

Manring Homes Limited

Annual Report and Financial Statements
for the year ended 31 December 2002

Company number: 1040268



MANRING HOMES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended
31 DECEMBER 2002

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MANRING HOMES LIMITED

DIRECTORS' REPORT

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2002. The Company has dispensed with the laying of accounts and reports before the Company in General Meeting in accordance with the provisions of Section 252 of the Companies Act 1985 by an Elective Resolution dated 1 August 2002.

Principal Activities and Business Review

The principal activity of the Company was residential house building. Under an agreement which became legally complete on 25 January 1996, the Company disposed of its entire trade and specified assets and liabilities to Westbury Homes (Holdings) Limited. Other than the collection of long term debts outstanding and sundry administration activities, the Company ceased to trade from the date on which the agreement became unconditional (28 December 1995). The Company will continue to pursue the collection of long-term debts outstanding and sundry administration activities for the foreseeable future.

Results and Dividends

The audited financial statements for the year ended 31 December 2002 are set out on pages 5 to 13. The retained profit of £157,000 for the year (2001: £662,000) has been transferred to reserves. The Directors do not recommend a dividend in respect of the year ended 31 December 2002 (2001: £ nil).

The Company is in a net current liability position. The Company's ultimate parent company, Balfour Beatty plc, has agreed to provide or procure adequate financial resources to allow the Company to meet its obligations as they fall due for a period of not less than twelve months from the date of signing these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Directors

The following were Directors of the Company throughout the year:

P W Goldsmith
F D F T McCormack
C R O'N Pearson
C M Pryce

Directors' Interests

The interests of Directors in the share and loan capital of Balfour Beatty plc, the ultimate parent Company, were:

Director	As at 1 January 2002		As at 31 December 2002	
	Holdings	Options	Holdings	Options
P W Goldsmith	2,740	76,214	2,740	91,511
F D F T McCormack	756	120,282	756	111,453
C R O'N Pearson	-	78,408	-	78,408

All interests at the dates shown are beneficial and are in respect of numbers of ordinary shares of Balfour Beatty plc.

MANRING HOMES LIMITED

DIRECTORS' REPORT (Continued)

Directors' Interests (continued)

During the year, there were the following movements in the Directors' rights to subscribe for ordinary shares in Balfour Beatty plc:

Director	Options Granted	Options Lapsed
P W Goldsmith	15,683	386
F D F T McCormack	702	9,531

Other than as stated above, no Director had any interest in the share or loan capital of the Company or of any other subsidiary undertaking of Balfour Beatty plc at the relevant dates.

Directors' Responsibilities

United Kingdom company law requires the Directors to prepare financial statements for each financial year which 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. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Deloitte & Touche, who were appointed by the Board from 1 August 2002 following the resignation of Arthur Andersen, have indicated their willingness to continue in office as auditors. In accordance with Section 386 of the Companies Act 1985, the Company has dispensed with the obligation to appoint auditors annually.

Registered Office

Fourth Floor
130 Wilton Road
London
SW1V 1LQ

By Order of the Board


C M PRYCE, Director

Dated 23 July 2003

INDEPENDENT AUDITORS' REPORT

to the members of

MANRING HOMES LIMITED

We have audited the financial statements of Manring Homes Limited for the year ended 31 December 2002, which comprise the Profit and Loss Account, the Balance Sheet, the related Notes numbered 1 to 17 and the List of Subsidiary Undertakings. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described in the Statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements 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 financial statements 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 financial statements.

INDEPENDENT AUDITORS' REPORT (continued)

to the members of

MANRING HOMES LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 December 2002 and of the Company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants & Registered Auditors
London

Dated 23 July 2003

MANRING HOMES LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2002

	Notes	<u>2002</u> £000	<u>2001</u> £000
OPERATING PROFIT	2, 3, 4	<u>204</u>	<u>796</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		204	796
Tax on profit on ordinary activities	5	(<u>47</u>)	(<u>134</u>)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION and RETAINED PROFIT FOR THE FINANCIAL YEAR	11	<u>157</u>	<u>662</u>

In both years, the Company has no recognised gains or losses other than those reported within the profit and loss account above, consequently a statement of total recognised gains and losses has not been presented.

All activities are from continuing operations in the United Kingdom.

