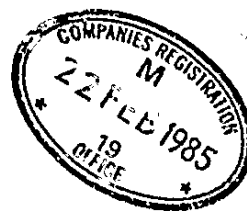


142

PRIORDRIVE LIMITED

REPORT AND ACCOUNTS  
FOR THE YEAR ENDED AUGUST 31, 1984

ARTHUR YOUNG  
CHARTERED ACCOUNTANTS  
SOUTHAMPTON



PRIORDRIVE LIMITED

DIRECTORS	J.S. McCarthy W.F. Stone R.M. Harrison T.T. Foan J. Gray FCCA ATII J. Begbie FCA
SECRETARY	R.J. Abbey ACIS
AUDITORS	Arthur Young Southampton, Hampshire
BANKERS	National Westminster Bank PLC Christchurch, Dorset
SOLICITORS	J.M.B. Turner & Co. Bournemouth, Dorset
REGISTERED OFFICE	Queensway House New Milton, Hampshire

PRIORDRIVE LIMITED

1.

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended August 31, 1984.

Review of the business

The company ceased to trade on September 1, 1983 when its assets and trade were transferred to McCarthy and Stone (Developments) Limited, a fellow subsidiary.

Directors and their interests

The composition of the board of directors of the company during one year was as follows:

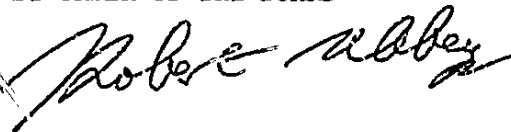
J.S. McCarthy  
W.F. Stone  
R.M. Harrison  
T.T. Foan  
J. Gray  
J. Begbie (appointed August 6, 1984)

The company is not required to disclose details of the interests of the directors as they are directors of the holding company.

Auditors

A resolution to reappoint Arthur Young (formerly Arthur Young McClelland Moores & Co.) as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



R.J. Abbey  
Secretary

January 9, 1985.



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

2.

# Arthur Young

Chartered Accountants  
Norwich House, Nelson Gate,  
Commercial Road,  
Southampton SO1 0GX

REPORT OF THE AUDITORS  
TO THE MEMBERS OF PRIORDRIVE LIMITED

We have audited the accounts on pages 3 to 9 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at August 31, 1984 and comply with the Companies Acts 1948 to 1981.

ARTHUR YOUNG  
SOUTHAMPTON

January 9, 1985.

PRIORDRIVE LIMITEDPROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED AUGUST 31, 1984

	<u>Notes</u>	£	<u>1984</u> £	<u>1983</u> £
Turnover	2		-	1,675,939
Cost of sales			-	935,270
			-----	-----
Gross profit			-	740,669
Administrative expenses			-	141,087
			-----	-----
Operating profit	3		-	599,580
				-----
Net rental income		-		20,659
Interest receivable		-		305
		-----		-----
			-	20,964
			-----	-----
Profit on ordinary activities before taxation			-	620,544
Tax on profit on ordinary activities	4		-	194,378
			-----	-----
Profit on ordinary activities after taxation and profit for the financial year			-	426,166
			-	694,437
			-----	-----
Less: Dividends			-	(268,271)
				-----
Retained profit brought forward			663,638	931,909
			-----	-----
Retained profit carried forward			£ 663,638	£ 663,638
			=====	=====

Notes on pages 5 to 9 form part of these accounts.

PRIORDRIVE LIMITED

4.

BALANCE SHEET AT AUGUST 31, 1984

	<u>Notes</u>	£	<u>1984</u> £	<u>1983</u> £
Fixed assets:	5			
Freehold reversionary interests			-	215,363
Plant and equipment			-	10,350
			-----	-----
			-	225,713
			-----	-----
Current assets:				
Stocks	6	-		1,824,085
Debtors	7	666,638		257,951
Cash at bank and in hand		-		281,145
Investments in Building Society accounts		-		2,651
			-----	-----
		666,638		2,365,832
Creditors: amount falling due within one year	8	-		1,924,907
			-----	-----
Net current assets			666,638	440,925
			-----	-----
Total assets less current liabilities			£666,638	£666,638
			=====	=====
Capital and reserves				
Called up Share Capital	11		3,000	3,000
Profit and loss account			663,638	663,638

J. Gray

J. Begbie

) Directors

January 9, 1985.

£666,638

£ 666,638

The notes on pages 5 to 9 form part of these accounts.

