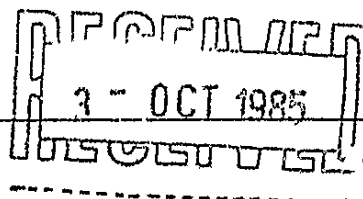


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Haskins + Sells**

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BARRATT SOUTH WALES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1985



BARRATT SOUTH WALES LIMITEDFINANCIAL STATEMENTSCONTENTS

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BARRATT SOUTH WALES LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements for the year ended 30th June 1985.

ACTIVITIES

The principal activities of the Company are building and development.

The directors consider the state of affairs at the end of the year and the future prospects of the company to be satisfactory.

APPROPRIATION OF LOSS

The loss for the year after taxation was £104,702 and this has been deducted from the reserves brought forward of £1,649,309 leaving a balance of £1,544,607 to be carried forward.

The directors do not propose to recommend the payment of a dividend.

TAXATION

The Company is not a close company under the provisions of the Income and Corporation Taxes Act 1970.

DIRECTORS

The directors of the company during the year were:-

P. Burnett	-	Resigned 14.3.85
T. P. Hartley		
J. M. Scott		
F. H. Merrifield	-	Resigned 28.2.85
R. D. Foakes	-	Resigned 31.12.84
E. B. Melhuish		
T. G. Holbrook		

Mr. T. G. Holbrook retires by rotation in accordance with Article 89 of the company's Articles of Association and, being eligible, offers himself for re-election.

None of the directors have any interests in the share capital of the Company. The interest of Mr. T. P. Hartley in the shares of other group companies is shown in the annual report of Barratt Developments PLC.

On 21st November 1979, the shareholders of Barratt Developments PLC 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.

BARRATT SOUTH WALES LIMITED

DIRECTORS' REPORT (Continued)

The participants at 30th June in the scheme included the following directors of the company:-


The beneficial interest in the  
10p ordinary shares of Barratt  
Developments PLC under this scheme

	1985 Number	1984 Number
J. M. Scott	668	668
T. G. Holbrook	316	316

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the re-appointment of Deloitte Haskins & Sells, as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

  
A. J. PIPER  
Company Secretary

17th September 1985

AUDITORS' REPORT TO THE MEMBERS OF BARRATT SOUTH WALES LIMITED

We have audited the financial statements on pages 5 to 15 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 1985 and of its loss and source and application of funds for the year then ended and comply with the Companies Act 1985.

*Deloitte Haskins & Sells*

DELOITTE HASKINS & SELLS

Chartered Accountants

16 Cathedral Road  
CARDIFF

17th September 1985

BARRATT SOUTH WALES LIMITED

ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

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

(b) TURNOVER

Turnover represents legal completions of new houses and amounts invoiced for other income excluding inter company transactions. The sale proceeds of Part Exchange Houses are not included in turnover.

(c) BASIS OF TAKING PROFIT

Building profit is taken on the legal completion of new house sales.

(d) STOCKS

Stocks are valued at the lower of cost and net realisable value.

(e) FIXED ASSETS

Tangible assets are valued at cost less accumulated depreciation.

Depreciation is charged on a straight line basis over the expected useful lives of the assets which range from four to five years.

(f) DEFERRED TAXATION

Provision is made for deferred taxation for all liabilities that may arise in the foreseeable future.

BARRATT SOUTH WALES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 1985

	<u>Notes</u>	<u>1985</u> £000	<u>1984</u> £000
TURNOVER		8,240 =====	12,004 =====
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	(54)	381
TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	3	(57) ———	127 ———
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3	254
EXTRAORDINARY ITEM	4	107 ———	— ———
(LOSS)/PROFIT FOR THE YEAR		(104)	254
DIVIDENDS	11	— ———	160 ———
(LOSS)/PROFIT RETAINED		(104) =====	94 =====

BARRATT SOUTH WALES LIMITED

BALANCE SHEET AT 30TH JUNE 1985

	<u>Notes</u>	<u>1985</u>	<u>1984</u>
		<u>£000</u>	<u>£000</u>
FIXED ASSETS			
Tangible assets	6	<u>8</u>	<u>13</u>
CURRENT ASSETS			
Stocks	7	2,548	4,589
Debtors	8	427	688
Cash at bank and in hand		994	1
		<u>3,969</u>	<u>5,278</u>
CURRENT LIABILITIES - Creditors due within one year	9	<u>1,170</u>	<u>2,379</u>
NET CURRENT ASSETS		<u>2,799</u>	<u>2,899</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,807	2,912
CREDITORS DUE AFTER MORE THAN ONE YEAR	10	1,250	1,250
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>11</u>	<u>12</u>
		<u>1,546</u>	<u>1,650</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	14	1	1
Profit and loss account	15	<u>1,545</u>	<u>1,649</u>
		<u>1,546</u>	<u>1,650</u>
		=====	=====

T. P. HARTLEY

J. M. SCOTT

)  
) Directors  
)

The financial statements were approved by the board of directors on 17th September 1985.



