
<u>Total share capital and reserve</u>	4,300		4,453
<u>Deferred taxation</u> (note 7)	146		127
<u>Mortgage</u>	-		224
<u>Bank loans</u> (secured)	5,650		6,650
<u>Current liabilities</u>			
Creditors and accruals	1,728	3,502	
Due to fellow subsidiaries	18,000	10,189	
Taxation	1,104	1,137	
Bank loan and overdrafts (secured)	<u>4,422</u>	<u>3,039</u>	<u>17,867</u>
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<u>DIRECTORS</u>	<u>29 SEPTEMBER 1983</u>		
	<u>35,350</u>		<u>29,321</u>

WATES LIMITEDBALANCE SHEET26TH DECEMBER 1982£0001981

<u>Fixed assets</u> (note 2)	1,816	2,225
<u>Subsidiary companies</u> (note 8)	(1,007)	434
<u>Unquoted investments</u>	<u>866</u>	<u>278</u>
	1,675	2,937
<u>Current assets</u>		
Land, work in progress and stock (note 3)	282	256
Debtors and prepayments	11,784	5,034
Due from fellow subsidiaries (note 4)	14,834	10,762
Quoted investments (note 5)	-	1,722
Short term deposits	129	1,345
Bank and cash balances	<u>42</u>	<u>29</u>
	27,071	19,148
<u>Total assets</u>	<u>28,746</u>	<u>22,085</u>
<u>REPRESENTED BY:</u>		
Share capital (note 6)	1,150	1,150
Retained profit	<u>15</u>	<u>330</u>
<u>Total share capital and reserve</u>	1,165	1,480
<u>Deferred taxation</u> (note 7)	146	127
<u>Bank loans</u> (secured)	5,650	6,650
<u>Current liabilities</u>		
Creditors and accruals	1,296	2,163
Due to fellow subsidiaries	17,572	9,502
Taxation	995	1,027
Bank overdrafts (secured)	<u>1,922</u>	<u>1,136</u>
	21,785	13,828
		
		
<u>DIRECTORS</u>	<u>29 SEPTEMBER 1983</u>	
	<u>28,746</u>	<u>22,085</u>

WATES LIMITEDand its subsidiary companiesCONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 26TH DECEMBER 1982

<u>£000</u>		<u>1981</u>
Turnover (note 9)	<u>11,760</u>	<u>19,881</u>
<u>Group profit before taxation and extraordinary item (note 10)</u>	428	1,542
Taxation credit (1981-charge) (note 11)	<u>1</u>	<u>(125)</u>
<u>Group net profit after taxation before extraordinary item (note 12)</u>	429	1,417
Extraordinary item:		
Deficit arising on revaluation of investment land and buildings	<u>582</u>	<u>-</u>
<u>Group loss (1981-profit) after taxation and extraordinary item</u>	(153)	1,417
Balance brought forward from previous account	<u>3,303</u>	<u>1,904</u>
	3,150	3,321
Dividend paid in respect of the period ended 30th December 1973	<u>-</u>	<u>18</u>
<u>Retained profit carried forward</u>	<u>3,150</u>	<u>3,303</u>

NOTES FORMING PART OF THE ACCOUNTS

26TH DECEMBER 1982

1. Accounting policies

The accounts have been prepared in compliance with Sections 149A and 152A of, and Schedule 8A to, the Companies Act 1948.

(i) Basis of accounting

The accounts have been prepared on the basis of historical cost as modified by the revaluation of land and buildings held for investment.

(ii) Consolidation

The group accounts include the profits, assets and liabilities of the company and its subsidiaries with the exception of Wates Staff Trustees Limited. The distributable profits of that company accrue wholly for the benefit of depositors and the inclusion of its accounts would, in the opinion of the directors, be of no real value to members.

(iii) Depreciation

Freehold land and buildings held for investment are not depreciated. Other assets are depreciated in equal annual instalments over the estimated useful life of each main category of asset, as follows:-

Freehold buildings	- 15 to 50 years
Leasehold property	- 20 years
Office furniture, fittings and equipment	- 4 to 10 years

(iv) Unquoted investments

The investments are stated at cost less provision. None of the investments represents an equity interest.

(v) Land, work in progress and stock

Land is stated at the lower of cost or net realisable value.

Work in progress is stated at cost including an appropriate allocation of overheads incurred. The estimated cost attributable to units sold is eliminated when credit is taken for the sale. Provision is made where losses are foreseen.

Stock is included at the lower of cost or net realisable value.

(vi) Deferred taxation

Provision has been made at the rate of corporation tax ruling at the balance sheet date for taxation deferred by the incidence of capital allowances in advance of the corresponding charge for depreciation in the accounts.

Deferred taxation in respect of stock relief is provided only when a liability can be foreseen.

(vii) Exchange rates

Assets, liabilities and revenue in foreign currencies are converted into sterling at the rates ruling at the balance sheet date.

