

1974269

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED



Directors

Managing Director **G W L Miller**
D Brannan
D Buckley
N Kurobasa
A M A Price
P F Quine
H Smith
C Whitaker

Secretary

B M Caple

Auditors

Ernst & Young
Old Town Court
10-14 High Street
Old Town
Swindon SN1 3EP

Bankers

Barclays Bank plc
The Chilterns Group of Branches
4 Sycamore Road
Amersham
Bucks HP6 5DT

Registered Office

Marsham House
Station Road
Gerrards Cross
Buck SL9 8ER

Company No.

1974269

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED

DIRECTORS' REPORT

The Directors submit herewith their Report and the audited Accounts for the year ended 30 September 1995 together with supporting notes and schedules.

DIRECTORS

The Directors serving throughout the Financial Year were:-

D A Rees
D Brannan
P L Marten
A M A Price
P F Quine
H Smith
C Whitaker

N Kurobasa was appointed to the Board on 15 May 1995
D Buckley was appointed to the Board on 1 October 1995.
G W L Miller was appointed to the Board on 23 January 1996
A C Turner resigned from the Board on 12 October 1994.
J Cropper resigned from the Board on 3 January 1995.
P L Marten resigned from the Board on 30 September 1995.
D A Rees resigned from the Board on 23 January 1996.

Details of the shareholdings of directors can be found in note 7 of the Accounts.

PRINCIPAL ACTIVITIES

The Company's principal activities are that of the construction and sale of homes to include partnership with Local Authorities, Housing Associations and other Corporations as Joint Developers in the United Kingdom.

REVIEW OF THE FINANCIAL YEAR

The loss for the year after taxation but before dividend was £154,904 (1994 profit £1,132,955).

The Company paid no dividend during the year. (1994 £1,786,000), after which an amount of £154,904 was transferred from reserves. (1994 transferred from reserves £653,045).

FIXED ASSETS

Details of the movements in fixed assets are given in note 9 to the Accounts.

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**AUDITORS**

Ernst & Young hold office until the Annual General Meeting and have expressed their willingness to continue as auditors. A resolution will be proposed reappointing them at the next Annual General Meeting.



B M Caple
Secretary

1 April 1996

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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, subject to any material departures disclosed and explained in the accounts;
- * prepare accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts have been prepared on a going concern basis and comply with the above requirements.

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

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**REPORT OF THE AUDITORS TO THE MEMBERS OF LOVELL PARTNERSHIPS
(SOUTHERN) LIMITED**

We have audited the accounts on pages 6 to 17 , which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

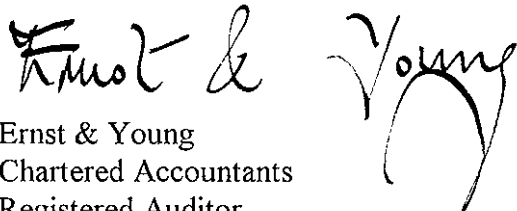
Basis of Opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 September 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Young', is written over the printed name of the firm.

Ernst & Young
Chartered Accountants
Registered Auditor
Swindon

1 April 1996

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 30 SEPTEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
<u>TURNOVER -</u>	3	55,718,122	45,860,658
<u>COST OF SALES</u>			
Ordinary		51,546,286	40,613,609
Exceptional		<u>1,381,000</u>	<u>-</u>
	4	52,927,286	40,613,609
<u>GROSS PROFIT</u>		2,790,836	5,247,049
Administration expenses	5	3,877,436	3,766,217
Other Operating Income	6	<u>369,464</u>	<u>214,355</u>
<u>OPERATING (LOSS)/PROFIT AFTER EXCEPTIONAL OPERATING ITEMS</u>		(717,136)	1,695,187
Taxation	8	(562,232)	562,232
<u>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</u>	15	<u>(154,904)</u>	<u>1,132,955</u>
Dividends Paid		<u>-</u>	<u>1,786,000</u>
RETAINED LOSS FOR THE YEAR		<u>(154,904)</u>	<u>(653,045)</u>

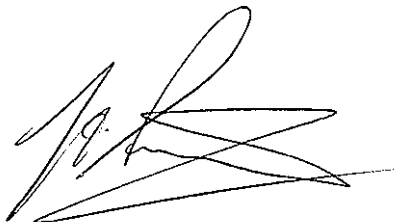
The attached notes 1 to 17 form part of the Accounts.

