

Wilcon Homes Scotland Limited

Directors' report and financial statements

31 December 1996

Registered number SC130873



Wilcon Homes Scotland Limited

Directors' report and financial statements

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Wilcon Homes Scotland Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

Principal activity

The principal activity of the company is private house building.

The company commenced trading on 1 January 1996 when the trade and assets of London & Clydeside Estates Limited were transferred to Wilcon Homes Scotland Limited. Also on this date the trade and assets relating to sites in Scotland held by Wilcon Homes Northern Limited were transferred to Wilcon Homes Scotland Limited. Prior to this the company was dormant.

Business review

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

Dividends

The directors do not recommend the payment of a dividend (1995: £Nil).

Directors and directors' interests

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

IC Black
SD Lawther
LA Wilson
G Millar
BD Mitchell (Resigned 18 February 1997)

No director had any beneficial interest in the shares of the Company.

According to the register maintained under section 325 of the Companies Act 1985, the interests of the directors in the issued shares of the ultimate holding company requiring disclosure in these financial statements were as follows:

Wilson (Connolly) Holdings Plc
25p ordinary shares

	Beneficial holding	SAYE Share options	Executive options	Employee Share Scheme
At 31 December 1996				
BD Mitchell	45,450	15,200	160,000	12,298
G Millar	-	-	52,000	4,054
At 31 December 1995				
BD Mitchell	102,317	15,200	195,000	19,525
G Millar	-	-	52,000	2,677

Wilcon Homes Scotland Limited

Directors' report *(continued)*

Directors and directors' interests *(continued)*

Messrs LA Wilson, IC Black and SD Lawther are also directors of Wilson (Connolly) Holdings Plc and their group interests are shown in the financial statements of that company.

According to the register of directors' interests, no rights to subscribe for shares in, or debentures of, the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year except as indicated below.

	Number of options				Exercise price	Market price at date of exercise	Date from which exercisable	Expiry date
	At 1 January 1996	During the year		At 31 December 1996				
		Granted	Exercised		p	p		
BD Mitchell	55,000	-	-	55,000	173.0	-	1993	12/6/97
	85,000	-	-	85,000	181.6	-	1994	31/7/97
	35,000	-	35,000	-	117.2	166	-	-
	20,000	-	-	20,000	197.4	-	1/7/97	31/7/97

Due to B Mitchell's resignation following the year end the expiry dates for his options have been revised to those shown above.

Fixed assets

The changes in fixed assets are shown in note 9 to the financial statements.

Donations

During the year the Company made charitable donations of £2,860 (1995: £Nil). There were no political contributions (1995: £Nil).

Supplier payment policy

The Group supports the prompt payment code of the CBI. It agrees payment terms with its suppliers when it enters into purchase contracts. It seeks to adhere to these arrangements providing it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Wilcon Homes Scotland Limited

Directors' report *(continued)*

Auditors

In accordance with Section 385 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



SD Lawther
Secretary

Thomas Wilson House
Tenter Road
Moulton Park
Northampton
NN3 6QJ

Wilcon Homes Scotland Limited

Statement of 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 of the company for that year.

In preparing these financial statements the directors consider that suitable accounting policies have been used and applied consistently, that they have made judgements and estimates which are reasonable and prudent, and that all applicable accounting standards have been followed. The directors have prepared these financial statements on a going concern basis, as the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

The directors are responsible for keeping proper accounting records which 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.

The directors 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.



KPMG Audit Plc
Norfolk House
Silbury Boulevard
Central Milton Keynes
MK9 2HA

Auditors' report to the members of Wilcon Homes Scotland Limited

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

As described on page 4 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 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 as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

Chartered Accountants
Registered Auditors

6 August 1997



Wilcon Homes Scotland Limited

Profit and loss account for the year ended 31 December 1996

	Note	1996 £000
Turnover	2	23,268
Cost of sales		(19,059)
		<hr/>
Gross profit		4,209
Administrative expenses		(4,094)
		<hr/>
Operating profit		115
Interest receivable and similar income	6	5
Interest payable	7	(22)
		<hr/>
Profit on ordinary activities before taxation	2-7	98
Tax on profit on ordinary activities	8	(58)
		<hr/>
Profit on ordinary activities after taxation		40
Dividends paid		-
		<hr/>
Retained profit for the financial year		40
Retained profit brought forward		-
		<hr/>
Retained profit carried forward		40
		<hr/>

A reconciliation of movements in shareholders' funds is given in note 17.

Statement of total recognised gains and losses

The company has no recognised gains nor losses other than the profit for the year stated above.