(viii) Pension funding

Retirement benefits relating to current and past services are funded by way of contributions to a trustee - administered fund completely separate from the company's finances and subject to regular actuarial valuations.

WATES LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

26TH DECEMBER 1982

2. Fixed assets £000 Group and company:-	Freehold land and buildings		Office furniture, fittings and equipment	Total
	Held for investment	Other		
Cost or valuation				
At 27th December 1981	1,800	179	745	2,724
Additions	132	21	107	260
Disposals	-	-	(8)	(8)
Deficit arising on revaluation	(582)	-	-	(582)
At 26th December 1982	1,350	200	844	2,394
Depreciation				
At 27th December 1981	-	12	487	499
Charge for period	-	5	82	87
Disposals	-	-	(8)	(8)
At 26th December 1982	-	17	561	578
Net book value -				
At 26th December 1982	1,350	183	283	1,816
At 27th December 1981	1,800	166	259	2,225

Freehold property held for investment was valued at the year end by Mr.G.M.Wickman F.R.I.C.S., an employee of the company, on the basis of open market value, at £1,350,000.

3. Land, work in progress and stock
£000

		1981
Group:		
Land held for development or sale	2,297	3,362
Work in progress	7,026	5,126
Stock	11	13
	<u>9,334</u>	<u>8,501</u>
Company:		
Land held for development or sale	227	218
Work in progress	44	25
Stock	11	13
	<u>282</u>	<u>256</u>

4. Due from fellow subsidiaries

The amount due from fellow subsidiaries includes approximately £0.7 million (1981-£0.7 million) advanced under a development finance agreements which is not repayable until completion of the projected development.

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

26TH DECEMBER 1982

5. Quoted investments
£000

Group and company		
Listed on a recognised stock exchange in Great Britain		1981
At cost, less provision	-	<u>1,722</u>
Market value	-	<u>1,722</u>

6. Share capital

	<u>Authorised</u>	<u>Issued and fully paid</u>
	<u>£</u>	<u>£</u>
Ordinary shares of £1	1,249,999	1,150,000
Controlling redeemable preference share of £1	<u>1</u>	<u>1</u>
	<u>£1,250,000</u>	<u>£1,150,001</u>

The controlling redeemable preference share is redeemable at par by the company at seven days' notice.

7. Deferred taxation
£000

Group and company

At 27th December 1981	127
Transfer from revenue account	<u>19</u>
At 26th December 1982	<u>146</u>

The balance at 26th December 1982 is attributable to the timing of capital allowances in advance of depreciation.

The potential liability for taxation in the event of clawback of stock relief is as follows:

Group:-

Stock relief		1981
Less: Unutilised	4,001	<u>3,918</u>
	<u>735</u>	<u>702</u>
	<u>3,266</u>	<u>3,216</u>

Company:-

Stock relief	<u>26</u>	<u>17</u>
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8. Subsidiary companies
£000

		1981
Investments at cost	850	850
<u>Deduct: Amount due to subsidiary</u>	<u>1,857</u>	<u>416</u>
	<u>(1,007)</u>	<u>434</u>

The company's subsidiaries, all of which are wholly-owned, are:-

Wates Lancewood Estates Limited - residential development
Wates Pension Trustee Company Limited - trustee company
Wates Second Land Limited - residential development
Wates Staff Trustees Limited - trustee company

WATES LIMITEDNOTES FORMING PART OF THE ACCOUNTS (CONTY. JED)26TH DECEMBER 19829. Turnover
£0001981

Service charges and other income including charges to fellow subsidiaries	4,596	3,973
Interest receivable from quoted investments	132	158
Interest receivable and profit (1981-loss) on sale of short term investments (including interest from fellow subsidiaries)	579	455
Sales of land and properties completed	6,259	14,985
Value of contract work done	-	280
Development management fees	192	30
Loan guarantee fee	2	-
	<u>11,760</u>	<u>19,881</u>

10. Group profit before taxation and extraordinary item
£0001981

This is attributable to:-

Financial and other activities	1,351	1,569	950	581
Deduct: Bank interest payable	225	1,576	255	1,205
Other interest payable				
		(7)		(624)
Property development and related activities		<u>435</u>		<u>2,166</u>
		<u>428</u>		<u>1,542</u>

and is arrived at after crediting:

Net rental income	82	<u>1981</u> 69
Profit on exchange	15	-

and after charging:

Depreciation of fixed assets	87	63
Audit fees	13	12
Hire of plant	59	82
Directors' remuneration	122	101

Details of directors' remuneration:-

Chairman's remuneration		N11	N11
Highest paid director		£30,500	£25,375
Other directors:- £0 - £5,000		Three	Three
£25,001 - £30,000		-	Three
£30,001 - £35,000		Three	None
Employees' remuneration £20,001 - £25,000		One	None

11. Taxation
£000

The credit (1981-charge) for taxation in the consolidated profit and loss account is arrived at as follows:-

1981

Current taxation on the adjusted profit for the period at the rate of 52%	-	120
Transfer to deferred taxation	19	-
Adjustments in respect of prior periods	(20)	5
	<u>(1)</u>	<u>125</u>

It is expected that the liability of the company to corporation tax of £79,000 will be covered by group relief available from a subsidiary company and credit for this relief has been taken.

