

Midas Homes Limited
Financial statements
for the year ended 30 June 2001

Registered Number 2714200



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Midas Homes Limited

Financial statements

for the year ended 30 June 2001

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Midas Homes Limited

Directors and Advisors for the year ended 30 June 2001

Directors

G P Fitzgerald (Chairman)

I Baker (appointed 1 May 2000)

W E Cawse

R J Hayman (appointed 1 May 2000)

J E Macey

M A Noble

R C Stone (appointed 1 May 2000)

C M R Stubbs (appointed 1 May 2000)

D R Wood

Secretary

P A Davies (resigned 15 September 2000)

R Barraclough (appointed 15 September 2000)

Auditors

PricewaterhouseCoopers

Harman House

George Street

Uxbridge

UB8 1QQ

Registered Office

Wolvey

Hinckley

Leicestershire

LE10 3JH

Registered Number

2714200

Midas Homes Limited

Directors' report for the year ended 30 June 2001

The directors present their report and the audited financial statements of the company for the year ended 30 June 2001.

Principal activities

The principle activities of the company are residential property development, social housing and urban regeneration, primarily in Devon, Cornwall and Somerset.

Review of business and future developments

Social Housing comprised 34.2% of our total turnover for the year and continues to be an important part both of the company's present business and future plans with the Social Housing Department being strengthened during the year.

The speculative housing market continued to be strong during the year with sales price inflation and a further change in sales mix causing the average selling price to increase again from £117,700 to £133,800.

On the 3 April 2001 the company acquired through a Deed of Trust executed by the ultimate parent company Galliford Try Plc, the entire share capital of Gerald Wood Homes Limited for a consideration of shares and Loan Notes amounting to £1,086,000. Gerald Wood Homes Limited specialises in developing distinctive houses and flats in prime locations in the South West.

The Directors consider the position of the company at the end of the year to be satisfactory and, providing that there are no major changes in our markets, anticipate that the company will be able to further consolidate its position in the South West in the coming year.

Results and dividends

The results for the year are set out on page 6 of the financial statements.

The directors propose a dividend of £790,600 for the year (2000: £840,000).

Post balance sheet events

On 26 July 2001 Galliford Try plc acquired the entire issued share capital of Knapp Group Limited for a total consideration, dependent upon completion accounts, amounting to £4,050,000. The business of Knapp Group Limited will be transferred into Midas Homes Limited.

Directors and their interests

The directors of the company at 30 June 2001, all of whom have been directors for the whole of the year ended on that date unless indicated, are stated on page 1.

During the year Mr Philip Bradford, Mr Leonard Lewis and Mr John Livingston retired as directors of the company on 29 October 1999, 31 July 1999 and 28 September 1999 respectively.

Midas Homes Limited

The interests of the directors in the shares of Galliford Try plc are given below:

	Ordinary shares		Share options and restricted share awards	
	2001	2000	2001	2000
W Cawse	-	-	112,463	-
G P Fitzgerald	656,946	184,916	27,207	-
R J Hayman	6,348	-	6,925	6,348
J E Macey	-	-	21,765	-
R C Stone	9,069	-	8,258	17,327
C M R Stubbs	-	-	27,838	13,764
D R Wood	485,840	38,330	47,393	-

A total of 229,827 share options were granted during the year and 15,417 exercised.

M A Noble is a director of Galliford Try plc, the company's ultimate parent company, and his interests are disclosed in the financial statements of Galliford Try plc.

No director holds any shares in Midas Homes Limited.

Policy and practice on payment of creditors

The company agrees payment terms with its suppliers and seeks to abide by these terms when it is satisfied that goods and/or services have been provided in accordance with the relevant contractual arrangements.

Trade creditors at the year end represented 35 days (2000: 43 days) of purchases.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 June 2001 and that applicable accounting standards have been followed.

