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DELOITTE
HASKINS & SELLS

BARRATT
DEVELOPMENTS (SOUTH WALES) LIMITED

Annual Report
1980



B A R R A T T
DEVELOPMENTS (SOUTH WALES) LIMITED

CONTENTS

	Pages
Directors' report	2 - 3
Auditors' report	4
Accounting policies	5
Profit and loss account	6
Balance sheet	7
Statement of source and application of funds	8
Notes to the accounts	9 - 12

B A R R A T T
DEVELOPMENTS (SOUTH WALES) LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited accounts for the year ended 30th June 1980.

ACTIVITIES

The company's principal activities are building and development.

PROFIT AND APPROPRIATIONS

The profit for the year after taxation was £29,938.

A dividend of £90,000 has been paid with the deficit of £ 60,062 being deducted from reserves.

EXPORTS

There were no exports during the year.

TAXATION

The company does not fall within the close company provisions of the Income and Corporation Taxes Act 1970.

DIRECTORS

The directors of the company at the date of this report are:

A.F. Rawson
F.J. Lockett
J.M. Scott
F.H. Merrifield
R. Treasure
D.A. Rees

Mr. F.J. Lockett and J.M. Scott retire by rotation in accordance with the company's Articles of Association and, being eligible, offer themselves for re-election.

The interests of Mr. A.F. Rawson and Mr. F.J. Lockett in the shares of other group companies are shown in the annual reports of Barratt Developments Limited and Barratt Developments (Southern) Limited respectively. None of the other directors have any interests in the share capital of the company.

B A R R A T T
DEVELOPMENTS (SOUTH WALES) LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS (Continued)

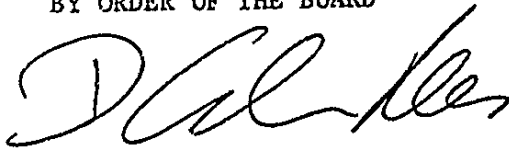
On 21st November 1979 the shareholders of Barratt Developments Limited approved an employee share participation scheme within the terms of the Finance Act 1978 under which directors and employees who have served the Group for a minimum of three years will be allocated ordinary shares. At the date of this report no shares had been issued, but the participants in the scheme for the year ended 30th June 1980 included the following directors of the company:

A.F. Rawson
F.J. Lockett

AUDITORS

In accordance with Section 14 of the Companies Act 1976 a resolution proposing the reappointment of Deloitte Haskins & Sells as auditors to the company will be put to the annual general meeting.

BY ORDER OF THE BOARD



Secretary

31st October 1980

B A R R A T T
DEVELOPMENTS (SOUTH WALES) LIMITED

AUDITORS' REPORT

We have audited the financial statements on pages 5 to 12 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30th June 1980 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 and 1967.



Chartered Accountants

Newcastle upon Tyne

31st October 1980

B A R R A T T
DEVELOPMENTS (SOUTH WALES) LIMITED

ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The company prepares its annual accounts on the historical cost basis of accounting.

(b) TURNOVER

Turnover represents legally completed house sales and amounts invoiced for other income. This represents a change in accounting policy. The effect on the results for the year is shown in Note 2, and on the previous years results in the profit and loss account.

(c) DEFERRED TAXATION

Provision is made for deferred taxation, at the current rate of taxation, except where there is a reasonable probability that no such liability will arise in the foreseeable future.

(d) DEPRECIATION

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

(e) UNDEVELOPED LAND

Undeveloped land is valued at the lower of cost and net realisable value. Cost includes legal costs of purchase and where applicable development land tax but excludes finance charges.

(f) WORK IN PROGRESS

Work in progress is valued at the lower of cost, including site overheads, and net realisable value.

B A R R A T T
DEVELOPMENTS (SOUTH WALES) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 1980