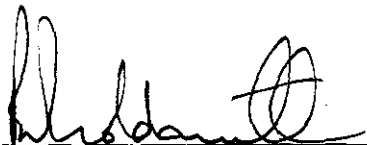
MANRING HOMES LIMITED

BALANCE SHEET

as at 31 December 2002

	Notes	<u>2002</u> £000	<u>2001</u> £000
FIXED ASSETS			
Investments	6	-	-
CURRENT ASSETS			
Debtors - amounts falling due within one year	7	3,229	3,281
Cash at bank		<u>947</u>	<u>817</u>
		4,176	4,098
CREDITORS : amounts falling due within one year	8	(<u>28,884</u>)	(<u>28,918</u>)
NET CURRENT LIABILITIES		(24,708)	(24,820)
TOTAL ASSETS LESS CURRENT LIABILITIES		(<u>24,708</u>)	(<u>24,820</u>)
PROVISIONS FOR LIABILITIES AND CHARGES	9	(<u>705</u>)	(<u>750</u>)
NET LIABILITIES		(<u>25,413</u>)	(<u>25,570</u>)
CAPITAL AND RESERVES			
Called-up share capital	10	15,000	15,000
Profit and loss account	11	(<u>40,413</u>)	(<u>40,570</u>)
EQUITY SHAREHOLDERS' FUNDS	12	(<u>25,413</u>)	(<u>25,570</u>)

These financial statements were approved by the Board of Directors on 23 July 2003
and signed on its behalf by


P W GOLDSMITH, Director

Dated: 23 July 2003

MANRING HOMES LIMITED

NOTES TO THE ACCOUNTS

1. Accounting Policies

A summary of the principal accounting policies of the Company, all of which have been applied consistently throughout the year and the preceding year with the exception of FRS19 "Deferred Tax" which has been implemented in the current year, is set out below:

a) Basis of Accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. FRS19 "Deferred Tax" was adopted during the year. This has had no impact on the 2002 or 2001 results.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Balfour Beatty plc, which prepares consolidated financial statements which are publicly available. The Company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

b) Investments

Investments comprise holdings in subsidiary undertakings. The Company's investments are stated at cost plus loans due from such companies less provisions for impairment.

c) Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided using the liability method at rates ruling at the year end.

d) Pension Contributions

Pension contributions are charged to the profit and loss account so as to spread the cost of providing pensions over employees' working lives with the Company.

MANRING HOMES LIMITED

NOTES TO THE ACCOUNTS (continued)

2.	<u>Employees</u>	<u>2002</u>	<u>2001</u>
		<u>£000</u>	<u>£000</u>
	Employee costs during the year amounted to:		
	Wages and salaries	-	36
	Social security costs	-	3
	Other pension costs	-	3
		<u>-</u>	<u>42</u>
		<u>Number</u>	<u>Number</u>
	The average monthly number of employees was:	<u>-</u>	<u>1</u>

3. Directors' Remuneration

No Director received any fees or emoluments for their services to the Company in either the current or preceding year.

4. Auditors' Remuneration

The auditors' remuneration was borne by Balfour Beatty plc in both years.

5. Taxation

a) UK Corporation Tax

	<u>2002</u>	<u>2001</u>
	<u>£000</u>	<u>£000</u>
Current tax on income for the period	48	133
Adjustments in respect of prior years	(1)	1
Tax on profit on ordinary activities	<u>47</u>	<u>134</u>

b) Current Tax Charge

The current tax charge for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<u>2002</u>	<u>2001</u>
	<u>£000</u>	<u>£000</u>
Current Tax reconciliation		
Profit on ordinary activities before tax	<u>204</u>	<u>796</u>
Current Tax at 30%	61	239
Effects of:		
Other short term timing differences	(13)	(106)
Adjustments to tax charge in respect of previous periods	(1)	1
Total current tax charge (see above)	<u>47</u>	<u>134</u>

The Company earns its profits primarily in the UK, therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30%.

c) Factors affecting future tax charges

A deferred taxation asset of £212,000 (2001: £226,000) has not been recognised. This asset will be recovered as provisions on outstanding warranty claims relating to the sale of the Company's house-building business are utilised.

MANRING HOMES LIMITED

NOTES TO THE ACCOUNTS (continued)

6.	<u>Investments</u>	<u>2002</u> £000	<u>2001</u> £000
	Cost:		
	at 1 January and 31 December	2	2
	Provisions against investments:		
	at 1 January and 31 December	(2)	(2)
	Net Book Value: at 1 January and 31 December	<u>-</u>	<u>-</u>

The Company's non-trading and dormant subsidiary undertakings are listed on page 13.

7.	<u>Debtors</u>	<u>2002</u> £000	<u>2001</u> £000
	Amounts falling due within one year:		
	Amounts due from Balfour Beatty Group undertakings	3,224	3,224
	Prepayments and accrued income	-	5
	Other debtors	5	5
	Equity interests in properties	-	47
		<u>3,229</u>	<u>3,281</u>

Equity interests in properties relate to a sales incentive scheme whereby the receipt of a percentage of the selling price of a property was deferred for a period, typically 5 to 10 years. A legal charge is usually registered on the property to secure the debt.

Amounts due from Balfour Beatty Group undertakings are repayable on demand and are interest free.

