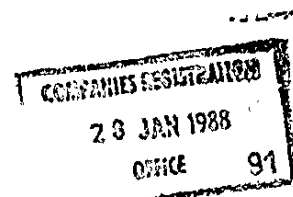


BARRATT SOUTH WALES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1987



BARPATT SOUTH WALES LIMITED

FINANCIAL STATEMENTS

CONTENTS

	<u>Pages</u>
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 financial statements	9 - 16

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 1987.

ACTIVITIES

The principal activities of the Company are building and development.

The directors are pleased with the progress of the business during the year and consider the state of affairs at the end of the year and the future prospects of the company to be satisfactory.

APPROPRIATION OF PROFIT

The profit for the year after taxation was £907,000. An interim dividend of £111,000 was distributed and the directors recommend a final dividend of £401,000. The amount of £395,000 was added to the reserves brought forward of £1,604,000 having a balance of £1,999,000 to be carried forward.

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:-

T P Hartley
J M Scott
E B Melhuish
T G Holbrook

Messrs E B Melhuish and T P Hartley retire by rotation in accordance with Article 89 of the company's Articles of Association and, being eligible, offer themselves for re-election.

DIRECTORS SHAREHOLDINGS

None of the directors has any interests in the share capital of the company. The interests of T P Hartley in the shares of the holding company Barratt Developments PLC are shown in that company's annual report and those of J M Scott in that of Barratt Midlands Ltd. The remaining directors have interests in the shares of the holding company as noted below:-

	The beneficial interest in the ordinary shares of Barratt Developments PLC			
	30th June 1987		1st July 1986	
	Holding	Option	Holding	Option
T G Holbrook	519	25,000	316	-
E B Melhuish	203	25,000	-	-

BARRATT SOUTH WALES LIMITED

DIRECTORS' REPORT (Continued)

The options granted are exercisable in the normal circumstances at 155p per share at any time during the period 17th December 1989 to 17th December 1996.

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

29th September 1987

AUDITORS' REPORT TO THE MEMBERS OF BARRATT SOUTH WALES LIMITED

We have audited the financial statements on pages 5 to 16 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 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.



DELOITTE HASKINS & SELLS

Chartered Accountants

CARDIFF

29th September 1987

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 and value added tax. 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 after making full provision for cost of 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.

Plant is depreciated on a straight line basis over its expected useful life, which range from one to seven years.

(f) DEFERRED TAXATION

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

(g) OBLIGATIONS UNDER LEASING AGREEMENTS

Annual rentals of assets under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

BARRATT SOUTH WALES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 1987

	<u>Notes</u>	<u>1987</u> £'000	<u>1986</u> £'000
TURNOVER		12,556 =====	8,054 =====
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	1,389	404
TAXATION	3	482 ———	179 ———
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		907	225
DIVIDENDS	10	512 ———	166 ———
RETAINED PROFIT FOR THE YEAR		395 =====	59 =====

BARRATT SOUTH WALES LIMITED

BALANCE SHEET AT 30TH JUNE 1987

	<u>Notes</u>	<u>1987</u>	<u>1986</u>
		£'000	£'000
FIXED ASSETS			
Tangible assets	5	<u>5</u>	<u>7</u>
CURRENT ASSETS			
Stocks	6	4,836	3,230
Debtors	7	287	427
Cash at bank and in hand		687	826
		<u>5,810</u>	<u>4,483</u>
CURRENT LIABILITIES - Creditors due within one year	8	<u>2,447</u>	<u>1,635</u>
NET CURRENT ASSETS		<u>3,363</u>	<u>2,848</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,368	2,855
CREDITORS DUE AFTER MORE THAN ONE YEAR	9	1,384	1,250
PROVISIONS FOR LIABILITIES AND CHARGES - DEFERRED TAXATION	11	(16)	-
		<u>2,000</u>	<u>1,605</u>
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account	13	1,999	1,604
		<u>2,000</u>	<u>1,605</u>

T P HARTLEY

J M SCOTT

) Directors

The financial statements were approved by the board of directors on 29th September 1987.

BARRATT SOUTH WALES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30TH JUNE 1987

	<u>1987</u>	<u>1986</u>
	£'000	£'000
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	1,389	404
Items not involving the movement of funds:		
Depreciation	<u>3</u>	<u>3</u>
FUNDS GENERATED FROM OPERATIONS	1,392	407
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	1	2
Taxation	150	3
Dividends	<u>111</u>	<u>22</u>
TOTAL APPLICATION OF FUNDS	262	27
NET SOURCE OF FUNDS	<u>1,130</u> =====	<u>380</u> =====
THE NET SOURCE FUNDS IS REPRESENTED BY THE FOLLOWING (DECREASE)/INCREASE IN WORKING CAPITAL		
Stocks	1,606	682
Debtors	(140)	23
Creditors	<u>(197)</u>	<u>(157)</u>
	1,269	548
Movement in net liquid funds:		
Cash at bank and in hand	<u>(139)</u> <u>1,130</u> =====	<u>(168)</u> <u>380</u> =====

BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1987

1. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1987</u>	<u>1986</u>
	£000	£000
Turnover	12,556	8,054
Cost of sales	10,330	7,055
Gross Profit	<u>2,226</u>	<u>999</u>
Administrative expenses	618	529
Interest payable (note 2)	222	162
Interest receivable	(3)	(96)
	<u>1,389</u>	<u>404</u>
	=====	=====
Profit on ordinary activities before taxation is stated		
After charging:		
Directors' management remuneration	141	106
Depreciation	3	3
Operating lease charges -		
hire of plant, machinery & vehicles	58	56
land buildings	19	19
Auditors' remuneration	9	5
	=====	=====