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

There is no difference in the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalent.

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**BALANCE SHEET AS AT 30 SEPTEMBER 1995**

	Notes	1995	1994
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	9	-	23,732
<u>CURRENT ASSETS</u>			
Stocks & Development work in progress	10	10,826,376	6,835,590
Debtors	11	9,228,840	10,770,134
Cash in hand		<u>6,408</u>	<u>6,312</u>
		20,061,624	17,612,036
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>			
Creditors & accrued liabilities	12	<u>11,429,091</u>	<u>11,512,684</u>
<u>NET CURRENT ASSETS</u>		<u>8,632,533</u>	<u>6,099,352</u>
<u>NET ASSETS LESS CURRENT LIABILITIES</u>		8,632,533	6,123,084
LONG TERM DEBT	13	<u>2,664,353</u>	<u>-</u>
		<u>5,968,180</u>	<u>6,123,084</u>
<u>CAPITAL AND RESERVES</u>			
<u>EQUITY SHARE CAPITAL</u>	14	6,000,000	6,000,000
<u>PROFIT AND LOSS ACCOUNT</u>	15	<u>(31,820)</u>	<u>123,084</u>
		<u>5,968,180</u>	<u>6,123,084</u>



H Smith
Director
1 April 1996

The attached notes 1 to 17 form part of the Accounts

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1995****1. ACCOUNTING POLICIES****1.1. BASIS OF ACCOUNTS**

The accounts have been prepared on the going concern basis and in accordance with applicable accounting standards under the historical cost convention.

1.2. DEVELOPMENT WORK IN PROGRESS AND PART EXCHANGE PROPERTIES

These assets are stated at the lower of cost and net realisable value. Cost, in the case of properties under development, includes related development overheads.

1.3. FIXED ASSETS

Plant, vehicles and equipment are depreciated to estimated residual values evenly over their anticipated useful lives. These are generally from three to five years.

1.4. LEASED ASSETS

Rentals paid under operating leases are charged to the Profit and Loss Account as incurred.

1.5. PENSION COSTS

The cost of providing pension benefits is charged to the profit and loss account over the period benefiting from the employees service.

1.6 CAPITAL INSTRUMENTS

Capital Instruments issued by the Company are classified as debt or shares in accordance with the definitions introduced by Financial Reporting Standard 4 "Capital Instruments". Shares issued are further classified into equity and non-equity components.

1.7 GROUP ACCOUNTS

The Company is exempt from preparing group accounts as it is a wholly owned subsidiary of a UK parent.

1.8 CASH FLOWS

As the Company is a wholly owned subsidiary undertaking of a parent established under law in the United Kingdom, no cash flow has been prepared.

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1995****2. ULTIMATE HOLDING COMPANY**

The ultimate parent undertaking is Y J Lovell (Holdings) plc incorporated in England. The address of the principal place of business for Y J Lovell (Holdings) plc is Marsham House, Station Road, Gerrards Cross, Buckinghamshire, SL9 8ER. Copies of the Group accounts can be obtained from the Registrar of Y J Lovell (Holdings) plc at this address. The Company's immediate holding undertaking is Lovell Partnerships Homes Limited registered in England, and its principal place of business is Elm Tree Court, Devizes, Wilts, SN10 1NH.

3. TURNOVER

Turnover is attributable to the proceeds of sale of homes on legal completion and the value of work executed on contracts, all in the United Kingdom.

