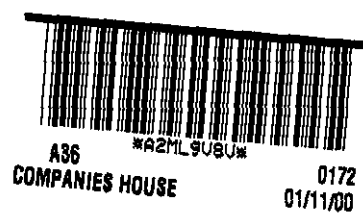


**Twigden Homes Southern Limited**

**Directors' report and financial statements**

30 June 2000

Registered number 3152729



## **Directors' report and financial statements**

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## **Directors' report**

The directors present their annual report and the audited accounts for the year ended 30 June 2000.

### **Principal activities**

The principal activity of the company is residential land and property development.

### **Business review**

The company has continued to trade profitably during the year.

### **Proposed dividend**

The directors recommend that a final ordinary dividend of £0.98p per share be paid making, with the interim of £nil per share, a total of £0.98p per share for the year.

### **Year 2000 Statement**

The Company is a member of Kier Group which established a working party to identify and manage the business risks associated with the new millennium. The programme implemented was successfully completed on time and there was no disruption to the Company's business. The associated cost of this exercise was not considered material and was absorbed within the Company's normal operating expenditure.

### **Directors and directors' interests**

The directors who held office during the year were as follows:

D. Homer

R.W. Gregory

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Any directors who were also directors of the parent company or the ultimate parent company at 30 June 2000 appear in the Directors' Report of that company.

Directors' report (*continued*)

## Directors' responsibilities

Company law requires the directors to prepare financial statements 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 for that period. In preparing those financial statements, the directors are required to:

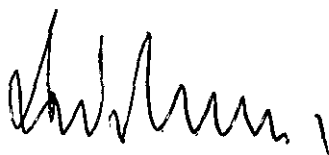
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



R.W. Gregory  
Secretary

The Shrubbery  
Church Street  
St. Neots  
Cambridgeshire  
PE19 2BU

18<sup>th</sup> September 2000

**KPMG Audit Plc**

37 Hills Road  
Cambridge  
CB2 1XL

**Report of the auditors, KPMG Audit Plc, to the members of Twigden Homes Southern Limited**

We have audited the financial statements on pages 4 to 12.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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 with the company is not disclosed.

**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 as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

20 September 2000

**Profit and loss account**  
*for the year ended 30 June 2000*

	<i>Note</i>	2000 £	1999 £
<b>Turnover</b>		-	3,658,735
Cost of sales		182,220	(1,826,716)
<b>Gross profit</b>		<hr/> 182,220	<hr/> 1,832,019
Administrative expenses		(6,434)	(83,556)
<b>Operating profit</b>		<hr/> 175,786	<hr/> 1,748,463
Interest Receivable	4	120,275	161,320
<b>Profit on ordinary activities before taxation</b>	2	<hr/> 296,061	<hr/> 1,909,783
Tax on profit on ordinary activities	5	(88,818)	(593,105)
<b>Profit for the financial year</b>		<hr/> 207,243	<hr/> 1,316,678
Dividends on equity shares	6	(98,000)	(1,558,000)
<b>Retained (loss)/profit for the year</b>		<hr/> <hr/> 109,243	<hr/> <hr/> (241,322)

The company had no recognised gains and losses other than the profit for the year.

## Balance sheet

At 30 June 2000

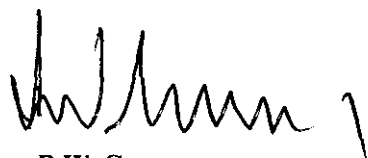
	Note	2000		1999
		£	£	£
<b>Fixed assets</b>				
Tangible assets	7	-		1,343
<b>Current assets</b>				
Land Stock and Work in Progress	8	-	101,687	
Debtors	9	1,462,227	3,392,841	
Cash at bank and in hand		-	50	
		<u>1,462,227</u>	<u>3,494,578</u>	
<b>Creditors: amounts falling due within</b>				
One year	10	<u>(550,883)</u>	<u>(2,693,820)</u>	
<b>Net current assets</b>			<u>911,344</u>	<u>800,758</u>
<b>Total assets less current liabilities</b>			<u>911,344</u>	<u>802,101</u>
<b>Net assets</b>			<u>911,344</u>	<u>802,101</u>
<b>Capital and reserves</b>				
Called up share capital	11	100,000		100,000
Revaluation reserve		47,000		47,000
Profit and loss account		764,344		655,101
<b>Shareholders' funds</b>			<u>911,344</u>	<u>802,101</u>

These financial statements were approved by the board of directors on  
on its behalf by:

18<sup>th</sup> September 2000 and were signed



**D. Homer**  
Director



**R.W. Gregory**  
Director

**Reconciliation of movements in shareholders' funds**  
*for the year ended 30 June 2000*

	2000 £	1999 £
Profit/[loss] for the financial year	207,243	1,316,678
Dividends	(98,000)	(1,558,000)
	<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds	109,243	(241,322)
Opening shareholders' funds	802,101	1,043,423
	<hr/>	<hr/>
Closing shareholders' funds	911,344	802,101
	<hr/> <hr/>	<hr/> <hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant, vehicles and fixtures – 10% to 33% per annum.