BARRATT SOUTH WALES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30TH JUNE 1985

	<u>1985</u>	<u>1984</u>
	£000	£000
SOURCE		
(Loss)/profit on ordinary activities before taxation	(54)	381
Items not involving the movement of funds:		
Depreciation	5	6
GENERATED FROM OPERATIONS	(49)	387
Group relief received	135	-
FUNDS AVAILABLE	<u>86</u> =====	<u>387</u> =====
APPLICATION		
Purchase of tangible fixed assets	-	10
Taxation	333	344
Dividends	138	169
TOTAL APPLICATION OF FUNDS	<u>471</u>	<u>523</u>
(DECREASE)/INCREASE IN WORKING CAPITAL		
Stocks	(2,041)	307
Debtors	(285)	187
Creditors	221	(87)
	<u>(1,634)</u>	<u>930</u>
Movement in net liquid funds:		
Cash at bank and in hand	<u>1,720</u> <u>86</u> =====	<u>(543)</u> <u>387</u> =====

BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1985

1. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
Turnover	8,240	12,004
Cost of sales	<u>7,447</u>	<u>10,540</u>
Gross Profit	793	1,464
Administrative expenses	613	828
Interest payable	256	274
Interest receivable	<u>(22)</u>	<u>(19)</u>
	<u>(54)</u>	<u>381</u>
	=====	=====
(Loss)/Profit on ordinary activities before taxation is stated		
After charging:		
Directors' management remuneration	130	147
Depreciation	5	6
Plant hire and car leasing	71	83
Auditors' remuneration	<u>7</u>	<u>9</u>
	=====	=====

2. INTEREST PAYABLE

On bank loans, overdrafts and other loans:

Repayable within 5 years not by instalments	<u>256</u>	<u>233</u>
	===	===
Group interest payable	<u>-</u>	<u>41</u>
	===	===

BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
United Kingdom Tax at 43.75% (1984 - 48.75%)		
Corporation tax/group relief - current	(24)	123
- prior years	(32)	(5)
Deferred tax	-	7
- prior years	(1)	2
	<u>(57)</u>	<u>127</u>
	===	===

4. EXTRAORDINARY ITEM

The extraordinary item represents an additional tax charge in respect of stock relief previously claimed of £206,000, which has now been disallowed. This follows the decision by the House of Lords not to allow such relief on stocks of part exchange properties held prior to 30th June 1980.

Taxation on the above:  
United Kingdom Tax at 52%  
Current

107	-
===	===

5. DIRECTORS AND EMPLOYEES

Cost:		
Wages and salaries	563	641
Social security costs	40	57
Pension costs	52	43
	<u>655</u>	<u>741</u>
	===	===

The average number of persons employed by the company was:

	<u>Number</u>	<u>Number</u>
Building and development	52	73
	=====	=====

BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. DIRECTORS AND EMPLOYEES (Continued)

Directors remuneration excluding pension contributions:

	<u>1985</u> <u>£000</u>	<u>1984</u> <u>£000</u>
Chairman	Nil ===	Nil ===
Highest paid director	30 ===	35 ===
Remuneration of other directors		
	<u>Number</u>	<u>Number</u>
£NIL - £5,000	1	1
£10,001 - £15,000	1	-
£15,001 - £20,000	1	-
£20,001 - £25,000	2	3
£25,001 - £30,000	- ===	1 ===

6. TANGIBLE ASSETS

	<u>Plant</u> <u>£000</u>
Cost:	
At 1st July 1984	40
Additions	-
At 30th June 1985	40
Depreciation:	
At 1st July 1984	27
Charge for year	5
At 30th June 1985	32
Net book value:	
At 1st July 1984	13
At 30th June 1985	8

BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. STOCKS	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
Work in progress	1,728	1,320
Showhouse complexes and houses awaiting legal completion	820	3,269
	<u>2,548</u>	<u>4,589</u>
	=====	=====
8. DEBTORS		
Due within one year:		
Amounts owed by group companies	131	131
Other debtors	154	245
Prepayments	22	108
	<u>307</u>	<u>484</u>
Due in more than one year:		
Other debtors	120	204
	<u>427</u>	<u>688</u>
	=====	=====

BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. CREDITORS DUE WITHIN ONE YEAR

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
Bank overdraft	-	727
Trade creditors	353	659
Amounts owed to group companies	34	175
Payroll taxation including social security	16	44
Taxation	-	123
Dividend payable	-	138
Other creditors	597	351
Accruals	170	162
	<u>1,170</u>	<u>2,379</u>

10. CREDITORS DUE AFTER MORE THAN ONE YEAR

Bank loan (secured)	<u>£1,250</u>	<u>£1,250</u>
---------------------	---------------	---------------

The bank loan is secured on the assets of the company and is repayable otherwise than by instalments within five years.

Interest is charged at rates related to normal bank base rates.

BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. DIVIDENDS

	<u>1985</u>	<u>1984</u>
	<u>£000</u>	<u>£000</u>
Paid	-	22
Proposed	-	138
	<u>-</u>	<u>160</u>
	<u>----</u>	<u>----</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

At 1st July 1984

12 3

Transfer (to)/from profit and loss account

(1) 9

At 30th June 1985

11 12

----

----

13. DEFERRED TAXATION

Tax allowances in excess of depreciation  
Sundry timing differences

3 5  
8 7  
11 12

----

----

14. CALLED UP SHARE CAPITAL

Authorised:

100 Ordinary shares of £1 each

£100 £100

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Allotted, called up and fully paid:

100 Ordinary shares of £1 each

£100 £100

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BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. PROFIT AND LOSS ACCOUNT

	<u>£000</u>
At 1st July 1984	1,649
Loss for the year	(104)
	<hr/>
At 30th June 1985	1,545
	<hr/>

16. 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.

17. PENSION OBLIGATIONS

The pension scheme operated by Barratt Southern Limited, a fellow subsidiary, covers the company's obligations to provide pensions to those eligible.

Based on the latest actuarial valuation it is considered that the present funding arrangements are satisfactory and adequate to meet the future liabilities of the fund.

18. ULTIMATE HOLDING COMPANY

The ultimate holding company is Barratt Developments PLC which is incorporated in Great Britain and registered in England.