



TAY HOMES ( SOUTH WEST ) LIMITED

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1995

REGISTERED NUMBER 1940936



TAY HOMES (SOUTH WEST) LIMITED

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1995

<u>CONTENTS</u>	<u>PAGES</u>
Directors' Report	2 - 3
Directors' Responsibilities Statement	4
Auditors' Report to the Members	4
Accounting Policies	5
Profit and Loss Account	6
Reconciliation of Movements in Shareholders' Funds	7
Balance Sheet	8
Notes to the Financial Statements	9 - 14

# TAY HOMES (SOUTH WEST) LIMITED

## DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 June 1995.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year continued to be that of residential estate developers and builders. The directors consider the state of affairs at the year end and the future prospects of the company to be satisfactory.

### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £307,834 (1994 - £428,994). The directors are unable to recommend the payment of a dividend for the year ended 30 June 1995. The profit for the financial year will therefore be transferred to reserves.

### DIRECTORS

The directors who held office during the year were:

Mr N A Stubbs (Chairman)

Mr C R Tyson

Mr J Underwood

Mrs J Underwood

Mr A D J Wilson was appointed a director of the company on 9 August 1995.

### DIRECTORS' INTERESTS IN SHARES

The directors who held office at the end of the year had the following interests in the shares of the ultimate parent company Tay Homes Plc.

	<u>Ordinary shares of 25p each</u>	
	<u>30 June 1995</u>	<u>30 June 1994</u>
Mr C R Tyson	14,000	14,000

The interest of Mr Stubbs in the shares of the ultimate parent company, Tay Homes Plc, is shown in the financial statements of that company. None of the other directors had any interest in the shares of group companies.

### CHANGES IN FIXED ASSETS

The movements in fixed assets during the year are set out in note 7 to the financial statements.

TAY HOMES (SOUTH WEST) LIMITED

DIRECTORS' REPORT

(CONTINUED)

AUDITORS

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

Secretary

A handwritten signature in black ink, appearing to be 'S. J. Fra', written over the word 'Secretary'.

TAY HOMES (SOUTH WEST) LIMITED

DIRECTORS' RESPONSIBILITIES

The Directors are required by UK company law to prepare financial statements for each financial year that 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 for that year.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT

TO THE MEMBERS OF TAY HOMES (SOUTH WEST) LIMITED

We have audited the financial statements on pages 5 to 14 .

RESPECTIVE DUTIES OF DIRECTORS AND AUDITORS

As described above the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 30 June 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
Leeds

*27 October 1995*

## TAY HOMES (SOUTH WEST) LIMITED

### ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies of the company which have been applied consistently is set out below.

#### **BASIS OF ACCOUNTING**

The financial statements are prepared on the historical cost basis of accounting.

#### **GOING CONCERN**

The ability of the company to continue as a going concern is dependent on the continued support of Tay Homes Plc. The directors of Tay Homes Plc have provided this assurance.

#### **TURNOVER**

Turnover represents the sales value of new properties built and contracted for during the year.

#### **TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at cost less accumulated depreciation.

#### **DEPRECIATION**

Depreciation is provided in equal annual instalments to write off the cost of tangible fixed assets over their estimated useful lives.

The following annual rates are used:

Motor vehicles	25%
Office furniture and equipment	10 - 33 1/3%
Site plant and equipment	15%
Site buildings	15%

#### **LAND FOR DEVELOPMENT**

Land for development represents all land contracted for stated at the lower of cost and net realisable value. Cost includes cost of purchase, legal fees and survey expenses.

#### **STOCKS AND WORK IN PROGRESS**

Stocks of materials have been valued at the lower of cost and net realisable value. Work in progress includes direct cost of labour, materials and site overheads. Head office overheads are not included.

#### **DEFERRED TAXATION**

The company provides for deferred taxation by the liability method on timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future.

#### **HIRE PURCHASE CONTRACTS**

Assets purchased under hire purchase contracts are capitalised and depreciation is charged to the profit and loss account in accordance with the above accounting policy. Finance charges incurred under hire purchase contracts are charged to the profit and loss account on a straight line basis.

TAY HOMES (SOUTH WEST) LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 1995

		<u>1995</u>	<u>1994</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
TURNOVER - continuing operations		13,142,558	7,142,581
Cost of sales - continuing operations		<u>(10,815,652)</u>	<u>(5,748,122)</u>
GROSS PROFIT		2,326,906	1,394,459
Operating expenses - continuing operations	3	(861,615)	(708,724)
Exceptional operating expenses	3,4	<u>(475,000)</u>	<u>-</u>
OPERATING PROFIT - continuing operations		990,291	685,735
Interest payable	2	<u>(215,261)</u>	<u>(54,136)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	775,030	631,599
Taxation	6	<u>(467,196)</u>	<u>(202,605)</u>
RETAINED PROFIT FOR THE YEAR		307,834	428,994
DEFICIT BROUGHT FORWARD		<u>(772,676)</u>	<u>(1,201,670)</u>
DEFICIT CARRIED FORWARD		<u>(464,842)</u>	<u>(772,676)</u>