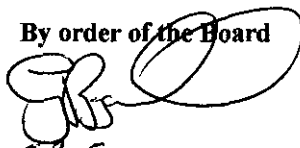
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Midas Homes Limited

Auditors

During the year, RSM Robson Rhodes resigned as auditors of the company and PricewaterhouseCoopers were appointed in their place. PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



G.R. Fitzgerald
Director

10 September 2001

Midas Homes Limited

Independent auditors' report to the members of Midas Homes Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 affairs of the company at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Uxbridge

10 September 2001

Midas Homes Limited

Profit and loss account for the year ended 30 June 2001

	Note	2001 £'000	2000 £'000
Turnover		39,286	38,848
Cost of sales		(34,972)	(33,783)
Gross profit		4,314	5,065
Administrative expenses		(1,989)	(1,923)
Operating profit	1	2,325	3,142
Income from shares in group undertakings		110	-
Profit on ordinary activities before interest		2,435	3,142
Interest receivable and similar income		4	-
Interest payable and similar charges	4	(794)	(744)
Profit on ordinary activities before taxation		1,645	2,398
Tax on profit on ordinary activities	5	(487)	(741)
Profit for the financial year		1,158	1,657
Dividends proposed		(791)	(840)
Retained profit for the financial year	14	367	817

The profit and loss account has been changed from format 2 to format 1 this year as the directors consider this to be more consistent with other companies within the Galliford Try plc group.

All of the above figures, including comparatives, relate to continuing operations.

The group has no recognised gains or losses other than the results for the year set out 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.

Midas Homes Limited

Balance sheet as at 30 June 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	6	297	302
Investments	7	1,086	-
		1,383	302
Current assets			
Stock	8	7,852	7,168
Development land		10,388	7,340
Debtors	9	8,333	4,315
Cash at bank and in hand		406	1,785
		26,979	20,608
Creditors: amounts falling due within one year	10	(24,982)	(17,893)
Net current assets		1,997	2,715
Total assets less current liabilities		3,380	3,017
Creditors : amounts falling due after more than one year	11	-	(4)
Net assets		3,380	3,013
Capital and reserves			
Called up share capital	13	250	250
Profit and loss account	14	3,130	2,763
Equity shareholders' funds	15	3,380	3,013

The financial statements on pages 6 to 18 were approved by the board of directors on 10 September 2001 and were signed on its behalf by:


Director

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Midas Homes Limited

Accounting policies

Basis of accounting

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

Consolidation

Under the provision of section 228 of the Companies Act 1985 the company is exempt from preparing consolidated accounts therefore the accounts show information about the company as an individual entity.

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 'Cash flow Statements', and therefore no such statement has been produced.

Turnover

Turnover, which excludes value added tax is represented by:

- private housebuilding – the value of unit sales on legal completion
- construction – the value of work executed

Investments

Investments are stated at cost less provision for impairment.

Joint arrangements that are not entities

The company undertakes residential developments under unincorporated joint arrangements with trading partners where it provides capital and acts as development co-ordinator responsible for supervising and co-ordinating all aspects of the developments, including building work, site management, sale and ancillary activities normally undertaken by contractors.

Financial Reporting Standard No. 9 "Associates and Joint Ventures" classifies this type of arrangement as a "joint arrangement that is not an entity" and accordingly the company's share of turnover and profits less losses attributable to such arrangements is included where appropriate in the balance sheet.

Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Short leasehold property	over the period of the lease
Plant and machinery	33
Fixtures, fittings and office equipment	33
Motor vehicles	25

Midas Homes Limited

Leases

Assets held under finance leases and hire purchase contracts are included in tangible fixed assets at cost and depreciated over their anticipated useful lives.

The capital element of outstanding obligations is included in creditors. The finance element of lease payments is charged to the profit and loss account as interest payable.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Stocks and work in progress

Stocks, including development land, and work in progress are valued at the lower of actual cost (including attributable overheads) and estimated net realisable value.

Amounts recoverable on contracts are stated at cost plus attributable profits less any foreseeable losses and payments on account and are included in debtors.

Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation) has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

Pensions

The expected cost to the company of pension benefits is charged to the profit and loss account so as to spread the cost over the employees' estimated service lives.

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Notes to the financial statements for the year ended 30 June 2001

1 Operating profit

	2001 £'000	2000 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
- owned assets	92	68
- under finance leases	3	8
Auditors' remuneration:		
- audit	17	18
- non-audit	-	-
Operating lease rentals:		
- plant and machinery	237	215
- land and buildings	26	23

2 Directors' emoluments

	2001 £'000	2000 £'000
Aggregate emoluments	492	632

Retirement benefits are accruing to 8 (2000: 6) directors under a defined benefit scheme. During the year two (2000: nil) directors exercised options over shares of Galliford Try plc.