8.	<u>Creditors</u>	<u>2002</u> £000	<u>2001</u> £000
	Amounts falling due within one year:		
	Trade creditors	1	5
	Corporation tax	92	123
	Amounts due to Balfour Beatty Group undertakings	28,777	28,777
	Accruals and deferred income	14	13
		<u>28,884</u>	<u>28,918</u>

Amounts due to Balfour Beatty Group undertakings are repayable on demand and are interest free.

9. Provisions for Liabilities and Charges

i The provisions cover outstanding warranty claims in relation to the sale of the Company's house-building business to Westbury Homes (Holdings) Limited and to product liability claims and other liabilities in relation to the business as formerly carried on by the Company.

ii Movements on provisions were as follows:

	£000
At 1 January 2002	750
Released	(45)
At 31 December 2002	<u>705</u>

10.	<u>Called-Up Share Capital</u>	<u>2002</u> £000	<u>2001</u> £000
	Authorised, issued, called-up and fully paid:		
	15,000,000 ordinary shares of £ 1 each	<u>15,000</u>	<u>15,000</u>

MANRING HOMES LIMITED

NOTES TO THE ACCOUNTS (continued)

11.	<u>Profit and Loss Account</u>	<u>2002</u>	<u>2001</u>
		<u>£000</u>	<u>£000</u>
	At 1 January	(40,570)	(41,232)
	Retained profit for the year	157	662
	At 31 December	<u>(40,413)</u>	<u>(40,570)</u>

12.	<u>Reconciliation of movement in shareholders' funds for the year ended 31 December</u>	<u>2002</u>	<u>2001</u>
		<u>£000</u>	<u>£000</u>
	Opening shareholders' funds	(25,570)	(26,232)
	Retained profit for the year	157	662
	Closing shareholders' funds	<u>(25,413)</u>	<u>(25,570)</u>

13. Financing arrangements

The Company is in a net current liability position. The Company's ultimate parent company, Balfour Beatty plc, has agreed to provide or procure adequate financial resources to allow the Company to meet its obligations as they fall due for a period of not less than twelve months from the date of signing these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

14. Pension Arrangements

The Company's former employee was a member of the Balfour Beatty Pension Fund, which is managed by the ultimate parent Company. This is a defined benefit pension scheme and is funded. Contributions are determined in accordance with independent actuarial advice and are based on pension costs across the ultimate parent company group as a whole as stated in the notes to the accounts of Balfour Beatty plc. The latest actuarial valuation of the Balfour Beatty Pension Fund was carried out by independent actuaries at 31 March 2001 using the projected unit method and disclosed a surplus of assets over past service liabilities of 9% which is being used to reduce company contributions over a period of seven years. The principal actuarial assumptions of the Balfour Beatty Pension Fund are for investment returns to exceed inflation by 4% per annum for active and deferred members and by 2.6% per annum for pensioners, widows and dependents.

The total cost to the Company was £Nil (2001: £3,000).

The Company continues to account for the cost of pensions in accordance with the requirements of SSAP24 "Accounting for Pension Costs". The following supplementary analysis is given in accordance with the transitional requirements of FRS 17 "Retirement Benefits".

In accordance with FRS 17, the Company will account for its contribution to the Balfour Beatty Pension Fund as if it were a defined contribution scheme because it is not possible to identify the Company's share of the assets and liabilities in the scheme on a consistent and reasonable basis. The latest actuarial valuation of the scheme, prepared for the purposes of making the transitional disclosures in accordance with FRS 17 in the consolidated financial statements of Balfour Beatty plc, shows a deficit of £82m. Further details of this valuation can be found in the Balfour Beatty plc 2002 Annual Report and Accounts (note 22).

15. Contingent Liabilities

The Company has, in the normal course of business, entered into indemnities and bonds in respect of its own developments.

MANRING HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. **Related Party Transactions**

As a subsidiary of Balfour Beatty plc, the Company has taken advantage of the exemption in FRS8 "Related Party Transactions" not to disclose transactions with other members of the group headed by Balfour Beatty plc.

17. **Ultimate Parent Company and Controlling Party**

The Company is a wholly owned subsidiary undertaking of Clarke Securities Limited, registered in England and Wales, which does not prepare consolidated financial statements.

The Company's ultimate parent company and controlling party is Balfour Beatty plc, which is registered in England and Wales.

The only group in which the results of the Company are consolidated is that headed by Balfour Beatty plc. The consolidated financial statements of Balfour Beatty plc are available to the public and may be obtained from 130 Wilton Road, London SW1V 1LQ.

MANRING HOMES LIMITED

LIST OF SUBSIDIARY UNDERTAKINGS

AT 31 DECEMBER 2002

Name of Undertaking	Country of Incorporation	Class of Capital	Proportion held by Company	Principal activity of subsidiary
J C Barker & Sons Ltd	England	Ordinary	100%	Dormant
Balfour Beatty Homes Ltd	England	Ordinary	100%	Agent of the Company
Balfour Beatty Homes (Aria) Ltd	England	Ordinary	100%	Agent of the Company