

THE FRENCH HOUSE LIMITED

ANNUAL REPORT

YEAR ENDED 31ST DECEMBER 1983

THE FRENCH HOUSE LIMITED

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REPORT OF THE DIRECTORS

YEAR ENDED 31ST DECEMBER, 1988

The directors submit their report and the audited financial statements for the year ended 31st December 1988.

Principal Activities

The company is principally engaged in housing development.

Review of the Business

The profit for the year amounted to £3,919,798 (1987 : £1,076,376). The directors do not recommend payment of a dividend and the profit for the year is taken to reserves.

The directors consider the year's results to be satisfactory and that the Company's financial resources are sufficient for its future plans.

Directors

The directors of the company who served during the year were:

D W Wilson	
A Greasley	
W J Smith	
D M B Steeples	- Appointed 29th February, 1988 Resigned 19th October, 1988
J A Willcox	
R F D Birch	- Resigned 1st September, 1988
T V Flower	- Appointed 15th February, 1988 Resigned 24th February, 1989
M J Stansfield	
K McEwan	- Appointed 1st September, 1988
M B Flude	- Appointed 1st February, 1988
T W Bage	- Resigned 3rd October, 1988
G H Tilston	- Appointed 19th October, 1988
R B Reading	- Resigned 1st February, 1988

Mr D W Wilson and Mr A Greasley are directors of Wilson Bowden plc, the ultimate holding company and Messrs W J Smith, J A Willcox, T V Flower, M J Stansfield, K McEwan and G H Tilston are directors of David Wilson Homes Limited, the immediate holding company.

The interests of the directors who are also directors of David Wilson Homes Limited and Wilson Bowden plc are disclosed in those companies' financial statements

Taxation

The company is a close company under the provision of the Taxes Act.

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REPORT OF THE DIRECTORS
YEAR ENDED 31ST DECEMBER, 1988

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Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with Section 384(1) of the Companies Act 1985.

BY ORDER OF THE BOARD



G M Brown
SECRETARY

13th March, 1989
Leicester Road
Ibstock

REPORT OF THE AUDITORS
YEAR ENDED 31ST DECEMBER, 1988

We have audited the financial statements on pages 4 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the Historical Cost Convention, give a true and fair view of the state of the Company's affairs at 31st December 1988 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Grant Thornton

Grant Thornton
Chartered Accountants
Coventry

13th March, 1989

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PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 1988

	<u>Notes</u>	<u>1988</u>	<u>1987</u>
		£000's	
TURNOVER	1	13,973	7,097
Cost of Sales		8,887	5,270
Gross Profit		5,086	1,827
Operating Expenses		714	582
Operating Profit		4,372	1,245
Interest Receivable		1	-
Interest Payable	2	453	169
Retained profit on ordinary activities	3	3,920	1,076
		=====	=====

REVENUE RESERVES

Reserve at 1st January, 1988	2,097
Retained profit for the year	3,920
Reserve at 31st December, 1988	6,017
	=====

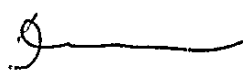
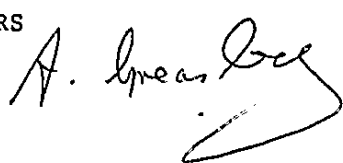
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BALANCE SHEET
AT 31ST DECEMBER 1988

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	<u>Notes</u>	<u>1988</u>	<u>1987</u>
		£000's	
CURRENT ASSETS			
Stock and Work in progress	5	14,429	7,639
Debtors	6	173	395
Bank balances and cash		608	201
		<u>15,210</u>	<u>8,235</u>
CURRENT LIABILITIES			
CREDITORS - Amounts falling due within one year	7	8,623	5,568
		<u> </u>	<u> </u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,587	2,667
		<u> </u>	<u> </u>
CAPITAL AND RESERVES			
Called up share capital	8	570	570
Profit and loss account		6,017	2,097
		<u>6,587</u>	<u>2,667</u>
		=====	=====

Approved by the Board on 13th March 1989

D W Wilson)
) DIRECTORS
A Greasley)

SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31ST DECEMBER, 1988

	<u>1988</u>	<u>1987</u>
	£000's	
<u>SOURCE OF FUNDS</u>		
Profit before taxation	3,919	1,076
	<hr/>	<hr/>
Total generated from operations	3,919	1,076
	<hr/>	<hr/>
<u>INCREASE/(DECREASE) IN WORKING CAPITAL</u>		
Stock and Work-in-Progress	6,790	4,452
Debtors	(221)	219
Creditors - amounts falling due within one year	(6,605)	(787)
Creditors - amounts falling due after more than one year	-	175
	<hr/>	<hr/>
	(36)	4,059
 Increase/(decrease) in net liquid funds	 3,956	 (2,983)
	<hr/>	<hr/>

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the Company have remained unchanged from the previous year and are set out below.

Turnover

Turnover represents house sales legally completed. Sale of land and houses previously accepted in part exchange are excluded.