The emoluments of Mr Noble are paid by the ultimate parent company which makes no recharge to the company other than through the group management charges. Mr Noble is a director of the parent company and a number of fellow subsidiaries of the Galliford Try group and it is not possible to make an accurate apportionment in respect of the subsidiaries. Accordingly the above details include no emoluments in respect of Mr Noble.

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Highest paid director	2001 £'000	2000 £'000
Aggregate emoluments	94	238
Defined benefit pension scheme:		
Accrued pension at end of year	5	3

3 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2001	2000
Production and sales	144	147
Management and administration	36	27
	180	174

Employee costs (including executive directors):

	2001 £'000	2000 £'000
Wages and salaries	3,819	3,520
Social security costs	296	321
Other pensions costs (note 17)	96	122
	4,211	3,963

4 Interest payable and similar charges

	2001 £'000	2000 £'000
Interest payable and bank loans and overdrafts	781	725
Interest payable on other loans	7	18
Interest payable on hire purchase	1	1
Other interest payable	5	-
	794	744

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5 Tax on profit on ordinary activities

	2001 £'000	2000 £'000
Taxation on the profit for the year		
UK corporation tax at 30% (2000: 30%)	492	738
Deferred tax	(5)	-
Prior year adjustment for under provision	-	3
	487	741

6 Tangible assets

	Short leasehold property £'000	Plant and machinery £,000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 July 2000	156	47	246	449
Additions	17	52	21	90
At 30 June 2001	173	99	267	539
Accumulated depreciation				
At 1 July 2000	13	19	115	147
Charge for the year	12	27	56	95
At 30 June 2001	25	46	171	242
Net book amount				
At 30 June 2001	148	53	96	297
At 30 June 2000	143	28	131	302

The net book value of plant and machinery includes £7,000 (2000: £10,000) assets held under finance leases and hire purchase agreements.

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7 Investments

	£'000
Shares in group undertakings	
At 1 July 2000	-
Investment in Gerald Wood Homes Limited	1,086
At 30 June 2001	1,086

The company holds 100% of the issued ordinary share capital of Midas Homes 2000 Limited, a non-trading company and Charles Scott Homes (South West) Limited, a company incorporated on 25 August 2000. The company also holds 100% of the issued share capital of Gerald Wood Homes Limited through a Deed of Trust executed by the ultimate parent company, Galliford Try Plc. All of the companies are registered in the United Kingdom.

Consolidated financial statements are not prepared as the company is a wholly owned subsidiary of another United Kingdom company. In the opinion of the directors of the company, the aggregate value of the assets of the company comprising share in, or amounts owing from, the company's subsidiary undertaking is not less than the aggregate of the amounts at which these assets are stated or included in the company's balance sheet.

8 Stocks

	2001 £'000	2000 £'000
Work in progress	7,294	6,875
Finished goods and goods for resale	558	293
	7,852	7,168

Midas Homes Limited

9 Debtors

	2001 £'000	2000 £'000
Trade debtors	1,555	2,921
Amounts owed by group undertakings	4,676	-
Amounts recoverable on contracts	1,457	324
Other debtors	496	977
Prepayments and accrued income	136	85
Deferred taxation (note 12)	13	8
	8,333	4,315

Trade debtors include £13,000 (2000: £8,000) falling due after more than one year.

10 Creditors – Amounts falling due within one year

	2001 £'000	2000 £'000
Bank loans and overdrafts	12,420	6,479
Trade creditors	4,053	4,716
Amounts owed to group undertakings	1,536	302
Finance leases	6	9
Corporation tax	291	675
Other taxation and social security	134	126
Other creditors	2,715	2,160
Accruals and deferred income	140	444
Proposed dividend	791	840
Development land creditor	2,896	2,142
	24,982	17,893

Included in the development land creditor is an amount of £433,334 which is secured on a specific development.

Finance lease and hire purchase obligations are secured on the assets to which they relate.

