

By of Gansford

898504

TRENCHERWOOD NEW HOMES LIMITED

YEAR ENDED 31 OCTOBER 1986

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# TRENCHERWOOD NEW HOMES LIMITED

## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and Audited Financial Statements for the year ended 31 October 1986.

### Principal Activities

The Company's principal activities comprise of residential and commercial property development and property investment. The Company also operates a leasing trade.

### Review of Activities

The Company's operations have continued to expand during the year with increased residential turnover and an increase in profits before taxation. The majority of the commercial developments were transferred to Trencherwood Commercial Limited, a fellow subsidiary, during the year. The company was formerly known as Trencherwood Estates Limited. The change of name occurred on 1 November 1985.

### Future Developments

The Company has continued to trade successfully after the year end.

### Results and Appropriations

The profit for the year and appropriations are set out in the Profit and Loss Account on page 3.

The Directors recommend that a dividend of 30.5p per share be payable and the remaining profit for the year be credited to revenue reserves.

### Directors

The Directors holding office during the year were:

J A Norgate  
M T Bull  
B P Eighteen  
C R Davis  
R A McDowell  
D L Norgate

The interests of the Directors including family interests in the shares of the holding company were:

Directors	Description of Shares	Balance Sheet	Previous Period
J A Norgate	Ordinary 10p	5,860,660	5,885,660
M T Bull	Ordinary 10p	37,613	22,613
B P Eighteen	Ordinary 10p	35,689	23,979
C R Davis	Ordinary 10p	15,780	19,280
R A McDowell	Ordinary 10p	19,230	20,947
D L Norgate	Ordinary 10p	1,700,670	1,700,670

TRENCHERWOOD NEW HOMES LIMITED

DIRECTORS' REPORT

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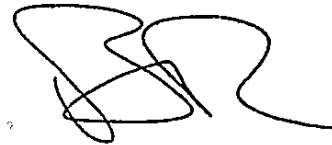
Tangible Fixed Assets

Movements in tangible fixed assets are dealt with in Notes 11 and 12 to the Financial Statements.

Auditors

Haines Watts have expressed their willingness to stand for re-election in accordance with Section 384 of the Companies Act 1985 and a Resolution proposing their re-appointment will be put to the Annual General Meeting.

By Order of the Board



13 February 1987

Secretary: B P Eighteen

TRENCHERWOOD NEW HOMES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 1986			
	Notes	1986 £000	1985 £000
TURNOVER	2	18,815	18,234
Cost of Sales		13,706	13,588
GROSS PROFIT		5,109	4,646
Operating Expenses	3	969	991
OPERATING PROFIT	4	4,140	3,655
Interest Payable	5	483	702
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	3,657	2,953
Taxation	8	1,331	1,230
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,326	1,723
Proposed Dividend	10	235	105
RETAINED PROFIT FOR THE FINANCIAL YEAR		2,091	1,618

The notes on pages 6 to 15 form part of these Financial Statements.

## TRENCHERWOOD NEW HOMES LIMITED

## BALANCE SHEET

AS AT 31ST OCTOBER 1986

	Notes	1986 £000	1985 £000
<b>FIXED ASSETS</b>			
Tangible Assets			
Investment Properties	11	15	435
Other Fixed Assets	12	65	578
Investments	13	1	1
		81	1,014
<b>CURRENT ASSETS</b>			
Stocks and Work in Progress	14	13,380	13,064
Debtors	15	3,831	5,498
Bank		15	-
		17,226	18,562
CREDITORS: Amounts falling due within one year	16	8,768	12,232
<b>NET CURRENT ASSETS</b>		8,458	6,330
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,539	7,344
CREDITORS: Amounts falling due after more than 1 year	17	2	339
Provision for Liabilities and Charges	18	62	147
		8,475	6,858
<b>SHARE CAPITAL AND RESERVES</b>			
	19		
Called up Share Capital		770	770
Revaluation Reserves		-	259
Other Reserves		15	2
Profit and Loss Account		7,690	5,827
		8,475	6,858

