

**Midas Homes Limited**  
**Financial statements**  
**for the year ended 30 June 2004**

**Registered Number 2714200**



**Midas Homes Limited**  
**Financial statements**  
**for the year ended 30 June 2004**  
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# **Midas Homes Limited**

## **Directors and Advisors for the year ended 30 June 2004**

### **Directors**

G P Fitzgerald

I Baker (resigned 31 May 2004)

W E Cawse

R J Hayman

J E Macey

M A Noble (resigned 1 September 2003)

R C Stone

D R Wood

S M Borer

D A Luke (resigned 31 October 2003)

A G S Addison (appointed 1 March 2004)

T Douglass (appointed 1 July 2004)

### **Secretary**

R Barraclough

### **Auditors**

PricewaterhouseCoopers LLP

Harman House

George Street

Uxbridge

UB8 1QQ

### **Registered Office**

Cowley Business Park

Cowley

Uxbridge

Middlesex

UB8 2AL

### **Registered Number**

2714200

# Midas Homes Limited

## Directors' report for the year ended 30 June 2004

The directors present their report and the audited financial statements of the company for the year ended 30 June 2004.

### Principal activities

The principal activities of the company are residential property development, social housing and urban regeneration, primarily in Devon, Cornwall and Somerset although the business is now expanding eastwards into Wiltshire and Gloucestershire.

### Review of business and future developments

The speculative housing business continued to be strong during the year with an increase in the average selling price from £159,700 to £202,370.

The social housing business represented 24% of the total company's turnover, in line with the previous year.

The directors consider the position of the company at the end of the year to be satisfactory and, providing there are no major changes in our markets, anticipate that the company will be able to maintain its position as one of the major housebuilders in the South West.

### Results and dividends

The results for the year are set out on page 5 of the financial statements.

The directors propose a dividend of £6,255,000 for the year (2003: £6,022,000) .

### Directors and their interests

The directors of the company at the date of this report, all of whom have been directors for the whole of the year ended on that date unless indicated, are stated on page 1. The interests of the directors in the shares of Galliford Try plc are given below except for G P Fitzgerald who is also a director of Galliford Try plc and his interests in the shares of the ultimate parent company are shown in the accounts of Galliford Try plc:

	Ordinary shares		Share options and restricted share awards	
	2004 Number	2003 Number	2004 Number	2003 Number
W E Cawse	21,765	20,000	141,600	254,063
S M Borer	-	-	40,000	40,000
R J Hayman	6,925	6,348	9,600	16,525
J E Macey	-	-	21,765	21,765
R C Stone	19,327	19,327	9,600	9,600
D R Wood	38,330	663,002	47,393	47,393
A G S Addison	2,720	2,720	-	-

No director holds any shares in Midas Homes Limited.

# **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 2004: 32 days (2003: 51 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 2004 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.

## **Auditors**

The auditors, PricewaterhouseCoopers LLP, 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



W E Cawse

**Director**

9 September 2004

# **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, the accounting policies and the related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and 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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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.

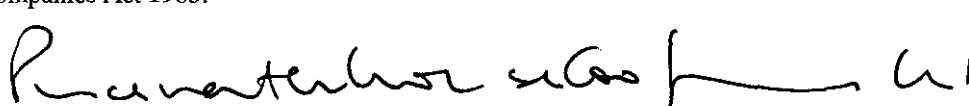
### **Basis of audit opinion**

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 the company's affairs at 30 June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

West London

9 September 2004

# Midas Homes Limited

## Profit and loss account for the year ended 30 June 2004

	Note	2004 £'000	2003 £'000
<b>Turnover</b>		<b>57,654</b>	50,008
Cost of sales		(44,634)	(37,643)
<b>Gross profit</b>		<b>13,020</b>	12,365
Administrative expenses		(3,725)	(3,353)
<b>Operating profit</b>	1	<b>9,295</b>	9,012
Income from shares in group undertakings		351	355
<b>Profit on ordinary activities before interest</b>		<b>9,646</b>	9,367
Interest receivable and similar income		5	5
Interest payable and similar charges	4	(791)	(893)
<b>Profit on ordinary activities before taxation</b>		<b>8,860</b>	8,479
Tax on profit on ordinary activities	5	(2,605)	(2,457)
<b>Profit for the financial year</b>		<b>6,255</b>	6,022
Dividends proposed of £25.02 per share (2003: £24.09 per share)		(6,255)	(6,022)
<b>Retained profit for the financial year</b>	13	-	-