Wilcon Homes Scotland Limited

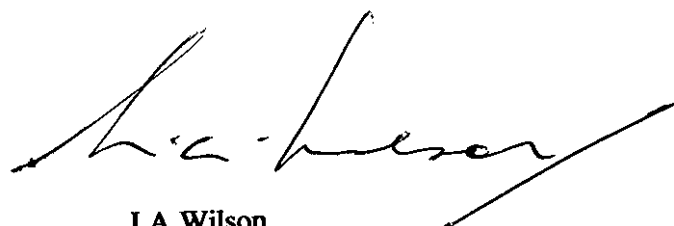
Balance sheet

at 31 December 1996

	Note	1996 £000	£000
Fixed assets			
Tangible assets	9		<u>640</u>
Current assets			
Land held for development		19,904	
Work in progress	10	5,633	
Debtors	11	21,528	
Cash at bank and in hand		49	
		<u>47,114</u>	
Creditors: amounts falling due within one year	12	<u>(46,157)</u>	
Net current assets			<u>957</u>
Total assets less current liabilities			<u>1,597</u>
Creditors: amounts falling due after more than one year	14		(843)
Provisions for liabilities and charges	15		<u>(443)</u>
Net assets			<u>311</u>
Capital and reserves			
Called up equity share capital	16		-
Revaluation reserve			271
Profit and loss account			40
Shareholders' funds	17		<u>311</u>

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

and were signed on its



LA Wilson
Director



SD Lawther
Director

Wilcon Homes Scotland Limited

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.

Turnover and profits on sale of houses

Credit for the sale of houses is taken where there has been an exchange of contracts with purchasers and houses are physically completed, provided that legal completions have taken place before the financial statements are approved by the directors.

Land held for development

Land held for development is stated at the lower of cost and net realisable value.

Work in progress

Houses under construction are valued at the lower of cost and net realisable value.

Fixed assets and depreciation

Depreciation of fixed assets is provided on a straight line basis to write off the various assets over their expected useful lives at the following annual rates:

Plant and machinery	-	20% - 33 1/3 %
Motor vehicles	-	20% - 25 %
Fixtures and fittings	-	25 %

Deferred taxation

Provision is made for all deferred taxation liabilities that may arise in the foreseeable future.

Operating leases

The rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pensions

Contributions to the pension scheme of Wilson (Connolly) Holdings Plc are charged to the profit and loss account so as to spread the cost of the pensions over employees' service lives.

Wilcon Homes Scotland Limited

Notes (continued)

1 Accounting policies (continued)

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

2 Turnover

All sales during the year were made in the United Kingdom.

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	1996 £000
Depreciation of tangible fixed assets	173
Hire of plant and machinery	11
Operating lease payments	91
Auditors' remuneration and expenses	34
Directors' remuneration	94
	<hr/>

4 Emoluments of directors

	1996 £000
Remuneration as directors of the company	84
Pension contributions (see note 19)	10
	<hr/>
	94
	<hr/>

Included in remuneration above are benefits in kind related to company cars and medical insurance.

The emoluments of the chairman were £Nil. The emoluments of the highest paid director (excluding pension contributions) were £84,103. The chairman and the highest paid director are members of the Wilson (Connolly) Holdings Plc pension scheme and contribute 5% of basic salary.

Wilcon Homes Scotland Limited

Notes (continued)

4 Emoluments of directors (continued)

The remuneration of the directors (excluding pension contributions) fell within the following bands:

	Number of directors 1996
£0 - £ 5,000	4
£80,001 - £85,000	1
	<hr/>

5 Staff numbers and costs

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

	Number of employees 1996
Housebuilding	78
	<hr/>

The aggregate payroll costs of these persons were as follows:

	1996 £000
Wages and salaries	1,518
Social security costs	89
Other pension costs (see note 19)	81
	<hr/>
	1,688
	<hr/>

6 Interest receivable

Interest receivable is derived entirely from monies held on deposit.

7 Interest payable

	1996 £000
On loans wholly repayable within 5 years	22
	<hr/>

Wilcon Homes Scotland Limited

Notes (continued)

8 Taxation

	1996 £000
UK corporation tax at 33% (1995: 33%)	73
Over provision in prior years	(15)
	<u>58</u>

The tax balances relating to London and Clydeside Estates were transferred to Wilcon Homes Scotland Limited along with the trade and assets of the company. The overprovision relates to the release of the tax provision brought forward at 1 January 1996.