	Notes	1980 £	1979 Restated £	1979 As Previously Reported £
TURNOVER		<u>£ 3,083,411</u>	<u>£ 498,541</u>	<u>£ 1,070,596</u>
PROFIT BEFORE TAXATION	1	<u>161,638</u>	<u>(75,696)</u>	<u>70,802</u>
TAXATION CHARGE/(CREDIT)				
CURRENT		132,900	(742,200)	(666,200)
DEFERRED		<u>(1,200)</u>	<u>1,200</u>	<u>1,200</u>
	3	<u>131,700</u>	<u>(741,000)</u>	<u>(665,000)</u>
PROFIT AFTER TAXATION		29,938	665,304	735,802
DIVIDENDS		<u>(90,000)</u>	<u>-</u>	<u>-</u>
RETAINED (LOSS)/PROFIT		<u>£ (60,062)</u>	<u>£ 665,304</u>	<u>£ 735,802</u>
STATEMENT OF REVENUE RESERVE AT THE BEGINNING OF THE YEAR AS PREVIOUSLY REPORTED		703,016	(32,786)	(32,786)
PRIOR YEAR ADJUSTMENT ARISING FROM THE CHANGE IN ACCOUNTING POLICY BASIS FOR TURNOVER AND CONSEQUENTLY TAKING PROFIT		<u>(70,498)</u>	<u>-</u>	<u>-</u>
		632,518	(32,786)	(32,786)
RETAINED (LOSS)/PROFIT FOR THE YEAR		<u>(60,062)</u>	<u>665,304</u>	<u>735,802</u>
REVENUE RESERVE AT END OF YEAR		<u>£ 572,456</u>	<u>£ 632,518</u>	<u>£ 703,016</u>

B A R R A T T
DEVELOPMENTS (SOUTH WALES) LIMITED

BALANCE SHEET AT 30TH JUNE 1980

	Notes	1980	1979	1979 As Previously Reported
		£	Restated £	£
FIXED ASSETS	5	34,670	36,778	36,778
CURRENT ASSETS				
Undeveloped land	6	1,073,942	1,347,442	1,347,442
Work in progress	6	1,526,390	956,659	647,869
Debtors		79,276	78,334	533,622
Group relief receivable		-	742,200	666,200
Cash at bank	7	39,367	16,186	16,186
		2,718,975	3,140,821	3,211,319
CURRENT LIABILITIES				
Creditors		418,528	194,579	194,579
Due to group companies	8	905,661	1,549,202	1,549,202
Group relief payable		56,900	-	-
		1,381,089	1,743,781	1,743,781
NET CURRENT ASSETS		1,337,886	1,397,040	1,467,538
		£ 1,372,556	£ 1,433,818	£ 1,504,316
FINANCED BY:				
SHARE CAPITAL	9	100	100	100
RESERVES		572,456	632,518	703,016
		572,556	632,618	703,116
LOANS	10	800,000	800,000	800,000
DEFERRED TAXATION	11	-	1,200	1,200
		£ 1,372,556	£ 1,433,818	£ 1,504,316

John for Scott.
Adams

)
) Directors
)

B A R R A T T
DEVELOPMENTS (SOUTH WALES) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH JUNE 1980

	1980 £	1979 £
SOURCE OF FUNDS		
Profit before taxation	161,638	(75,696)
Adjustment for items not involving the movement of funds:		
Depreciation	<u>11,347</u>	<u>4,881</u>
Generated from operations	172,985	(70,815)
FUNDS FROM OTHER SOURCES		
Sale of fixed assets	2,480	-
Long term loan	<u>-</u>	<u>800,000</u>
	£ 175,465	£ 729,185
	<u><u> </u></u>	<u><u> </u></u>
APPLICATION OF FUNDS		
Purchase of fixed assets	11,719	41,659
Dividends	<u>90,000</u>	<u>-</u>
	101,719	41,659
INCREASE/(DECREASE) IN WORKING CAPITAL		
Undeveloped land	(273,500)	1,347,442
Work in progress	569,731	956,659
Debtors	942	78,334
Creditors (excluding loans)	(223,949)	(194,579)
Group indebtedness	(22,659)	(1,516,516)
Movement in net liquid funds:		
Decrease in bank overdraft	<u>23,181</u>	<u>16,186</u>
	£ 175,465	£ 729,185
	<u><u> </u></u>	<u><u> </u></u>

B A R R A T T
DEVELOPMENTS (SOUTH WALES) LIMITED

NOTES TO THE ACCOUNTS

1. PROFIT BEFORE TAXATION

	1980 £	1979 £
Trading profit before taxation is stated after charging:		
Directors' management remuneration	67,577	27,079
Interest on bank borrowings and loans repayable within 5 years	245,667	83,088
Interest paid to fellow subsidiary	-	30,000
Depreciation	11,347	4,881
Plant hire	8,312	2,252
Auditors' remuneration	7,100	2,000
	<u> </u>	<u> </u>

2. CHANGE IN ACCOUNTING POLICY

Had the previous policy been applied the profit before taxation for the year would have been £212,719.