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11 Creditors – Amounts falling due after more than one year

	2001 £'000	2000 £'000
Hire purchase obligations	-	4

12 Deferred taxation

	Deferred taxation asset £'000
At 1 July 2000	8
Transferred to profit and loss account	5
At 30 June 2001 (note 9)	13

Analysis of deferred taxation asset:

	Amount provided		Amount unprovided	
	2001	2000	2001	2000
	£	£	£	£
Accelerated capital allowances	13	8	-	-
Other timing differences	-	-	-	-
	13	8	-	-

13 Called up share capital

	2001 £'000	2000 £'000
Authorised		
1,000,000 ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
250,000 ordinary shares of £1 each	250	250

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14 Profit and loss account

	£'000
At 1 July 2000	2,763
Retained profit for the year	367
At 30 June 2001	3,130

15 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Profit on ordinary activities after taxation	1,158	1,657
Dividends	(791)	(840)
Increase in shareholders' funds	367	817
Opening shareholders' funds	3,013	2,196
Closing shareholders' funds	3,380	3,013

16 Contingent liabilities

- (a) There were contingent liabilities under composite guarantees given by the parent company and its subsidiaries in respect of bank facilities of group companies. At 30 June 2001 such facilities had been utilised to the extent of £35,211,000 (2000: £1,389,000). It is not expected that any liability will be incurred in respect of these guarantees.
- (b) At 30 June 2001 the company has given indemnities to NHBC, Hermes Credit & Guarantee PLC and De Montfort Insurance Company PLC in respect of bonds given in the normal course of business amounting to £3,970,000 (2000: 4,620,000).

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17 Pension commitments

Certain employees of the company are covered by one of the funded defined benefit pension schemes operated by the Galliford Try plc. The company is unable to identify its share of the underlying assets and liabilities of the schemes. The cost of providing for pensions is charged to the profit and loss account as incurred.

The pension funding costs are assessed in accordance with actuarial valuations made triennially by external professional actuaries. The latest actuarial valuations were carried out as at 1 April 2000 and particulars are contained in the financial statements of Galliford Try plc, the ultimate parent company. Pension costs for the year amounted to £96,000 (2000: £122,000).

18 Financial commitments

At 30 June 2001 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	-	-	31	220
Within two to five years	26	23	159	261
	26	23	190	481

19 Related party disclosures

The following disclosures are required by Financial Reporting Standard No. 8:

- (a) The company has entered into joint arrangements with various third parties for the purposes of residential property development at locations in the West Country. These arrangements are unincorporated and the company's share of profits and assets and liabilities of these arrangements ranges from 12.5% to 50%. During the year ended 30 June 2001, costs totalling £3,290,000 (2000: £6,323,000) were invoiced to these arrangements and balances due to and by the company are included within other debtors (note 9) and other creditors (note 10) respectively.
- (b) Prior to its acquisition, Midas Homes had purchased land from Gerald Wood Homes for £1,105,000. During the year ended 30 June 2001, Crownway Builders Limited, a company of which Messrs G P Fitzgerald and D R Wood are directors, carried out construction contracts valued at £94,050 and Castle Grove Properties Limited, a company of which G P Fitzgerald is a director, provided construction services valued at £38,750. There were no balances outstanding at the year end.
- (c) The company is a wholly owned subsidiary of Galliford Try plc and as such has taken exemptions under FRS 8, related party disclosures. Consequently intra-group transactions are not disclosed.

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20 Acquisition

On 3 April 2001 the company acquired, through a Deed of Trust from the ultimate parent company Galliford Try Plc, the entire issued share capital of Gerald Wood Homes Limited from G P Fitzgerald and D R Wood who were non-executive directors of Midas Homes Limited. The maximum consideration will be £1,150,000. The initial consideration of £496,000 was satisfied by the issue of ordinary shares in Galliford Try Plc to the value of £300,000 with the remainder by 10 year loan notes. Further consideration will be payable contingent on securing planning consents on sites that the company has under contract, and it is now expected that this will be no more than £550,000.

21 Ultimate parent undertaking

The immediate parent company is Midas Homes Holdings Limited which is registered in England and Wales.

The ultimate parent company and controlling party is Galliford Try plc which is registered in England and Wales. Copies of the consolidated financial statements of Galliford Try plc can be obtained from The Company Secretary, Galliford Try plc, Cowley Business Park, Cowley, Uxbridge, UB8 2AL.