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W. J. Stewart

THE FRENCH HOUSE LIMITED

DIRECTORS' REPORT

and

ACCOUNTS

31 DECEMBER 1976

Tansley Witt & Co
Chartered Accountants
Birmingham



page -

THE FRENCH HOUSE LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 31 DECEMBER 1976

The directors present their report together with the audited accounts for the year ended 31 December 1976.

ACTIVITIES

The principal activity of the company is housing development.

STATE OF AFFAIRS

The results of the company for the year are set out in the profit and loss account on page 3. No dividend is recommended. Since the end of the year the company acquired further land for development at a cost in the region of £430,000 for which finance was obtained by way of bank overdraft facilities.

DIRECTORS

The following have served as directors for the whole of the year except where indicated:

R. Leroy	(chairman)	(French citizen)
M. Godchaux		(French citizen)
E.M.A.G. Racine		(French citizen) resigned 6.10.76
M.M.J. Cuvelier		(French citizen)
M.J. Palin		appointed 6 October 1976

None of the above directors had a beneficial interest in the shares of the company during the year.

EMPLOYEES

The average number of employees was less than one hundred.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions.

EXPORTS

The company exported no goods from the United Kingdom during the year.

AUDITORS

The auditors, Tansley Witt & Co, are willing to continue in office.

By order of the board,

ELY PLACE REGISTRARS LIMITED

Secretary

28 Ely Place,
LONDON.
EC1N 6TL
22 April 1977

page -

Tansley Witt & Co

Chartered Accountants

Lloyds Bank Chambers 75 Edmund Street Birmingham B3 3HF tel 021 236 7911

AUDITORS' REPORT TO THE MEMBERS OF THE FRENCH HOUSE, LIMITED

We have examined the accounts set out on pages 3 to 7. These have been prepared under the historical cost convention. In our opinion these accounts give, under the accounting convention stated above, a true and fair view of the state of the company's affairs at 31 December 1976 and of its profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

TANSLEY WITT & CO

17 June 1977

THE FRENCH HOUSE LIMITEDPROFIT AND LOSS ACCOUNTYEAR ENDED 31 DECEMBER 1976

	Notes	£	£	1975 £
TURNOVER	1		<u>342,369</u>	<u>nil</u>
PROFIT (1975 LOSS) FOR THE YEAR BEFORE TAXATION AND EXTRAORDINARY ITEM			7,986	(39,873)
after charging				
Directors' emoluments	5	1,767		2,954
Depreciation	1	802		842
Motor vehicle hire		5,765		914
Auditors' remuneration		1,500		1,050
Interest payable		24,555		2,391
Bank overdraft and guarantee		-		3,190
Loans from other group companies		-		6,069
Loss on conversion of loans				
after crediting				
Bank interest receivable		-		1,986
Reversal of previous year's charges		3,190		-
Interest on group loans		6,069		-
Loss on conversion of loans				
Taxation				
PROFIT (1975 LOSS) FOR THE YEAR BEFORE EXTRAORDINARY ITEM			7,986	(39,873)
Formation expenses			-	1,069
PROFIT (1975 LOSS) FOR THE YEAR AFTER TAXATION AND EXTRAORDINARY ITEM			7,986	(38,804)
less Adverse balance brought forward			<u>47,803</u>	<u>8,999</u>
REVENUE RESERVE ADVERSE BALANCE AT 31 DECEMBER 1976			<u>39,817</u>	<u>47,803</u>

THE FRENCH HOUSE LIMITEDNOTES TO THE ACCOUNTSYEAR ENDED 31 DECEMBER 1976

1. ACCOUNTING POLICIES

(a) Turnover represents in the main the amount receivable for houses sold. Credit is taken for sales when contracts are exchanged.

(b) Depreciation is calculated to write off the cost of assets in equal annual instalments at the following rates:

Short term leasehold	over the period of the lease
Fixtures, fittings and office equipment	10%
Motor vehicles	25%

(c) Completed buildings and work in progress include land bought for development upon which building has commenced. They are valued, together with land bought for development upon which no building work has commenced, at the lower of cost and net realisable value. Cost includes construction and development expenditure and a proportion of attributable overheads where appropriate and the cost of acquiring development rights over land in which the company has no legal estate. Interest and other financial costs are excluded. Credit is taken for profit when a house is sold after provision has been made for all attributable expenditure still to be incurred. Anticipated losses are fully provided for.

2. FIXED ASSETS

The movements in fixed assets and depreciation were as follows:

	Short term leasehold	Fixtures fittings and office equipment	Motor vehicles	Total
	£	£	£	£
Cost at 1 January 1976	850	1,811	1,592	4,253
Additions at cost	-	149	-	149
Cost at 31 December 1976	850	1,960	1,592	4,402
Depreciation at 1 January 1976	347	280	664	1,291
Provision for the year	208	196	398	802
Accumulated depreciation at 31 December 1976	555	476	1,062	2,093
Net book value at 31 December 1976	295	1,484	530	2,309

3. SHARE CAPITAL

The authorised share capital is 500,000 ordinary shares of £1 each. The issued share capital is 50,000 ordinary shares of £1 each.

4. TAXATION

There is no liability to corporation tax due to losses incurred in earlier years.

THE FRENCH HOUSE LIMITED

YEAR ENDED 31 DECEMBER 1976

NOTES TO THE ACCOUNTS (cont'd)

5. DIRECTORS' REMUNERATION

The chairman's remuneration was £nil (1975 £nil). As for the previous year, the whole of the remuneration charged to the profit and loss account is attributable to one director.

6. CAPITAL COMMITMENTS

There were no capital commitments (1975 £nil), nor had the board authorised capital expenditure for which contracts had not been placed (1975 £nil).

7. CONTINGENT LIABILITIES

On behalf of the company, Banque Nationale de Paris Limited have given a guarantee of £25,000 to the National House Building Council. As collateral for this they hold a guarantee for that amount from S.A. la Maison des Familles.

8. OWNERSHIP

The share capital of the company is held as follows:-

	<u>Shares of £1 each</u>
S.A. La Maison des Familles	47,500
S.A. Centre Informatique Gestion Appliquee	2,500
	<u>50,000</u>

Both companies are ultimately owned by Group Maison Familiale, an association organised and existing under the laws of France.

THE FRENCH HOUSE LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31 DECEMBER 1976

	£	£	1975 £
SOURCE		7,986	(38,804)
Profit before taxation			
Adjustments for items not involving the movement of funds:			
Depreciation		802	842
Funds generated from operations		8,788	(37,962)
Working capital decrease/(increase)			
Increase in completed buildings and work in progress	(26,808)		(156,405)
Decrease in land for development	122,000		(122,000)
Increase in debtors and prepayments	(9,065)		(6,631)
Decrease in creditors and accrued expenses	(74,021)		113,989
		12,106	(171,047)
		20,894	(209,009)
Total source			
APPLICATION		149	345
Capital expenditure			
Reduction in net amount due to other group companies		35,586	(37,191)
Total application		35,735	(36,846)
		14,841	172,163
DECREASE IN NET LIQUID FUNDS			

MOVEMENT OF FUNDS

	<u>Bank and cash balances</u>	<u>Bank overdraft</u>	<u>Net</u>
At 1 January 1976	412	(121,572)	(121,160)
Decrease in net liquid funds	(316)	(14,525)	(14,841)
At 31 December 1976	96	(136,097)	(136,001)