

Barratt South London Limited

Annual report for the year ended 30 June 1995

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**Directors' report
for the year ended 30 June 1995**

The directors present their report and the audited accounts for the year ended 30 June 1995.

Principal activities

The principal activities of the company are building and development.

Review of business

The directors are pleased to report the company's profitability and consider the state of affairs of the company at the year end to be satisfactory.

Results, dividends and transfers to reserves

The profit for the year after taxation was £857,000 (1994: loss of £194,000).

The directors have declared or now recommend the following dividends in respect of the year ended 30 June 1995:

	£'000
Interim paid	127
Final proposed	259
	<hr/>
	386
	<hr/>

The profit for the year of £471,000 (1994: loss of £194,000) will be transferred to reserves.

Post balance sheet events

On 1 July 1995, the entire trade and net assets of the company were transferred as a going concern to a fellow subsidiary undertaking, Barratt Homes Limited, at net book value. The company ceased to trade from this date.

Changes in fixed assets

The movements in fixed assets during the year are set out in note 9 to the accounts.

Directors

The directors of the company at 30 June 1995, all of whom have been directors for the whole of the year ended on that date, were:

D A Pretty (Chairman)
J M Scott
E B Melhuish
T G Holbrook
R S L Wilks

Directors' interests

None of the directors had any interest in the share capital of the company at the year end. The interests of Mr D A Pretty in the shares of the ultimate parent company, Barratt Developments PLC, are shown in that company's accounts. Mr T G Holbrook, Mr E B Melhuish and Mr J M Scott's interests in the shares of the ultimate parent company are shown in the accounts of Barratt South Wales Limited. The interests of Mr R S L Wilks are shown in the accounts of Barratt Commercial Limited.

Employees

It is company policy to give fair consideration to the employment needs of disabled persons.

The directors recognise the importance of good communications and relations with employees and adopt such employee consultation as is appropriate.

The company encourages the involvement of the employees in its performance by maintaining a profit related bonus scheme. In addition, Barratt Developments PLC has an employee share participation scheme for eligible employees of the group.

Directors' responsibilities

The directors are required by UK company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 30 June 1995. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'A. J. Smith', written in a cursive style.

Company secretary

11 October 1995

Report of the auditors to the members of Barratt South London Limited

We have audited the accounts on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

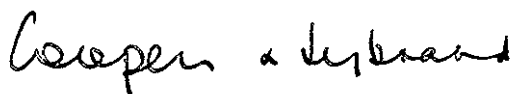
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 June 1995 and of the profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors
Newcastle upon Tyne
11 October 1995

Profit and loss account for the year ended 30 June 1995

	Notes	1995 £'000	1994 £'000
Turnover	2	<u>17,621</u>	<u>2,236</u>
Profit/(loss) on ordinary activities before taxation	2	1,219	(184)
Taxation	7	<u>(362)</u>	<u>(10)</u>
Profit/(loss) on ordinary activities after taxation		857	(194)
Dividends	8	<u>(386)</u>	<u>-</u>
Retained profit/(loss) for the year	14	<u>471</u>	<u>(194)</u>

All activities of the company were discontinued on 1 July 1995 (see note 18).


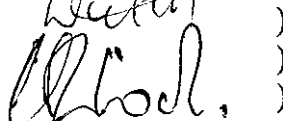
The company has no recognised gains and losses other than the profits and losses above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the year stated above and their historical cost equivalents.

Balance sheet at 30 June 1995

	Notes	1995 £'000	1994 £'000
Fixed assets			
Tangible assets	9	<u>2</u>	<u>5</u>
Current assets			
Stocks	10	10,005	3,469
Debtors	11	1,500	1,979
Cash at bank and in hand		<u>1,915</u>	<u>-</u>
		13,420	5,448
Creditors: amounts falling due within one year	12	<u>(12,633)</u>	<u>(5,135)</u>
Net current assets		<u>787</u>	<u>313</u>
Net assets		<u>789</u>	<u>318</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	789	318
Equity shareholders' funds	15	<u>789</u>	<u>318</u>

The accounts on pages 5 to 13 were approved by the board of directors on 11 October 1995 and were signed on its behalf by:



) Directors

Notes to the accounts for the year ended 30 June 1995

1 Principal accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The accounts have been prepared on the historic cost basis.

Cash flow

The company is a wholly owned subsidiary of Barratt Developments PLC and the cash flows of the company are included in the consolidated cash flow statement of Barratt Developments PLC. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

Turnover

Turnover comprises the total proceeds of building and development on legal completions and amounts invoiced for other activities. Turnover excludes value added tax. The sale proceeds of part-exchange houses are not included in turnover.

Fixed assets

Tangible fixed assets are valued at cost less accumulated depreciation.

Plant and machinery is depreciated on a straight line basis over its expected useful life, which ranges from one to five years.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Land purchases are included in stocks and work in progress on legal completion. Deposits on land not yet legally completed are also included in stocks and work in progress.

Operating leases

Operating lease rentals are charged to the profit and loss account in equal instalments over the life of the lease.

Deferred taxation

Provision is made under the liability method for those liabilities that are expected to arise in the foreseeable future.

Pension costs

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

2 Profit/(loss) on ordinary activities before taxation

	1995 £'000	1994 £'000
Turnover	17,621	2,236
Cost of sales	(15,398)	(2,088)
Gross profit	<u>2,223</u>	<u>148</u>
Administrative expenses	(599)	(263)
Operating profit/(loss)	<u>1,624</u>	<u>(115)</u>
Interest payable (see note 5)	(405)	(69)
	<u><u>1,219</u></u>	<u><u>(184)</u></u>

All activities of the company were discontinued on 1 July 1995 (see note 18).