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 2004

	Note	2004 £'000	2003 (restated) £'000
<b>Fixed assets</b>			
Tangible assets	6	376	440
Investments	7	1,086	1,086
		<b>1,462</b>	<b>1,526</b>
<b>Current assets</b>			
Developments	8	44,879	28,861
Debtors	9	5,798	7,468
Cash at bank and in hand		124	116
		<b>50,801</b>	<b>36,445</b>
<b>Creditors: amounts falling due within one year</b>	10	<b>(48,883)</b>	<b>(34,591)</b>
<b>Net current assets</b>		<b>1,918</b>	<b>1,854</b>
<b>Total assets less current liabilities</b>		<b>3,380</b>	<b>3,380</b>
<b>Net assets</b>		<b>3,380</b>	<b>3,380</b>
<b>Capital and reserves</b>			
Called up share capital	12	250	250
Profit and loss account	13	3,130	3,130
<b>Equity shareholders' funds</b>	14	<b>3,380</b>	<b>3,380</b>

The financial statements on pages 5 to 17 were approved by the board of directors on 9 September 2004 and were signed on its behalf by:



S M Borer  
Director



# **Midas Homes Limited**

## **Accounting policies**

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are 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 and profit**

Turnover comprises the value of legal completions of private housebuilding, contracted development sales and the construction work executed during the year, and excludes value added tax. The results for the year include adjustments for the outcome of contracts executed in both the current and preceding years. These adjustments arise from claims by customers or third parties and variations on customers or third parties for variations on the original contract. Provisions for claims against the company is made as soon as it is believed that a liability will arise, but claims and variations made against the company are not recognised in the profit and loss account until the outcome is reasonably certain. Where it is foreseen that a loss will arise on a contract, full provision for this loss is made.

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

### **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.

# **Midas Homes Limited**

## **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
Computer Equipment	25
Motor vehicles	25

## **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 or the lease term, whichever is the shorter.

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.

## **Developments**

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

## **Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

## **Deferred tax**

Deferred tax is accounted for on an undiscounted basis at expected rates on all differences arising from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted.

## **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 with the company, in accordance with advice from independent actuaries.

# **Midas Homes Limited**

## **Notes to the financial statements for the year ended 30 June 2004**

### **1 Operating profit**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit is stated after charging		
Depreciation of tangible fixed assets		
- owned assets	<b>158</b>	181
Auditors' remuneration:		
- audit	<b>15</b>	15
Operating lease rentals:		
- plant and machinery	<b>163</b>	360
- land and buildings	<b>24</b>	19

### **2 Directors' emoluments**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments	<b>907</b>	883

Retirement benefits are accruing to 8 (2003: 9) directors under a defined benefit scheme. One director is a member of a defined contribution scheme and company contributions of £6,800 were made in the year. During the year three (2003: one) directors exercised options over shares of Galliford Try plc.

The emoluments of Mr Fitzgerald are paid by the ultimate parent company, which makes no recharge to the company other than through the group management charges. Mr Fitzgerald was 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 Fitzgerald.

## Midas Homes Limited

Highest paid director	2004 £'000	2003 £'000
Aggregate emoluments	234	169
Defined benefit pension scheme:		
Accrued pension at end of year	15	6

The highest paid director exercised 21,765 share options (exercise price 23.5p) during the year (2003: nil).