The company has no recognised gains and losses other than those included within the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

TAY HOMES (SOUTH WEST) LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 30 JUNE 1995

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Profit for the year	307,834	428,994
Opening deficit on shareholders' funds	<u>(762,676)</u>	<u>(1,191,670)</u>
Closing deficit on shareholders' funds	<u><u>(454,842)</u></u>	<u><u>(762,676)</u></u>

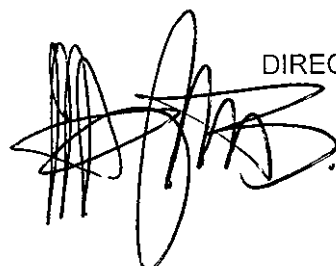


TAY HOMES (SOUTH WEST) LIMITED

BALANCE SHEET AT 30 JUNE 1995

		<u>1995</u>	<u>1994</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
FIXED ASSETS			
Tangible assets	7	<u>184,388</u>	<u>141,474</u>
CURRENT ASSETS			
Land for development		5,001,912	2,940,756
Stocks and work in progress	8	4,607,123	2,470,239
Debtors	9	4,515,550	3,166,318
Cash at bank and in hand		<u>243</u>	<u>290</u>
		<u>14,124,828</u>	<u>8,577,603</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	10	<u>(13,561,984)</u>	<u>(9,388,990)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>562,844</u>	<u>(811,387)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>747,232</u>	<u>(669,913)</u>
Creditors: amounts falling due after more than one year	10	<u>(1,202,074)</u>	<u>(92,763)</u>
NET LIABILITIES		<u>(454,842)</u>	<u>(762,676)</u>
CAPITAL AND RESERVES			
Called-up share capital	11	10,000	10,000
Profit and loss account		<u>(464,842)</u>	<u>(772,676)</u>
DEFICIT ON EQUITY SHAREHOLDERS' FUNDS		<u>(454,842)</u>	<u>(762,676)</u>

The financial statements on pages 5 to 14 were approved by the board of directors on 27<sup>th</sup> October 1995 and were signed on its behalf by:

 DIRECTOR

TAY HOMES (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1995

1. The company is a wholly owned subsidiary of Tay Homes plc and the cash flows of the company are included in the consolidated cash flow statement of Tay Homes plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
2. INTEREST PAYABLE		
On bank overdrafts and other loans:		
Repayable within 5 years not by instalments	209,075	51,937
Repayable within 5 years by instalments in respect of hire purchase contracts.	<u>6,186</u>	<u>2,199</u>
	<u>215,261</u>	<u>54,136</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation - owned assets	9,637	7,461
- assets under hire purchase contracts	<u>50,132</u>	<u>32,941</u>
	<u>59,769</u>	<u>40,402</u>
Profit on sale of fixed assets	(1,899)	(4,550)
Auditors' remuneration - audit	6,050	6,000
- other	-	1,386
Hire of plant and machinery	<u>110,964</u>	<u>46,460</u>

Operating expenses relate to administrative costs.

4. EXCEPTIONAL OPERATING EXPENSES

Exceptional operating expenses relate to the loss on the disposal of a subsidiary undertaking, Estatepass Limited. The subsidiary undertaking was acquired on 8 February 1995 for £475,000 and the company subsequently transferred its interest in Estatepass Limited to its parent company, Tay Homes Plc, for nil consideration.

TAY HOMES (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1995

(CONTINUED)

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
<b>5. DIRECTORS AND EMPLOYEES</b>		
Staff costs during the year:		
Wages and salaries	706,074	495,054
Social security costs	69,103	49,414
Other pension costs	<u>18,481</u>	<u>16,293</u>
	<u>Number</u>	<u>Number</u>
The average weekly number of persons employed by the company was:		
Administrative and management	26	21
Site personnel	<u>18</u>	<u>13</u>
	<u>44</u>	<u>34</u>
Staff costs include the following remuneration in respect of the directors of the company:	<u>£</u>	<u>£</u>
Management remuneration	165,628	146,993
Pension contributions	<u>18,360</u>	<u>16,080</u>
	<u>183,988</u>	<u>163,073</u>
The directors' remuneration disclosed above (excluding pension contributions) includes amounts paid to:		
Chairman	<u>NIL</u>	<u>NIL</u>
Highest paid director	<u>80,526</u>	<u>67,604</u>
The number of directors who received emoluments (excluding pension contributions) in the following ranges were:	<u>Number</u>	<u>Number</u>
£ 0 - £ 5,000	1	1
£30,001 - £35,000	-	1
£35,001 - £40,000	1	-
£45,001 - £50,000	1	1
£65,001 - £70,000	-	1
£80,001 - £85,000	<u>1</u>	<u>-</u>

TAY HOMES (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1995

(CONTINUED)

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
6. TAXATION		
U.K. Corporation Tax at 33% (1994 - 33%):		
Current	466,072	202,801
Prior year	<u>1,124</u>	<u>(196)</u>
	<u>467,196</u>	<u>202,605</u>

7. TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u>	<u>Fixtures, Fittings</u>	<u>Total</u>
	£	£	£
Cost:			
At 1 July 1994	167,379	48,417	215,796
Additions	66,475	38,309	104,784
Disposals	<u>(10,085)</u>	<u>-</u>	<u>(10,085)</u>
At 30 June 1995	<u>223,769</u>	<u>86,726</u>	<u>310,495</u>
Depreciation:			
At 1 July 1994	50,636	23,686	74,322
Charge for year	47,557	12,213	59,769
Eliminated on disposals	<u>(7,984)</u>	<u>-</u>	<u>(7,984)</u>
At 30 June 1995	<u>90,209</u>	<u>35,899</u>	<u>126,107</u>
Net Book Value			
30 June 1995	<u>133,561</u>	<u>50,827</u>	<u>184,388</u>
30 June 1994	<u>116,743</u>	<u>24,731</u>	<u>141,474</u>

The net book value of tangible fixed assets includes an amount of £149,310 (1994 - £125,204) in respect of assets held under hire purchase contracts.

TAY HOMES (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1995

(CONTINUED)

	<u>1995</u> £	<u>1994</u> £
8. STOCKS AND WORK IN PROGRESS		
Stocks and work in progress comprise:		
Materials and work in progress	2,569,428	2,059,839
Part exchange properties	<u>2,037,695</u>	<u>410,400</u>
	<u>4,607,123</u>	<u>2,470,239</u>
9. DEBTORS		
Amounts falling due within one year:		
Trade debtors	4,022,194	2,673,851
Other debtors	156,032	232,417
Prepayments	319,206	260,050
Amounts due from fellow subsidiaries	<u>18,118</u>	<u>-</u>
	<u>4,515,550</u>	<u>3,166,318</u>
10. CREDITORS		
Amounts falling due within one year:		
Unsecured loan notes (see below)	200,000	-
Bank overdraft (secured - note 14)	3,179,306	600,846
Obligations under hire purchase contracts	51,629	36,456
Trade creditors	3,223,538	2,396,802
Deposits and retentions received	2,942	2,089
Amounts due to parent company	2,038,499	2,071,125
Amounts due to fellow subsidiaries	3,334,718	3,396,656
Amounts due to associated company	30,692	2,911
Corporation tax	597,408	140,448
Other taxation and social security	116,222	39,175
Other creditors	32,644	20,021
Accruals and provisions	<u>754,386</u>	<u>682,461</u>
	<u>13,561,984</u>	<u>9,388,990</u>
Amounts falling due after more than one year:		
Unsecured loan notes (see below)	200,000	-
Obligations under hire purchase contracts	43,914	54,435
Trade creditors	158,160	38,328
Land creditor	<u>800,000</u>	<u>-</u>
	<u>1,202,074</u>	<u>92,763</u>

TAY HOMES (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1995

(CONTINUED)

10. CREDITORS (continued)

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Hire purchase obligations repayable by instalments:		
In one year or less	51,629	36,456
Due over one year but within two years	35,943	35,060
Due over two years but within five years	<u>7,971</u>	<u>19,375</u>
	<u>95,543</u>	<u>90,891</u>
Unsecured loan notes repayable by instalments :		
In one year or less	200,000	-
Due over one year but within two years	<u>200,000</u>	<u>-</u>
	<u>400,000</u>	<u>-</u>

On 8 February 1995 the company issued £400,000 0% unsecured loan notes, at par, in part consideration for the acquisition of Estatepass Limited (note 4). The repayment of the loan notes has been guaranteed by the company's parent company, Tay Homes Plc.

11. CALLED-UP SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
Authorised:		
10,000 ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>
Allotted, called-up and fully paid:		
10,000 ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>

12. DEFERRED TAXATION

No provision has been made for deferred taxation as no liability is expected to arise in the foreseeable future. There is no unprovided deferred tax liability at 30 June 1995.

13. CONTINGENT LIABILITY

The company has given an unlimited guarantee in favour of National Westminster Bank plc and The Royal Bank of Scotland plc, in respect of all monies due to the banks by the company's parent company and its fellow subsidiaries.

The company has given counter indemnities and guarantees to bankers and the National House Building Council in respect of performance bonds in the normal course of business.

14. BANK BORROWINGS

The sums owed by the group to National Westminster Bank plc and The Royal Bank of Scotland plc are secured by fixed and floating charges over the developments and other unsecured assets of the group.

TAY HOMES (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1995 (CONTINUED)

15. PENSION COSTS

The company's parent company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the parent company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £18,481 (1994: £16,293). Contributions totalling £3,528 (1994 - £2,340) were payable to the fund at the year end and are included in creditors.

16. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Tay Homes plc, a company registered in England and Wales. Copies of the ultimate parent's consolidated financial statements may be obtained from The Secretary, Tay Homes plc, Tay House, 55 Call Lane, Leeds LS1 7BT.