1995	1994
£	£

4. COST OF SALES

Which includes:-

Operating Lease Rentals in respect of Plant and Machinery	566,670	303,283
Other Operating Lease Charges	174,136	144,787
Exceptional Loss on Contracts	<u>1,381,000</u>	<u>-</u>

5. ADMINISTRATION EXPENSES

	1995	1994
	£	£
Depreciation	23,732	28,124
Operating Lease Rentals in Respect of Plant and Machinery	-	4,120
Other Operating Lease Rentals	<u>143,239</u>	<u>144,922</u>

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1995**

	1995 £	1994 £
6. <u>OTHER OPERATING INCOME:-</u>		

Interest Receivable:-

Intra Group	369,464	214,355
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Interest is receivable at a rate of 1% below Barclays Bank base rate per annum.

7. DIRECTORS AND EMPLOYEES REMUNERATION

	Number	Number
The average weekly number of employees (inclusive of executive directors) during the year was		
Directors and Staff	97	85
Operatives	<u>97</u>	<u>89</u>
	<u>194</u>	<u>174</u>
Staff costs during the year amounted to:	£	£
Wages and Salaries	3,557,336	3,232,372
Social security costs	281,649	257,316
Other pensions costs	<u>249,356</u>	<u>236,165</u>
	<u>4,088,341</u>	<u>3,725,853</u>

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1995****DIRECTORS AND EMPLOYEES REMUNERATION (Cont)**

	1995	1994
<u>Directors' Remuneration</u>	£	£
		(Restated)
Directors' remuneration including pensions contributions:-	<u>268,405</u>	<u>354,992</u>
Chairman's remuneration	<u>Nil</u>	<u>Nil</u>
Highest paid Director (excluding pension contributions)	<u>52,335</u>	<u>100,322</u>

Included in the above for 1995 is £30,000 (1994 £30,000) compensation paid to former Directors

The remuneration (excluding pension contributions) of all the Directors fell within the following ranges:

	Number	Number (Restated)
Up to £5,000	5	5
£10,001-£15,000	-	1
£20,001-£25,000	1	-
£45,001-£50,000	-	1
£50,001-£55,000	2	2
£60,001-£65,000	-	1
£65,001-£70,000	2	-
£100,001-£105,000	-	1

Bonus payments under the Company's discretionary bonus scheme are earned in one year and paid in the following year. Previously they have been disclosed in the year that they have been paid, not earned, notwithstanding the fact that they were accrued in the previous year. The Directors have decided it would be better to disclose the bonuses in the year to which they relate. Previous years emoluments have been restated accordingly.

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1995****DIRECTORS AND EMPLOYEES REMUNERATION (Cont)****DIRECTORS' INTERESTS**

No Director has any beneficial interest in the share capital of any subsidiary of Y J Lovell (Holdings) plc.

The Directors (other than those whose interests are disclosed in the accounts of the ultimate or immediate parent undertakings) had the following interests in the share capital of Y J Lovell (Holdings) plc at 30 September 1995 and at 30 September 1994, or on appointment:

	1995			1994		
	Ordinary Shares 10p	Share Options 10p	Type of Option	Ordinary Shares 10p	Share Options 10p	Type of Option
Name of Director:						
D Brannan	2,276	1,390 15,000	Exec 1993 Exec 1994	2,276	1,390 15,000	Exec 1993 Exec 1994
P L Marten	-	1,390 15,000	Exec 1993 Exec 1994	-	1,390 15,000	Exec 1993 Exec 1994
C J Whitaker	90	1,390 15,000	Exec 1993 Exec 1994	90	1,390 15,000	Exec 1993 Exec 1994

Details of the various option schemes can be found in the Accounts of Y J Lovell (Holdings) plc.

8. TAXATION

	1995 £	1994 £
The credit/(charge) for the year is:		
Corporation tax		
- previous year	<u>562,232</u>	<u>(562,232)</u>

Corporation tax for the current year is calculated at 33% (1994 33%) of the profit for the year as adjusted for tax purposes. There is no liability for deferred taxation potential or otherwise.

