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TAY HOMES (NORTH WEST) LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1995

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TAY HOMES (NORTH WEST) LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1995

CONTENTS

	PAGES
Directors' Report	2 - 3
Directors' Responsibilities Statement	4
Auditors' Report to the Members	4
Accounting Policies	5-6
Profit and Loss Account	7
Reconciliation of Movements in Shareholders' Funds	8
Balance Sheet	9
Notes to the financial statements	10 - 15

TAY HOMES (NORTH WEST) LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 June 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year continued to be that of residential estate developers and builders. The directors consider the state of affairs at the year end and the future prospects of the company to be satisfactory.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £391,965 (1994 - £1,083,049). The directors recommend the payment of a dividend of £236,000 (1994 - £549,900). After payment of the dividend the profit for the financial year of £155,965 will be transferred to reserves.

DIRECTORS

The directors who held office during the year were:

Mr N A Stubbs (Chairman)

Mr M P Griffiths

Mr S Cranmer

Mr M D Ellis

Mr C Hurley

Mr D J Walls

Mr M Williams

CHANGES IN FIXED ASSETS

The movements in fixed assets during the year are set out in note 7 to the financial statements.

DIRECTORS' INTERESTS IN SHARES

The interest of Mr Stubbs in the shares of the ultimate parent company, Tay Homes Plc, is shown in the financial statements of that company.

None of the other directors had any interest in the shares of group companies.

AUDITORS

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

Secretary



TAY HOMES (NORTH WEST) LIMITED

DIRECTORS' RESPONSIBILITIES

The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that year.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 1995.The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT
TO THE MEMBERS OF TAY HOMES (NORTH WEST) LIMITED

We have audited the financial statements on pages 5 to 15 .

RESPECTIVE DUTIES OF DIRECTORS AND AUDITORS

As described above 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 financial 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 at 30 June 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Leeds

27 October 1995

ACCOUNTING POLICIES

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

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis of accounting.

BUSINESS EXPANSION SCHEME

During the year to 30 June 1993, the company sold properties to a Business Expansion Scheme (BES) company. The company has given a cross guarantee to its parent company in respect of returns to investors under this scheme. As a consequence of this guarantee being in place, the sale of properties to the BES company has not been recognised in these financial statements. The properties are held in the balance sheet at their original cost with the associated sales proceeds treated as deferred income.

TURNOVER

Turnover represents the sales value of new properties built and contracted for during the year.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation.

DEPRECIATION

Depreciation is provided in equal annual instalments to write off the cost of tangible fixed assets over their estimated useful lives.

The following annual rates are used:

Motor vehicles	25%
Office furniture and equipment	10 - 33 1/3%
Site plant and equipment	15%
Site buildings	15%

LAND FOR DEVELOPMENT

Land for development represents all land contracted for stated at the lower of cost and net realisable value. Cost includes cost of purchase, legal fees and survey expenses.

ACCOUNTING POLICIES (CONTINUED)

STOCKS AND WORK IN PROGRESS

Stocks of materials have been valued at the lower of cost and net realisable value Work in progress includes direct cost of labour, materials and site overheads. Head office overheads are not included.

DEFERRED TAXATION

The company provides for deferred taxation by the liability method on timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future.

HIRE PURCHASE CONTRACTS

Assets purchased under hire purchase contracts are capitalised and depreciation is charged to the profit and loss account in accordance with the above accounting policy. Finance charges incurred on hire purchase contracts are charged to the profit and loss account on a straight line basis.

OPERATING LEASES

Costs in respect of operating leases are charged on a straight line basis over the lease term.

GOVERNMENT GRANTS

Revenue grants are released to the profit and loss account over the duration of the sites to which they relate.

TAY HOMES (NORTH WEST) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1995

	Notes	1995	1994
		£	£
TURNOVER - continuing operations		21,635,669	15,810,096
Cost of sales - continuing operations		(19,340,236)	(12,865,432)
GROSS PROFIT		2,295,433	2,944,664
Operating expenses - continuing operations	3	(1,446,260)	(1,320,501)
OPERATING PROFIT - continuing operations		849,173	1,624,163
Interest (payable)/receivable	2	(254,016)	2,318
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	595,157	1,626,481
Taxation	5	(203,192)	(543,432)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		391,965	1,083,049
Dividends	6	(236,000)	(549,900)
PROFIT FOR THE YEAR		155,965	533,149
RETAINED PROFIT BROUGHT FORWARD		3,007,902	2,474,753
RETAINED PROFIT CARRIED FORWARD		3,163,867	3,007,902

The company has no recognised gains and losses other than those included within the profits 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.