Stock and Work-in-Progress

- (i) Land holdings are valued at the lower of cost and net realisable value.
- (ii) Finished houses and work-in-progress are valued at the lower of cost and net realisable value. Cost consists of direct materials, direct labour and attributable production overheads.
- (iii) Houses accepted in part exchange are valued at the lower of cost and net realisable value.

Deferred Taxation

No provision is made for deferred taxation, the directors being of the opinion that there is a reasonable probability that no such liability will arise in the foreseeable future.

2. INTEREST PAYABLE & SIMILAR CHARGES

	<u>1988</u>	<u>1987</u>
	£000's	
Interest payable on bank borrowings repayable within five years otherwise than by instalments	453	169

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 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31ST DECEMBER, 1988

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3. PROFIT ON ORDINARY ACTIVITIES IS AFTER CHARGING

	<u>1988</u>	<u>1987</u>
The directors received no emoluments during the year		
Auditor's remuneration	8	7
Hire of plant and machinery	172	90
There were no employees, excluding directors, whose emoluments were in excess of £30,000.		

4. STAFF

	<u>Number</u>	<u>Number</u>
Average number employed in the year	52	61
	==	==
	<u>1988</u>	<u>1987</u>
Aggregate amounts paid in respect of :	£000's	
Wages and salaries	447	439
Social security costs	42	41
Other pension costs	-	3
	---	---
	489	483
	===	===

5. STOCK AND WORK-IN-PROGRESS

Land holdings	10,517	5,890
Finished houses and work-in-progress	3,912	1,606
Part exchange properties	-	143
	---	---
	14,429	7,639
	=====	=====

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 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31ST DECEMBER, 1988

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6. <u>DEBTORS</u>	<u>1988</u>	<u>1987</u>
	£000's	
Trade debtors	13	18
Other debtors	160	125
Amount owed by Group Companies	-	252
	<u>173</u>	<u>395</u>
	----	----

7. <u>CREDITORS</u>		
Amounts falling due within one year :		
Bank overdraft	-	3,550
Trade creditors	676	1,317
Other creditors	195	34
Accruals	70	176
Payments in advance	256	93
Land purchase creditors	1,242	398
Amount owed to Group companies	6,184	-
	<u>8,623</u>	<u>5,568</u>
	-----	-----

8. CALLED UP SHARE CAPITAL

There was no change in the share capital during the year.

	<u>Authorised</u>	<u>Issued</u>
	<u>£000's</u>	<u>and Fully Paid</u>
	£000's	£000's
Ordinary shares of £1 each	1000	570
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9. TAX LOSSES

The company has unrelieved tax losses of £4,400,000
 (1987 : £8,300,000).

10. CAPITAL COMMITMENTS

There were no capital commitments at 31st December, 1988 or 31st December, 1987.

11. ULTIMATE HOLDING COMPANY

The ultimate holding company is Wilson Bowden plc, a company incorporated in England.

12. CONTINGENT LIABILITIES

The company has entered into performance bonds in the normal course of business.

TRADING AND PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER, 1988

	<u>1988</u>	<u>1987</u>
	£	£
<u>COST OF SALES</u>		
Direct costs and land allocation (net of trade discounts)	8,138,433	4,568,291
Indirect costs		
Site bases salaries	183,503	236,018
Site running costs	18,136	15,209
Site telephones	9,140	10,383
Travelling expenses	-	6,756
Car hire	41,316	15,111
Sales office costs	-	1,409
Showhouse expenses	103,774	24,529
Miscellaneous selling expenses	529	3,807
Architects and engineers fees	36,900	88,002
Estate agents	61,753	42,636
Legal - conveyancing fees	19,875	21,810
NHBC	47,590	28,931
Building registration fees	20,685	15,606
Planning fees	9,758	31,772
Road and water bonds	17,353	8,242
Part-exchange property costs	(7,762)	3,624
Site development	200	9,916
Land acquisition	187,940	109,794
Supervision fees	(2,236)	28,237
	<u>8,886,887</u>	<u>5,270,083</u>
	=====	=====

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 TRADING AND PROFIT AND LOSS ACCOUNT
 YEAR ENDED 31ST DECEMBER, 1989

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	<u>1988</u>	<u>1987</u>
<u>OPERATING EXPENSES</u>		
Salaries	242,250	171,312
Pension contributions	-	2,983
Travelling expenses	966	21,760
Car costs	36,588	51,400
Heat and light	-	-
Advertising and publicity	60,598	68,979
Sundry staff costs	11,556	10,524
Printing, postage and stationery	12,954	25,836
Office equipment purchases	8,352	8,295
Professional fees	2,620	20,108
Sundry expenses	4,262	5,230
Entertaining	397	138
Rent and rates	20,083	32,609
Insurance	-	541
Subscriptions and donations	2,025	3,861
Telephone and telex	15,375	25,111
Depreciation	-	-
Bank commission	-	2,103
Central allocation	165,000	106,999
Sundry income	(5,163)	(1,671)
Property running costs	11,008	19,544
Staff advertising	12,056	6,537
Re-charge to David Wilson Estates	(12,000)	-
Re-charge from plc	104,900	-
	<u>713,827</u>	<u>582,199</u>
	=====	=====