#### *Leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

#### *Turnover and profit recognition*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Profits in respect of house sales are taken at the time of legal completion of the sale. Profits in respect of land sales and land exchanges are taken on the unconditional exchange of contract.

## Notes (continued)

### 2 Profit on ordinary activities before taxation

	2000 £	1999 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>After charging</i>		
Cost of sales:		
Depreciation	31	7,753
Hire of plant and machinery	-	18,612
Administration expenses:		
Audit fee	6,000	5,000
Depreciation	1,312	3,935

### 3 Staff numbers and costs

The average number of persons employed by the company (excluding directors) during the year, analysed by category, was as follows:

	Number of employees	
	2000	1999
Office and Management	-	2
Sites	-	4
	-	6

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	-	157,994
Social security costs	-	4,877
Other pension costs	-	5,047
	-	167,918

**Notes (continued)**

**4 Interest receivable**

	2000	1999
	£	£
Interest receivable	120,275	155,625
Interest receivable on deposits	-	5,339
Interest on late completion of sales	-	356
	<hr/>	<hr/>
	120,275	161,320
	<hr/>	<hr/>

**5 Taxation**

	2000	1999
	£	£
UK corporation tax at 30% (1999 :31 %)	88,818	593,105
	<hr/>	<hr/>

**6 Dividends and other appropriations**

	2000	1999
	£	£
Equity shares:		
Interim dividend paid	-	180,000
Final dividend proposed	98,000	1,378,000
	<hr/>	<hr/>
	98,000	1,558,000
	<hr/>	<hr/>

# Notes (continued)

## 7 Tangible fixed assets

	Plant and Machinery	Fixtures, Fittings, Tools and Equipment	Total
	£	£	£
<b>Cost</b>			
At beginning of year	203,115	79,619	282,734
	<hr/>	<hr/>	<hr/>
At end of year			
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	202,995	78,396	281,391
Charge for year	120	1,223	1,343
	<hr/>	<hr/>	<hr/>
At end of year	203,115	79,619	282,734
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30 June 2000	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 June 1999	120	1,223	1,343
	<hr/>	<hr/>	<hr/>

## 8 Stocks

	2000	1999
	£	£
Land Stock	-	-
Work in progress	-	101,687
	<hr/>	<hr/>
		101,687
	<hr/>	<hr/>

## Notes (continued)

### 9 Debtors

	2000	1999
	£	£
Trade debtors	34,976	31,797
Amounts owed by group undertaking	1,426,439	3,357,137
Other debtors	619	3,907
Prepayments and accrued income	193	-
	<hr/>	<hr/>
	1,462,227	3,392,841
	<hr/>	<hr/>

### 10 Creditors: amounts falling due within one year

	2000	1999
	£	£
Trade creditors	241,027	310,448
Corporation Tax	98,010	596,243
Taxation and social security	249	101
Accruals and deferred income	113,597	409,028
Dividend proposed	98,000	1,378,000
	<hr/>	<hr/>
	550,883	2,693,820
	<hr/>	<hr/>

### 11 Called up share capital

	2000	1999
	£	£
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

## **Notes (continued)**

### **12 Contingent liabilities**

There are contingent liabilities in respect of guarantees and claims under contracting and other agreements, including joint ventures, entered into in the normal course of business for which adequate allowance has, in the opinion of the directors, been made.

### **13 Capital Commitments**

The company has no future capital commitments in the year ended 30.06.00 and the year ended 30.06.99.

### **14 Pension scheme**

The Company participates in the Kier Group Pension Scheme which is a defined benefit scheme based on final pensionable salary. The assets of the scheme are held under trust separately from those of the Group and are invested directly on the advice of independent professional investment managers. Contributions paid to the group scheme are based on pension costs across the Group as a whole. Details of the scheme are set out in the accounts of the ultimate holding company, Kier Group plc.

### **15 Related party transactions**

During the year under review there were no related party transactions.

### **16 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The ultimate parent company is Kier Group plc and the immediate parent company is Twigden Homes Limited. Both companies are registered in England. The financial statements of Kier Group plc are available from Companies House, Crown Way, Cardiff.