	1995 £'000	1994 £'000
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Depreciation of tangible owned fixed assets	3	3
Operating lease charges:		
Hire of plant, machinery and motor vehicles	46	16
Auditors' remuneration - audit services	<u>5</u>	<u>2</u>

3 Directors' emoluments

The remuneration paid to the directors of Barratt South London Limited was:

	1995 £'000	1994 £'000
Emoluments (including benefits in kind and pension contributions)	<u>81</u>	<u>60</u>

Emoluments (excluding pension contributions) include amounts paid to:

	1995 £'000	1994 £'000
The chairman	Nil	Nil
The highest paid director	78	57

The number of directors (including the chairman and the highest paid director) who received emoluments (excluding pension contributions) in the following ranges was:

	1995 Number	1994 Number
£0 to £5,000	4	4
£55,001 to £60,000	-	1
£75,001 to £80,000	1	-

4 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	1995 Number	1994 Number
Building and development	34	10
Staff costs (for the above persons):		
Wages and salaries	707	186
Social security costs	64	17
Pension costs (see note 17)	13	7
	784	210

5 Interest payable

	1995 £'000	1994 £'000
On bank loans and overdrafts:		
Repayable within 5 years, not by instalments	-	5
Group interest payable	410	64
	410	69

6 Interest receivable

	1995 £'000	1994 £'000
Bank interest receivable	5	-

7 Taxation

	1995 £'000	1994 £'000
United Kingdom corporation tax at 33% (1994: 33%):		
Current	368	10
Over provision in respect of prior years:		
Current	(6)	-
	<u>362</u>	<u>10</u>

8 Dividends

	1995 £'000	1994 £'000
Ordinary:		
Interim paid of £1,270 (1994: £Nil) per share	127	-
Final proposed of £2,590 (1994: £Nil) per share	259	-
	<u>386</u>	<u>-</u>

9 Tangible fixed assets

	Plant and machinery £'000
Cost	
At 1 July 1994 and 30 June 1995	8
Depreciation	
At 1 July 1994	3
Charge for the year	3
At 30 June 1995	<u>6</u>
Net book value	
At 30 June 1995	<u>2</u>
Net book value	
At 30 June 1994	<u>5</u>

10 Stocks

	1995 £'000	1994 £'000
Work in progress	8,787	3,429
Showhouse complexes and houses awaiting legal completion	1,218	40
	<u>10,005</u>	<u>3,469</u>

11 Debtors

	1995 £'000	1994 £'000
Amounts falling due within one year:		
Amounts owed by parent and fellow subsidiary companies	700	1,517
Other debtors	758	456
Prepayments	42	6
	<u>1,500</u>	<u>1,979</u>

12 Creditors: amounts falling due within one year

	1995 £'000	1994 £'000
Bank overdraft	-	60
Amounts owed to parent and fellow subsidiary companies	10,022	4,715
Trade creditors	1,821	239
Corporation tax payable	368	10
Other taxation and social security payable	42	10
Accruals	121	101
Dividends payable	259	-
	<u>12,633</u>	<u>5,135</u>

13 Called up share capital

	1995 £	1994 £
Authorised		
100 (1994: 100) ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 (1994: 100) ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

The ordinary shares in issue carry equal rights to dividends, equal voting rights and would rank equally on winding up.

14 Profit and loss account

	£'000
At 1 July 1994	318
Retained profit for year	471
	<u> </u>
At 30 June 1995	789
	<u> </u>

15 Reconciliation of movements in equity shareholders' funds

	1995 £'000	1994 £'000
Profit/(loss) for the year	851	(194)
Dividends	(386)	-
	<u> </u>	<u> </u>
Net addition to/(reduction in) equity shareholders' funds	465	(194)
Opening equity shareholders' funds	318	512
	<u> </u>	<u> </u>
Closing equity shareholders' funds	783	318
	<u> </u>	<u> </u>

16 Contingent liabilities

As part of the group's financing arrangements the company has given cross-guarantees, in conjunction with fellow United Kingdom subsidiaries, in respect of certain group borrowings. At 30 June 1995 these borrowings amounted to £73,034,000 (1994: £28,967,000).

In addition there are contingent liabilities in respect of guarantees entered into in the normal course of business.

The company also has commitments for the purchase of trading stock entered into in the normal course of business.

17 Pension obligations

The Barratt Developments PLC Pension and Life Assurance Scheme makes provision for pensions to eligible past and present employees of the company. Contributions to the Scheme are based upon pension costs across the group as a whole.

The scheme is a funded, defined benefit scheme. Based upon an independent actuarial review as at 1 December 1994, it is considered that the present funding arrangements are satisfactory and adequate to meet the future liabilities of the scheme. Full disclosure relating to the above pension fund arrangements may be found in the accounts of Barratt Developments PLC.

The pension cost charge for the year is £28,000 (1994: £7,000).

18 Post balance sheet events

On 1 July 1995, the entire trade and net assets of the company were transferred as a going concern to a fellow subsidiary undertaking, Barratt Homes Limited, at net book value. The company ceased to trade from this date.

19 Financial commitments

At 30 June 1995 the company had annual commitments under non-cancellable operating leases as follows:

	1995 Other £'000	1994 Other £'000
Leases which expire:		
Within one year	8	3
Between two and five years	199	27
	<u>207</u>	<u>30</u>

20 Ultimate parent company

The directors regard Barratt Developments PLC, a company registered in England and Wales, as the ultimate parent company. Copies of the ultimate parent company's accounts may be obtained from Barratt Developments PLC, Wingrove House, Ponteland Road, Newcastle upon Tyne, NE5 3DP.