J A Norgate

M T Bull

The notes on pages 6 to 15 form part of these Financial Statements

13 February 1987

TRENCHERWOOD NEW HOMES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31 OCTOBER 1986		
SOURCE OF FUNDS	1986 £000	1985 £000
Profit on ordinary activities before taxation	3,657	2,953
Adjustment for items not involving the movement of funds:		
Depreciation of Tangible Fixed Assets	13	29
TOTAL GENERATED FROM OPERATIONS	3,670	2,982
FUNDS FROM OTHER SOURCES		
Proceeds on the sale of Tangible Fixed Assets	2	13
Transfers of fixed assets to group companies	494	-
TOTAL FUNDS FROM ALL SOURCES	4,166	2,995
APPLICATION OF FUNDS		
Purchase of other Fixed Assets	43	46
Purchase of Investment Properties	-	1
Taxation and Group Relief	1,669	324
Dividends Paid	79	68
TOTAL APPLICATION OF FUNDS	1,791	439
INCREASE IN WORKING CAPITAL	2,375	2,556
ARISING FROM MOVEMENTS IN:		
Stock and Work in Progress	301	4,914
Debtors	(1,667)	2,578
Creditors	(782)	(529)
Bank	4,508	(4,407)
Cash	15	
	2,375	2,556

The notes on pages 6 to 15 form part of these Financial Statements.

TRENCHERWOOD NEW HOMES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

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1. ACCOUNTING POLICIES

a) Accounting Convention

The accounts have been prepared under the historical cost convention modified to include the revaluation of certain assets.

b) Turnover

Turnover represents the sales of new houses, completed commercial developments, and other invoiced income. Turnover is stated net of Value Added Tax.

c) Basis of Taking Profit

Profit is taken as follows:

- (i) New homes - profit is taken when contracts are exchanged. A provision for after sales maintenance is made in respect of each unit.
- (ii) Commercial - profit on commercial development is taken on legal completion of sale.

d) Interest

Interest is charged as follows:

- (i) New homes developments:  
Interest on new homes developments is written off as it is incurred.
- (ii) Commercial and industrial developments:  
Interest on loans relating to commercial and industrial projects is included in work in progress until written off at the date of legal completion.
- (iii) Investment properties:  
Interest on development loans relating to investment properties is capitalised until substantially let. Interest on mortgages secured against the value of completed properties is written off as it is incurred.

TRENCHERWOOD NEW HOMES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

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le) Stock and Work in Progress

Stock and work in progress is valued at the lower of cost and net realisable value. Cost includes an appropriate proportion of overheads.

f) Tangible Fixed Assets

Freehold properties held as fixed assets are not depreciated, except where occupied by Group companies, where depreciation is provided at 2 per cent on cost or revaluation on a straight line basis.

All other items are depreciated on the reducing balance method at the following annual rates:

Plant	20 per cent
Fixtures and equipment	15 per cent
Motor vehicles	25 per cent
Show House fixtures & fittings	33 1/3 per cent

g) Deferred Taxation

Deferred taxation has been provided at the current rate of taxation on differences arising from the inclusion of income and expenditure in taxation computations in different periods from those in which they are included in the financial statements except to the extent of timing differences where, in the opinion of the directors, it is reasonable to assume that they will not reverse and give rise to a taxation liability in the foreseeable future.

h) Revaluation Reserve

Surpluses on revaluation of properties held as fixed assets are credited to revaluation reserve.

i) Ground Rents

Ground rents are valued at six years' net rents.

j) Leasing

(i) Assets leased to third parties are not included in tangible assets but are shown as Debtors.

(ii) Profits in respect of leasing contracts are apportioned to give a constant periodic return.