9 Tangible fixed assets

	Freehold land and buildings	Motor vehicles plant and machinery	Fixtures and fittings	Total
	£000	£000	£000	£000
Cost				
At beginning of year	-	-	-	-
Additions	-	84	1	85
Transfers between group companies	303	1,167	257	1,727
Disposals	-	(45)	(5)	(50)
	<u>303</u>	<u>1,206</u>	<u>253</u>	<u>1,762</u>
At end of year				
Depreciation and diminution in value				
At beginning of year	-	-	-	-
Charge for year	-	157	16	173
Transfers between group companies	-	829	150	979
On disposals	-	(30)	-	(30)
	<u>-</u>	<u>956</u>	<u>166</u>	<u>1,122</u>
At end of year				
Net book value				
At 31 December 1996	<u>303</u>	<u>250</u>	<u>87</u>	<u>640</u>
At 31 December 1995	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Wilcon Homes Scotland Limited

Notes (continued)

10 Work in progress

	1996
	£000
Houses under construction	5,639
Amounts received and receivable	(6)
	<hr/>
	5,633
	<hr/>

11 Debtors

	1996
	£000
Amounts falling due within one year:	
Trade debtors	883
Amounts owed by parent and fellow subsidiary undertakings	19,094
Other debtors	1,358
Corporation tax recoverable	128
Prepayments and accrued income	65
	<hr/>
	21,528
	<hr/>

Wilcon Homes Scotland Limited

Notes (continued)

12 Creditors: amounts falling due within one year

	1996 £000
Land creditors	3,257
Trade creditors	2,911
Amounts owed to parent and fellow subsidiary undertakings	39,043
Other creditors including taxation and social security	656
Accruals and deferred income	290
	<hr/>
	46,157
	<hr/>
Other creditors including taxation and social security comprises:	
Social security	10
	<hr/>
	10
Other creditors	646
	<hr/>
	656
	<hr/>

13 Contingent liability

The company's bank account is subject to a right of set off against the accounts of the holding company and fellow subsidiary undertakings. In addition, the company has given cross guarantees to the group's bankers, securing the borrowings of the other subsidiary undertakings. At 31 December 1996 the group had net cash of £40,073,602 (1995: net cash of £32,755,097).

Wilcon Homes Scotland Limited

Notes (continued)

14 Creditors: amounts falling due after more than one year

	1996 £000
Secured loans and deferred amounts payable for land	1,530
Unsecured loans and deferred amounts payable for land	2,570
	<hr/>
	4,100
Included in amounts falling due within one year	(3,257)
	<hr/>
Amounts falling due after more than one year	843
	<hr/>

	1996 £000
Loans and deferred amounts payable for land are repayable between 2-5 years	843
	<hr/>

15 Provisions for liabilities and charges

	Deferred taxation £000	Housing and contracts £000	Total £000
At beginning of year	-	-	-
Charged in the year	3	440	443
	<hr/>	<hr/>	<hr/>
At end of the year	3	440	443
	<hr/>	<hr/>	<hr/>

Wilcon Homes Scotland Limited

Notes (continued)

15 Provisions for liabilities and charges (continued)

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1996 Provided £000
Other timing differences	<u>3</u>

There are no unprovided deferred taxation liabilities at 31 December 1996 (1995: £Nil).

16 Called up equity share capital

	1996 £000
<i>Authorised</i>	
1,000 ordinary shares of £1 each	<u>-</u>
<i>Allotted, called up and fully paid</i>	
2 ordinary shares of £1 each	<u>-</u>

17 Reconciliation of movements in shareholders' funds

	1996 £000
Retained profit for the financial year	40
Revaluation reserve transferred	271
Opening shareholders' funds	<u>-</u>
Closing shareholders' funds	<u>311</u>

Wilcon Homes Scotland Limited

Notes (continued)

18 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1996 Land and buildings £000
Operating leases which expire within:	
2-5 years	53
More than 5 years	-
	<hr/> 53
	1996 Other leases £000
Operating leases which expire within:	
2-5 years inclusive	3

19 Pensions

The company contributes to the Wilson (Connolly) Holdings Plc pension scheme. The group operates a funded defined benefits scheme, the assets of which are held in a trustee administered fund. The last valuation was on 1 February 1994. The market value of the Scheme's assets at that date was £10,167,032. The valuation showed that the actuarial valuation of those assets was sufficient to cover 141% of the actuarial value of the benefits that had accrued to members. The principal assumptions used in the Projected unit valuation method were an annual return on investments 2% higher than the annual increase in salaries and a growth in equity dividends of 5% per annum. The participating companies have contributed at the rate of 13.8% of basic salaries which include a contribution in respect of the permanent health insurance scheme. The employees have contributed at 5% of basic salaries. The total pension charge for the year was £81,112 (1995: £Nil).

20 Related party transactions

All of the company's voting rights are controlled within the group headed by Wilson (Connolly) Holdings Plc. The company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Wilson (Connolly) Holdings Plc, within which this company is included, can be obtained from the address given in note 21.

Wilcon Homes Scotland Limited

Notes *(continued)*

- 21 **Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of Wilcon Homes Limited which is registered in England and Wales.

The smallest and largest group in which the results of the company are consolidated is that headed by Wilson (Connolly) Holdings Plc. The consolidated accounts of the ultimate holding company are available to the public and may be obtained from Thomas Wilson House, Tenter Road, Moulton Park, Northampton, NN3 6QJ.