3. TAXATION

	1980 £	1979 Restated £	1979 As Previously Reported £
Transfer to/(from) deferred taxation	(1,200)	1,200	1,200
Group relief payable at a rate of 52%	<u>132,900</u>	<u>(742,200)</u>	<u>(666,200)</u>
	<u>£ 131,700</u>	<u>£ (741,000)</u>	<u>£ (665,000)</u>

If full provision had been made for deferred taxation the tax charge for the year would have been £83,800 (1979 £206,000).

Stock relief has been claimed on all work in progress although the Inland Revenue now contend that certain items are not eligible for stock relief. The directors have obtained an opinion from Tax Counsel that these items qualify for tax relief and therefore the accounts have been prepared on this basis.

If the Inland Revenue is successful in refuting this claim the tax charge for the year would increase by £45,214.

BARRATT
DEVELOPMENTS (SOUTH WALES) LIMITED

NOTES TO THE ACCOUNTS (Continued)

4. DIRECTORS' REMUNERATION
EXCLUDING PENSION CONTRIBUTIONS

	1980 £	1979 £
Chairman	£ Nil	£ Nil
Highest paid director	£ 18,578	£ 7,325
Remuneration of other directors		

	Number of Directors	
	1980	1979
£0 - £5,000	1	1
£5,001 - £10,000	-	3
£15,001 - £20,000	3	-

5. FIXED ASSETS

	Plant £
Cost	
At 1st July 1979	42,175
Additions	11,719
Disposals	(3,459)
	<u>50,435</u>
Accumulated depreciation	<u>15,765</u>
Net book value at 30th June 1980	£ 34,670
Net book value at 30th June 1979	£ 36,778

B A R R A T T
DEVELOPMENTS (SOUTH WALES) LIMITED

NOTES TO THE ACCOUNTS (Continued)

6. UNDEVELOPED LAND AND WORK IN PROGRESS

Land stocks amounting to £224,553 of which £118,714 is included in undeveloped land and £105,839 in work in progress, acquired from a fellow subsidiary have not been legally conveyed by that subsidiary to the company. The latter has undertaken to convey these holdings in accordance with the company's instructions.

7. BANK BALANCE

The bank balance represents the balance on a memorandum sub-division of an account between the immediate holding company, Barratt Developments (Southern) Limited, and its bankers.

8. DUE TO GROUP COMPANIES

Included in the amount due to group companies is £54,886 which is an interest free loan. There is no fixed date for the repayment of this loan.

9. SHARE CAPITAL

	1980	1979
Authorised, issued and fully paid		
£1 Ordinary shares	<u>£ 100</u>	<u>£ 100</u>

10. LOANS

	1980	1979
Barratt Developments Limited	<u>£ 800,000</u>	<u>£ 800,000</u>

The loan becomes interest bearing from 1st July 1980 at a rate of 2% above the minimum lending rate of Lloyds Bank Limited. No fixed date for repayment exists but the loan will not be repaid in the foreseeable future.

B A R R A T T
DEVELOPMENTS (SOUTH WALES) LIMITED

NOTES TO THE ACCOUNTS (Continued)

11. DEFERRED TAXATION

	1980	1979	1979 As Previously Reported
	£	Restated £	£
Plant	8,300	1,200	1,200
Losses	(8,300)	-	-
	<u> </u>	<u> </u>	<u> </u>
	£ -	£ 1,200	£ 1,200
	<u> </u>	<u> </u>	<u> </u>

If full provision had been made
for deferred taxation, the amount
of tax deferred would have been:

Stock appreciation relief	1,078,000	943,000	943,000
Plant	8,300	5,200	5,200
Losses	(187,200)	-	-
	<u> </u>	<u> </u>	<u> </u>
	£ 899,100	£ 948,200	£ 948,200
	<u> </u>	<u> </u>	<u> </u>

12. CAPITAL COMMITMENTS

	1980	1979
	£	£
Authorised but not contracted for	-	4,000
	<u> </u>	<u> </u>

13. CONTINGENT LIABILITIES

Guarantees have been given by the company together with charges over certain assets to secure the overdraft facilities of certain fellow subsidiary companies.

14. ULTIMATE HOLDING COMPANY

The ultimate holding company is Barratt Developments Limited which is incorporated in England.