### 3 Employee information

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

By activity	2004	2003
Production and sales	91	104
Management and administration	75	81
	166	185

Employee costs (including executive directors):

	2004 £'000	2003 £'000
Wages and salaries	4,804	5,094
Social security costs	445	416
Other pensions costs (note 16)	785	334
	6,034	5,844

### 4 Interest payable and similar charges

	2004 £'000	2003 £'000
Interest payable on bank loans and overdrafts	544	616
Group interest payable	199	217
Finance charges payable	47	55
Other interest payable	1	5
	791	893

# Midas Homes Limited

## 5 Tax on profit on ordinary activities

	2004 £'000	2003 £'000
<b>Current tax:</b>		
UK corporation tax on profits of the period	2,572	2,474
Adjustment in respect of previous periods	42	(7)
Total current tax	2,614	2,467
<b>Deferred tax (see note 11):</b>		
Origination and reversal of timing differences - current year	(1)	(12)
Adjustment in respect of previous periods	(8)	2
Total deferred tax	(9)	(10)
Tax charge on profit on ordinary activities	2,605	2,457

The tax for the period is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	8,860	8,479
Profit on ordinary activities multiplied by the standard rate of tax of 30% in the UK	2,658	2,544
Effects of:		
Accelerated capital allowances and other timing differences	1	12
Dividends received from UK companies – not taxable	(105)	(107)
Expenses not deductible for tax purposes	18	25
Adjustments in respect of previous periods	42	(7)
	2,614	2,467

# Midas Homes Limited

## 6 Tangible assets

	Short leasehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>				
At 1 July 2003	303	239	457	999
Additions	0	28	66	94
<b>At 30 June 2004</b>	<b>303</b>	<b>267</b>	<b>523</b>	<b>1093</b>
<b>Accumulated depreciation</b>				
At 1 July 2003	85	142	332	559
Charge for the year	42	48	68	158
<b>At 30 June 2004</b>	<b>127</b>	<b>190</b>	<b>400</b>	<b>717</b>
<b>Net book amount</b>				
<b>At 30 June 2004</b>	<b>176</b>	<b>77</b>	<b>123</b>	<b>376</b>
At 30 June 2003	218	97	125	440

The net book value of plant and machinery includes £nil (2003: £nil) assets held under finance leases and hire purchase agreements.

## 7 Investments

	2004 £'000	2003 £'000
<b>Shares in group undertakings</b>		
Cost at 1 July 2003 and <b>30 June 2004</b>	<b>5,306</b>	5,306
Provision for impairment at 1 July 2003 and <b>30 June 2004</b>	<b>(4,220)</b>	(4,220)
<b>Net book value at 1 July 2003 and 30 June 2004</b>	<b>1,086</b>	1,086

The company holds 100% of the issued ordinary share capital of Charles Scott Homes (South West) Limited and Metrobrook (Newquay) Limited which are non-trading companies. The company also holds 100% of the issued share capital of Gerald Wood Homes Limited and Knapp Group Limited through Declarations of Trust executed by the ultimate parent company, Galliford Try plc. All of the companies are registered in the United Kingdom.

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.

# Midas Homes Limited

## 8 Developments

	2004 £'000	2003 (restated) £'000
Land	34,241	17,586
Work in progress	10,638	10,873
Other	-	402
	44,879	28,861

The land developments total as at 30 June 2003 has been restated by £4,734,000 to reflect conditional land contracts in place at the balance sheet date. (See note 10)

## 9 Debtors

	2004 £'000	2003 £'000
Trade debtors	510	2,034
Amounts owed by group undertakings	3,796	4,170
Amounts recoverable on contracts	1,127	968
Other debtors	240	177
Prepayments and accrued income	86	89
Deferred taxation (note 11)	39	30
	5,798	7,468

# Midas Homes Limited

## 10 Creditors – Amounts falling due within one year

	2004 £'000	2003 (restated) £'000
Bank loans and overdrafts	7,230	6,426
Trade creditors	3,887	4,666
Amounts owed to group undertakings	5,674	6,101
Corporation tax	1,200	1,445
Other taxation and social security	154	138
Other creditors	4,329	3,641
Accruals and deferred income	694	518
Proposed dividend	6,255	6,022
Development land creditor	19,460	5,634
	<b>48,883</b>	<b>34,591</b>

Development land creditor total as at 30 June 2003 has been restated by £4,734,000 to reflect conditional land contracts in place at the balance sheet date. (See note 8)

Finance lease and hire purchase obligations are secured on the assets to which they relate.  
See note 15 for details of group bank facilities and guarantees.