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1995****9. TANGIBLE FIXED ASSETS**

	Fixtures, Fittings and Equipment £
COST	
1 October 1994 and at 30 September 1995	<u>421,007</u>
DEPRECIATION	
1 October 1994	397,275
Provision for Year	<u>23,732</u>
30 September 1995	<u>421,007</u>
NET BOOK VALUE	
30 SEPTEMBER 1995	<u>-</u>
NET BOOK VALUE	
30 SEPTEMBER 1994	<u>23,732</u>

10. DEVELOPMENT WORK IN PROGRESS AND PART EXCHANGE PROPERTIES

	1995 £	1994 £
Work in Progress:-		
Residential developments and undeveloped land	10,300,220	6,571,383
Part Exchange Properties	<u>526,156</u>	<u>264,207</u>
	<u>10,826,376</u>	<u>6,835,590</u>

During the year project specific interest amounting to £230,604 was charged to work in progress (1994 £115,539).

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1995**

11. <u>DEBTORS</u>	1995	1994
	£	£
Due within one year:		
Trade Debtors	12,785	11,926
Amounts Receivable on Contracts	6,176,648	5,799,785
Amounts Recoverable on Contracts	842,709	1,075,285
Due from Parent Undertaking	-	2,244,301
Corporation Tax	562,232	-
Due from Fellow Subsidiary Undertakings	646,116	559,292
Value Added Tax	460,204	442,947
Prepayments and accrued income	133,796	227,891
Mortgage Debt	228,350	187,964
Other Debtors	166,000	53,400
Due after more than one year:		
Mortgage Debt	-	108,843
Other Debtors	-	58,500
	<u>9,228,840</u>	<u>10,770,134</u>

Interest is receivable on the above inter company debtor at a rate of 1% below Barclays Bank base rate per annum.

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1995**

	1995	1994
	£	£
12. <u>CREDITORS</u>		
Amounts falling due within one year:		
Trade creditors	7,709,782	6,685,981
Other Creditors:		
Parent Companies Current Account	38,296	-
Building Society secured loan	-	449,073
Corporation Tax	-	562,232
Other taxation and social security	861	11,494
Accruals & deferred income	3,680,152	3,803,904
	<hr/>	<hr/>
	<u>11,429,091</u>	<u>11,512,684</u>

13. LONG TERM DEBT

Barclays Bank Loan Account	<u>2,664,353</u>	<u>-</u>
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Interest is charge on the above loan at a rate of 1.5% above LIBOR per annum. The loan is secured by a floating charge over the work in progress of the project to which it relates.

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1995****14. EQUITY SHARE CAPITAL**

1995

1994

£

£

The share capital is as follows:

Authorised, Issued and
Fully Paid

6,000,000 (1994 6,000,000) Ordinary shares of £1 each	<u>6,000,000</u>	<u>6,000,000</u>
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15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT IN RESERVES

	Share Capital £	Profit and Loss Account £	Total £
At 1 October 1993	500,000	776,129	1,276,129
Profit in Year		1,132,955	1,132,955
Shares Issued	5,500,000		5,500,000
Dividend	_____	<u>(1,786,000)</u>	<u>(1,786,000)</u>
At 1 October 1994	6,000,000	123,084	6,123,084
Loss in Year	_____	<u>(154,904)</u>	<u>(154,904)</u>
At 30 September 1995	<u>6,000,000</u>	<u>(31,820)</u>	<u>5,968,180</u>

LOVELL PARTNERSHIPS (SOUTHERN) LIMITED**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 1995****16. PENSIONS**

The Company does not operate its own pension scheme, however its employees are eligible to join the Lovell Group Scheme. This scheme, which is a funded scheme, is of the defined benefit type. Contributions to the scheme are charged to the Profit and Loss Account so as to spread the cost over the employees working lives within the group. Such costs are funded in accordance with the advice of a professionally qualified Actuary. Details of the last formal valuation of the Group scheme which was carried out at 31 March 1994, but including allowances for events up to 30 September 1995, are contained in the accounts of Y J Lovell (Holdings) plc.

The Company paid £249,356 (1994 £236,165) for the year.

17. CONTINGENT LIABILITIES

Under the terms of the Lovell Group's UK banking agreements, security has been granted over the Company's assets to the Group's UK Bankers. A feature of these banking arrangements is that the company has provided a guarantee in respect of the Group's bank borrowings which at 30 September 1995 were £26,831,000. (1994 £20,530,000).