2. INTEREST PAYABLE

On bank loans, overdrafts and other loans:		
Repayable within 5 years not by instalments	207	162
Group's loan interest payable	15	-
	<u>222</u>	<u>162</u>
	===	===

BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. TAXATION

	<u>1987</u>	<u>1986</u>
	£000	£000
United Kingdom Tax at 35% (1985 - 38.75%)		
Corporation tax/group relief - current	514	164
- prior years	(16)	26
Deferred tax		
- current	(16)	-
- prior years	-	(11)
	<u>482</u>	<u>179</u>
	===	===

4. DIRECTORS AND EMPLOYEES

	<u>1987</u>	<u>1986</u>
	£'000	£'000
Cost:		
Wages and salaries	566	442
Social security costs	41	32
Pension costs	-	42
	<u>607</u>	<u>516</u>
	===	===

The average number of persons employed by the company was:

	<u>Number</u>	<u>Number</u>
Building and development	47	42
	===	===

Directors remuneration excluding pension contributions:

	<u>1987</u>	<u>1986</u>
	£000	£000
Chairman	N11	N11
	===	===
Highest paid director	50	37
	===	===

BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. DIRECTORS AND EMPLOYEES (Continued)

Remuneration of other directors:

	<u>Number</u>	<u>Number</u>
£25,001 - £30,000	-	2
£40,001 - £45,000	2	-

The number of employees who received remuneration in the following ranges was:

£30,001 - £35,000	1	-
	=	=

5. TANGIBLE ASSETS

	<u>Plant</u>	<u>Ground Rents</u>	<u>Total</u>
	£000	£000	£000
Cost:			
At 1st July 1986	24	-	24
Additions	-	1	1
Disposals	-	-	-
	<u>24</u>	<u>1</u>	<u>25</u>
At 30th June 1987			
Depreciation:			
At 1st July 1986	17	-	17
Charge for year	3	-	3
Eliminated in respect of disposals	-	-	-
	<u>20</u>	<u>-</u>	<u>20</u>
At 30th June 1987			
Net book value:			
At 30th June 1987	4	1	5
	<u>4</u>	<u>1</u>	<u>5</u>
At 1st July 1986	7	Nil	7
	<u>7</u>	<u>Nil</u>	<u>7</u>

BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. STOCKS	<u>1987</u>	<u>1986</u>
	£000	£000
Work in progress	3,734	2,416
Showhouse complexes and houses awaiting legal completion	<u>1,102</u>	<u>814</u>
	<u>4,836</u>	<u>3,230</u>
	=====	=====

Work in progress includes a deposit in respect of land held under licence from a local authority amounting to approximately £217,000 (1986 £Nil).

7. DEBTORS

Due within one year:

Amounts owed by group companies	112	132
Other debtors	131	186
Prepayments	<u>36</u>	<u>25</u>
	279	343

Due in more than one year:

Other debtors	<u>8</u>	<u>84</u>
	287	427
	=====	=====

BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. CREDITORS DUE WITHIN ONE YEAR

	<u>1987</u>	<u>1986</u>
	£000	£000
Trade creditors	1,060	1,072
Amounts owed to group companies	61	-
Payroll taxation including social security	39	31
Taxation	512	164
Dividend payable	401	144
Other creditors	80	53
Accruals	294	171
	<u>2,447</u>	<u>1,635</u>
	=====	=====

9. CREDITORS DUE AFTER MORE THAN ONE YEAR

	£'000	£'000
Bank loan (secured)	1,250	1,250
Trade creditors	134	-
	<u>1,384</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)

10. DIVIDENDS

	<u>1987</u>	<u>1986</u>
	£'000	£'000
Interim Paid	111	22
Final Proposed	401	144
	<u>512</u>	<u>166</u>
	===	===

11. PROVISIONS FOR LIABILITIES AND CHARGES

The actual and full potential provisions for deferred taxation are as follows

	<u>1987</u>	<u>1986</u>
	£'000	£'000
Excess Tax Allowances over Depreciation	1	2
Short Term Timing Differences	(17)	(2)
	<u>(16)</u>	<u>-</u>
	==	==

12. CALLED UP SHARE CAPITAL

Authorised:

100 Ordinary shares of £1 each	£100	£100
	===	===

Allotted, called up and fully paid:

100 Ordinary shares of £1 each	£100	£100
	===	===

BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. PROFIT AND LOSS ACCOUNT

	£'000
At 1st July 1986	1,604
Retained profit for the year	379
	<u> </u>
At 30th June 1987	1,983
	<u>=====</u>

14. CONTINGENT LIABILITIES

	<u>1987</u>	<u>1986</u>
	£'000	£'000
Guarantees given by the company to secure the overdraft of certain fellow subsidiaries	339	1,567
	<u>=====</u>	<u>=====</u>

15. PENSION OBLIGATIONS

On 1st December 1986 the Barratt Southern Limited pension scheme was merged into the Barratt Developments PLC pension scheme and this scheme now covers the company's obligation to provide pension to those eligible employees both current and retired.

In June 1987 an independent actuarial valuation confirmed that the scheme was in surplus and consequently the Trustees of the combined Scheme continued the contribution holiday which it is anticipated will extend to 30th June 1988.

16. OPERATING LEASES

Annual commitments under operating leases

	<u>1987</u>		<u>1986</u>	
	<u>Land & Buildings</u>	<u>Other</u>	<u>Land & Buildings</u>	<u>Other</u>
	£'000	£'000	£'000	£'000
Operating leases that expire within one year	-	2	-	10
Between 2 to 5 years	-	57	-	28
In 5 years or more	19	-	19	-
	<u>19</u>	<u>59</u>	<u>19</u>	<u>38</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

BARRATT SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. ULTIMATE HOLDING COMPANY

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