The company is in dispute with the Inland Revenue concerning the allowability for tax purposes of certain items of expenditure incurred in providing financial services in previous years. The amount of corporation tax which would ultimately become payable, should all the company's arguments fail, is approximately £1.1 million and, as a matter of prudence, provision for this was made in 1980.

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)26TH DECEMBER 198212. Group net profit after taxation before extraordinary item
£000

The group net profit after taxation before extraordinary item has been dealt with in the accounts as follows:-

		1981
The company	267	212
Subsidiary companies	162	1,205
	<u>429</u>	<u>1,417</u>

The extraordinary item is wholly attributable to the company.

13. Contingent liabilities

There are contingent liabilities in respect of guarantees under building agreements entered into in the normal course of business of fellow subsidiaries. The company has guaranteed borrowings of £2.5 million made by a subsidiary and a further £4.9 million made by fellow subsidiaries. Additionally, the company has guaranteed payment of £2.5 million by a third party and a potential payment by a fellow subsidiary of £0.5 million. Certain land owned by a subsidiary company is subject to a specific charge to secure a loan of £.2 million made to a fellow subsidiary.

14. Directors' interests in contracts

The company provides finance and financial and management services to many companies in which the Wates family directors have shareholding interests. During the period the company earned:

	£000
Service charges, rent and other income receivable	4,279
Interest receivable	249

and paid interest of £176,000 to these companies. Additionally, Messrs. M.E.Wates, C.S.Wates, P.C.R.Wates and A.T.A.Wates have material interests in those companies referred to in note 13 above.

Wates Built Homes Limited, a fellow subsidiary, co-ordinates the activities of the trading subsidiaries including organising their residential developments and arranging sales of properties; during the period £0.9 million was charged for these services.

Amounts due by and to the companies referred to above by the group at the balance sheet date were £19.8 million and £18 million respectively.

Wates Lancewood Estates Limited, a subsidiary, has entered into contracts totalling £9 million with Wates Construction Limited, a fellow subsidiary, for the development of land owned by third parties. Additionally, the company sold its holding of Government stock to Wates Construction Limited at its market value of £2 million.

The company had lent Mr.C.S.Wates £40,977 in an earlier period and this sum was repaid in April 1982; the loan, which was made in the normal course of business of the company, was repayable on demand and bore interest during the period at rates varying between 15% and 17.5% per annum.

Mr.J.D.Nettleton has a beneficial interest in Sunmeadows Limited which provides consultancy services to the company. During the period fees of £124,000 were charged and an interest free loan of £50,000, which existed throughout the period, was due to the company at the period end and was repaid in April 1983.

During the period the company carried out work for and made payments on behalf of Messrs. M.E.Wates, C.S.Wates, P.C.R.Wates, A.T.A.Wates and Sir Ronald Wates which were subsequently repaid and no interest was charged; no sums were owing at the period end and the maximum liabilities during the period were £43,000, £41,000, £70,000, £45,000 and £5,000 respectively. A partnership in which the first four of these directors are partners leased land from the company on an arms-length basis at an annual rent of £45,000.

15. Ultimate holding company

The company's ultimate holding company is Wates Holdings, incorporated in Great Britain.

WATES LIMITEDand its subsidiary companiesSOURCE AND APPLICATION OF FUNDS FOR THE 52 WEEKS ENDED 26TH DECEMBER 1982£000SOURCE OF FUNDS

Group profit before taxation and extraordinary item	428	1,542
<u>Add: Item not involving movement of funds:</u>		
Depreciation	<u>87</u>	<u>63</u>
Amount generated from operations	515	1,605
Sale of fixed assets	<u>1</u>	<u>54</u>
	<u>516</u>	<u>1,659</u>

APPLICATION OF FUNDS

Increase in working capital:

Land, work in progress and stock	833	186
Debtors	6,476	2,499
Creditors	1,774	(1,263)
Quoted investments	(1,722)	1,297
Balances with fellow subsidiaries	(6,338)	<u>2,230</u>
	1,023	4,949
Purchase of fixed assets	260	119
Purchase of unquoted investments	588	210
Mortgage repaid	224	263
Dividend paid	-	18
Taxation paid	<u>13</u>	<u>4</u>
	<u>2,108</u>	<u>5,563</u>

DECREASE IN LIQUID FUNDS

Bank loan	1,000	3,150
Other	(2,592)	<u>754</u>
	<u>1,592</u>	<u>3,904</u>