NOTES TO THE ACCOUNTS AT AUGUST 31, 1984

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of freehold reversionary interests.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:-

Plant and equipment over five years

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Land for development and other properties	-	Actual cost of land including incidental costs on acquisition and attributable costs of architects in gaining planning consent.
Work in progress and completed developments	-	Actual cost of land and actual direct labour and material costs plus attributable overheads based on normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are not expected to reverse in the future.

NOTES TO THE ACCOUNTS AT AUGUST 31, 1984  
(continued)

1. Accounting policies  
(continued)

Hire purchase commitments

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the contract and represents a constant proportion of the balance of capital repayments outstanding.

Freehold reversionary interests

On the sale of a unit, the company includes in its fixed assets the freehold reversionary interest at a multiple of the ground rent receivable which approximates to current market value, with a corresponding credit to profit and loss account.

2. Turnover

Turnover represents the invoiced amount of goods sold and services provided, stated net of value added tax.

3. Operating profit

(a) This is stated after charging:

	<u>1984</u>	<u>1983</u>
	£	£
Directors' remuneration (see below)	-	-
Depreciation	-	4,600
Bank interest	-	80,409
Hire purchase interest	-	1,015
	=====	=====

(b) Neither the chairman nor any other director received any remuneration during the year.



NOTES TO THE ACCOUNTS AT AUGUST 31, 1984  
(continued)

4. Tax on profit on ordinary activities

	<u>1984</u> £	<u>1983</u> £
Based on the profit for the year:		
Corporation tax (1983 52%)	-	283,000
Adjustment relating to prior years	-	(88,622)
	-----	-----
	£ -	£ 194,378
	=====	=====

If full provision had been made for the potential amount of deferred tax, the tax charge for the year in respect of timing differences arising in the year, would have been increased by £N11 (1983 £13,000). The tax charge for the year has also been reduced by £N11 (1983 £31,200) in respect of stock relief.

5. Tangible fixed assets

(a) Investment properties

Freehold reversionary interests:	£
At September 1, 1983	215,363
Disposals	(215,363)
	-----
At August 31, 1984	£ -
	=====

Freehold reversionary interests are valued annually by the directors. They are currently valued at an average of approximately seven years ground rent.

(b) Other fixed assets

	<u>Plant and</u> <u>Equipment</u> £
Cost or valuation:	
At September 1, 1983	23,000
Disposals	(23,000)
	-----
At August 31, 1984	-
	-----
Depreciation:	
At September 1, 1983	12,650
Disposals	(12,650)
	-----
At August 31, 1984	-
	-----
Net book value at August 31, 1984	£ -
	=====
Net book value at August 31, 1983	£ 10,350
	=====

NOTES TO THE ACCOUNTS AT AUGUST 31, 1984  
(continued)

6. Stocks

	Book value	
	1984	1983
	£	£
Work-in-progress	-	1,823,085
Other properties	-	1,000
	-----	-----
£	-	£1,824,085
	=====	=====

7. Debtors

	1984	1983
	£	£
Trade debtors	-	252,249
Other debtors	-	5,702
Amounts due from holding company	666,638	-
	-----	-----
£	666,638	£ 257,951
	=====	=====

8. Creditors: amounts falling due within one year

	Note	1984	1983
		£	£
Bank overdraft and loans (secured)	9	-	669,930
Obligations under hire purchase contracts		-	2,222
Current corporation tax		-	283,047
Other creditors		-	29,348
Amounts due to holding company		-	694,437
Amount due to fellow subsidiaries		-	245,923
		-----	-----
£		-	£1,924,907
		=====	=====

9. Bank overdraft and loans

Bank overdraft and loans are secured under composite guarantees given by the fellow subsidiaries of McCarthy and Stone plc.

NOTES TO THE ACCOUNTS AT AUGUST 31, 1984  
(continued)

10. Deferred taxation

There is no provision for deferred taxation in the accounts. The potential amounts in respect of capital allowances in advance of depreciation at August 31, 1984 are as follows:

	<u>1984</u>	<u>1983</u>
Capital allowances in advance of depreciation	£ -	£ 53,585
	=====	=====

11. Share capital

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
	<u>No.</u>	<u>No.</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	3,000	3,000	3,000	3,000
	=====	=====	=====	=====

12. Contingent liabilities

The company has given unlimited guarantees on the bank overdraft, loans and hire purchase facilities of fellow subsidiaries. At August 31, 1984 the amount outstanding under those guarantees was £10,056,185 (1983 - £7,886,298).

13. Holding company

The company is a wholly owned subsidiary of McCarthy and Stone plc which is incorporated in England.