TRENCHERWOOD NEW HOMES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

	1986 £000	1985 £000
<b>2. TURNOVER</b>		
Turnover analysed over the Group's main activities:		
Development	18,662	18,024
Leasing rentals receivable	153	210
	18,815	18,234
<b>3. OPERATING EXPENSES</b>		
Operating Expenses comprise:		
Marketing Costs	524	442
Administrative Expenses	445	549
	969	991
<b>4. OPERATING PROFIT</b>		
Operating Profit is stated after charging:		
Auditors Remuneration	11	10
Depreciation written off Tangible Assets	8	29
<b>5. INTEREST PAYABLE</b>		
Repayable on bank loans, overdrafts and other loans:		
Repayable within 5 years	453	544
Wholly or partly repayable after 5 years	15	49
Rental guarantees	15	109
	483	702

TRENCHERWOOD NEW HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	1986 £000	1985 £000
6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation analysed over the Group's main activities:		
Development	3,655	2,925
Leasing	2	28
	3,657	2,953
7. DIRECTORS AND EMPLOYEES INFORMATION		
Directors:		
Directors emoluments including pension contributions	9	126
The Remuneration of directors, excluding pension contributions were as follows:		
Highest paid director	9	40
Scale of all directors remuneration:	No.	No.
£5001-£10000	1	1
£15001-£20000	-	2
£30001-£35000	-	1
£35001-£40000	-	1
From 1 November 1985 the remuneration of directors, who are also directors of the holding company are included in a charge to that company's accounts.		
Staff Costs:	£000	£000
Wages and Salaries	101	200
Social Security Costs	10	14
Pension & Insurance Costs	-	20
	111	234
Average Number of Persons Employed:	No.	No.
Administration	16	15

TRENCHERWOOD NEW HOMES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

	1986 £000	1985 £000
<b>8. TAXATION</b>		
Based on Profits for the year:		
Corporation Tax at 37.1%	1,343	1,193
Group Relief	80	89
	1,423	1,282
Corporation Tax in respect of prior years	(7)	(1)
	1,416	1,281
Transfer from Deferred Taxation	(85)	(51)
	1,331	1,230
<b>10. DIVIDEND</b>		
Interim Paid:	-	26
Final Proposed: (30.5 pence per share (1985 10.3p)	235	79
	235	105

TRENCHERWOOD NEW HOMES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENT PROPERTIES

	Freehold Completed £000	Ground Rents £000	Total £000
Cost or valuation at 1 November 1985	433	2	435
Additions	-	13	13
Transfers to Group Companies	(433)	-	(433)
Disposals	-	-	-
At 31 October 1986	-	15	15

12. OTHER FIXED ASSETS:

	Freehold Land & Buildings £000	Motor Vehicles £000	Plant Fixtures £000	Showhouse Fixtures & Fittings £000	Total £000
Cost or valuation at 1 November 1985	514	99	14	-	627
Additions	-	7	1	41	49
Disposals	(514)	(68)	-	-	(582)
At 31 October 1986	-	38	15	41	94
Depreciation at 1 November 1985	10	34	5	-	49
Eliminated on disposals	-	-	-	-	-
Charge for period	-	6	2	5	13
Transfers to Group Companies	(10)	(23)	-	-	(33)
At 31 October 1986	-	17	7	5	29
Net Book Values					
At 1 November 1985	504	65	9	-	578
At 31 October 1986	-	21	8	36	65

TRENCHERWOOD NEW HOMES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

	1986 £000	1985 £000
13. INVESTMENTS		
Shares in Group Companies - at cost	1	1

The following companies were subsidiaries at the balance sheet date and are incorporated and operate in the United Kingdom and are wholly owned.