## 11 Deferred taxation

Included in debtors are the following amounts for deferred taxation

	2004 £'000	2003 £'000
Deferred tax asset recognised in the accounts is calculated on the liability method at 30% (2002: 30%) and comprises:		
Tax effect of differences due to:		
Accelerated capital allowances	39	30
<b>Total for deferred tax asset</b>	<b>39</b>	<b>30</b>
<b>The movement in deferred tax asset was as follows:</b>		
	£'000	
At 1 July 2003	30	
Recognised during the year	9	
<b>At 30 June 2004</b>	<b>39</b>	



# Midas Homes Limited

## 12 Called up share capital

	2004 £'000	2003 £'000
<b>Authorised</b>		
1,000,000 ordinary shares of £1 each	1,000	1,000
<b>Allotted and fully paid</b>		
250,000 ordinary shares of £1 each	250	250

## 13 Profit and loss account

	£'000
At 1 July 2003	3,130
Retained profit for the year	0
<b>At 30 June 2004</b>	<b>3,130</b>

## 14 Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Profit on ordinary activities after taxation	6,255	6,022
Dividends	(6,255)	(6,022)
Increase in shareholders' funds	-	-
Opening shareholders' funds	3,380	3,380
<b>Closing shareholders' funds</b>	<b>3,380</b>	<b>3,380</b>

## 15 Contingent liabilities

There were contingent liabilities under composite guarantees given by the ultimate parent company and certain of its subsidiaries in respect of bank facilities of group companies. At 30 June 2004 such facilities had been utilised to the extent of £9,844,000 (2003: £23,000,000).

There were also contingent liabilities in respect of composite guarantees entered into in the normal course of business which, at 30 June 2004 were £39,670,000 (2003: £44,134,000). Included within these are indemnities given by the company in respect of performance and retention bonds, in the normal course of business,

## Midas Homes Limited

amounting to £2,179,800 (2003: £2,942,600). It is not expected that any liability will be incurred in respect of these guarantees.

### 16 Pension commitments

Certain employees of the company are covered by one of the funded defined benefit pension schemes operated by the Galliford Try plc. These schemes were closed to new members on 31 December 2001. From 1 January 2002 new staff employees were entitled to join the Galliford Try Pension Scheme, a defined contribution scheme established as a stakeholder plan, with a company contribution on a scale dependent upon the employee's age and the amount they choose to contribute. The cost of providing for pensions for the new pension scheme is charged to the profit and loss account as incurred.

The funding cost of the defined benefit schemes are assessed in accordance with actuarial valuations made triennially by external professional actuaries. The latest actuarial valuation was carried out as at 1 April 2003 and particulars are disclosed in the financial statements of Galliford Try plc.

However, when FRS 17 is fully implemented, the contributions paid by the company will be accounted for as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities of the scheme.

The total pension cost to the company was £785,000 (2003: £334,000).

### 17 Financial commitments

At 30 June 2004 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	-	-	20	15
Within two to five years	25	17	76	71
	25	17	96	86

# **Midas Homes Limited**

## **18 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 2004, costs totalling £98,797 (2003: £82,000) were invoiced to these arrangements and balances due to the company of £31,138 are included within other debtors (note 9). Balances due by the company of £42,006 are included within other creditors (note 10).
- (b) During the year the company entered into a contract on an arms length basis, supported by independent valuation, to purchase a housebuilding site at Teignmouth in Devon from L.A.D.S Limited, a wholly owned subsidiary of Crownway Builders Limited, for a price of £1,155,000. G P Fitzgerald is a shareholder in Crownway Builders Limited. D R Wood is a director and shareholder of Crownway Builders Limited.
- (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.

## **19 Ultimate parent undertaking**

The immediate parent company is Galliford Try Homes 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.