Bawncraig Limited  
Chantmount Limited  
Elmthorpe Construction Limited  
Goldtrend Limited  
Grandmount Limited  
Ledgebray Limited  
Medallion Homes Limited  
Trencherwood Securities Limited

14. STOCK & WORK IN PROGRESS		
Work in progress - Developments	11,486	8,502
Development land	2,680	4,768
	14,166	13,270
Less: Progress payments on account	786	206
	13,380	13,064

In accordance with the accounting policy on page 6, the following amount of interest is capitalised in Work in Progress £39,837.

TRENCHERWOOD NEW HOMES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

	1986 £000	1985 £000
15. DEBITORS: Amounts falling due within one year		
Finance Leases Receivable	165	308
Trade Debtors	759	2,784
Amounts owed by Group Companies	2,513	2,062
Other Debtors	371	314
Prepayments and accrued income	23	30
	3,831	5,498
Finance Leases Receivable:		
Gross Obligations	173	330
Finance Charges allocated to future period	8	22
	165	308
Current	76	121
Non Current	89	187
	165	308
There is a fixed charge over a leasing agreement to the value of £58,000.		
16. CREDITORS: Amounts falling due within one year		
Bank Overdrafts	2,339	6,847
Trade Creditors	335	272
Corporation Tax	1,297	1,608
Other Taxation and Social Security Costs	21	34
Amounts owed to Group Companies	3,319	2,506
Other Creditors	1,047	463
Accruals	171	396
Hire Purchase Liabilities	4	13
Directors Current Accounts	-	14
Dividends Payable	235	79
	8,768	12,232
The bank overdrafts are secured over certain house building developments.		

TRENCHERWOOD NEW HOMES LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

	1986 £000	1985 £000
17. CREDITORS: Amounts falling due after more than one year		
Mortgage loans (These are secured on Investment properties)	-	339
Hire Purchase Liabilities	2	-
	2	339

18. DEFERRED TAXATION

The amount provided for deferred taxation is represented as follows:

Capital Allowances in excess of depreciation provision	48	99
Short term timing differences	14	48
	62	147

The potential amount of deferred taxation not provided for is:

Revaluation of investment properties	-	145
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19. SHARE CAPITAL AND RESERVES

	Share Capital £000	Revaluation and Other Reserves £000	Profit and Loss Account £000	Total £000
31 October 1985	770	261	5,827	6,858
Profit for the Year	-	-	2,091	2,091
Transferred to Group Company	-	(487)	-	(487)
Valuation of ground rents	-	13	-	13
Transferred to revenue reserves	-	228	(228)	-
31 October 1986	770	15	7,690	8,475

The authorised share capital of the Company is 800,000 ordinary shares of £1 each.

TRENCHERWOOD NEW HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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20. DIRECTORS INTERESTS

On 29th January 1986 Mr and Mrs B P Eighteen entered into a contract with the company for the construction of a house in the sum of £86,000. £17,000 of additional work has been on normal trading terms, of which £5,500 was outstanding at the year end.

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21. GUARANTEES

The company has entered arrangements with certain of the group's bankers whereby there are unlimited cross guarantees.

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22. CAPITAL COMMITMENTS

The company had no capital commitments.

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23. PENSION SCHEME

The Group has a contributory pension scheme which is based on a fixed percentage of salary.

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24. HOLDING COMPANY

The holding company of Trencherwood New Homes Limited is Trencherwood PLC, a company incorporated in the United Kingdom.

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25. CONTINGENCIES

There are contingent liabilities in respect of rental guarantees not provided for in the financial statements totalling £6,000.

The company has in the normal course of business entered into counter indemnities and bonds.

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TRENCHERWOOD NEW HOMES LIMITED

REPORT OF THE AUDITORS

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REPORT OF THE AUDITORS TO THE MEMBERS OF  
TRENCHERWOOD NEW HOMES LIMITED

We have audited the Financial Statements set out on pages 3 to 15 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 certain assets, give a true and fair view of the state of affairs of the Company at 31 October 1986 and of the profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

*Haines Watts*  
HAINES WATTS  
CHARTERED ACCOUNTANTS  
READING

13 February 1987

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