TAY HOMES (NORTH WEST) LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 30 JUNE 1995

	1995	1994
	£	£
Profit for the year	391,965	1,083,049
Dividends	(236,000)	(549,900)
Opening shareholders' funds	3,007,904	2,474,755
Closing shareholders' funds	3,163,869	3,007,904

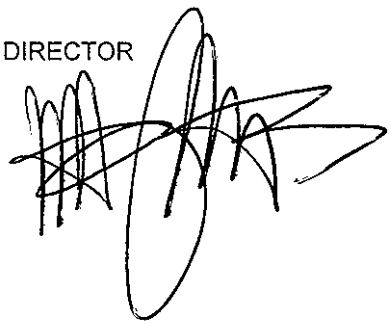
TAY HOMES (NORTH WEST) LIMITED

BALANCE SHEET AT 30 JUNE 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Tangible assets	7	440,786	352,634
CURRENT ASSETS			
Land for development		3,614,761	4,648,899
Stocks and work in progress	8	5,928,844	5,127,860
Debtors	9	7,099,568	6,895,645
Cash in hand		1,022	1,550
		16,644,195	16,673,954
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	10	(12,792,747)	(12,966,795)
NET CURRENT ASSETS		3,851,448	3,707,159
TOTAL ASSETS LESS CURRENT LIABILITIES		4,292,234	4,059,793
Creditors: amounts falling due after more than one year	10	(1,082,365)	(1,051,889)
Provisions for liabilities and charges	16	(46,000)	-
NET ASSETS		3,163,869	3,007,904
CAPITAL AND RESERVES			
Called-up share capital	11	2	2
Profit and loss account		3,163,867	3,007,902
EQUITY SHAREHOLDERS' FUNDS		3,163,869	3,007,904

The financial statements on pages 5 to 15 were approved by the board of directors on 27th October 1995 and were signed on its behalf by:

DIRECTOR



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1995

1. The company is a wholly owned subsidiary of Tay Homes plc and the cash flows of the company are included in the consolidated cash flow statement of Tay Homes plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

	1995	1994
	£	£
2. INTEREST (PAYABLE)/RECEIVABLE		
On bank deposits, overdrafts and other loans		
Repayable within 5 years not by instalments	(238,402)	10,500
Repayable within 5 years by instalments in respect of hire purchase contracts	(15,614)	(8,182)
	(254,016)	2,318

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995	1994
	£	£
Profit on ordinary activities before taxation is stated after charging/ (crediting):		
Depreciation - owned assets	27,769	22,328
- assets under hire purchase contracts	125,585	94,926
	153,354	117,254
Profit on sale of fixed assets	(17,613)	(15,217)
Government grants	(86,489)	(443,869)
Auditors' remuneration - audit	7,000	7,000
- other	-	2,098
Hire of plant and machinery	883,513	447,905

Operating expenses relate to administrative costs.

	1995	1994
	£	£
4. DIRECTORS AND EMPLOYEES		
Staff costs during the year:		
Wages and salaries	1,554,034	1,334,413
Social security costs	150,676	131,320
Other pension costs	30,660	34,020
	Number	Number
The average weekly number of persons employed by the company was:		
Administrative and management	51	42
Site personnel	62	47
	113	89
Staff costs include the following remuneration in respect of the directors of the company:	£	£
Management remuneration	296,550	313,701
Pension contributions	30,660	34,020
	327,210	347,721
The directors' remuneration disclosed above (excluding pension contributions) includes amounts paid to:		
Chairman	NIL	NIL
Highest paid director	76,004	88,612
The number of directors who received emoluments (excluding pension contributions) in the following ranges were:		
	Number	Number
£ 0 - £ 5,000	1	3
£40,001 - £45,000	4	4
£45,001 - £50,000	1	-
£50,001 - £55,000	-	1
£75,001 - £80,000	1	-
£85,001 - £90,000	-	1

	1995	1994
	£	£
5. TAXATION		
U.K. Corporation Tax at 33% (1994 - 33%):		
Current	209,207	537,113
Prior year	(6,015)	6,319
	203,192	543,432
6. DIVIDENDS		
Ordinary - final proposed of £118,000 per share (1994 - £274,950)	236,000	549,900

7. TANGIBLE FIXED ASSETS

	Motor Vehicles & Equipment	Fixtures, Fittings	Total
	£	£	£
Cost:			
At 1 July 1994	417,451	152,332	569,783
Additions	182,095	85,357	267,452
Disposals	(117,016)	(2,077)	(119,093)
At 30 June 1995	482,530	235,612	718,142
Depreciation:			
At 1 July 1994	150,366	66,783	217,149
Charge for year	121,522	31,832	153,354
Eliminated on disposals	(91,296)	(1,851)	(93,147)
At 30 June 1995	180,592	96,764	277,356
Net Book Value 30 June 1995	301,938	138,848	440,786
30 June 1994	267,085	85,549	352,634

The net book value of tangible fixed assets includes an amount of £352,545 (1994 - £283,391) in respect of assets held under hire purchase contracts.

	1995 £	1994 £
8. STOCKS AND WORK IN PROGRESS		
Stocks and work in progress comprise:		
Materials and work in progress	3,929,432	3,888,448
Part exchange properties	1,339,400	579,400
BES properties (see note 16)	660,012	660,012
	5,928,844	5,127,860
9. DEBTORS		
Amounts falling due within one year:		
Trade debtors	6,349,066	5,973,782
Other debtors	177,078	255,141
Prepayments	573,424	666,722
	7,099,568	6,895,645
10. CREDITORS		
Amounts falling due within one year:		
Bank overdraft (secured - note 14)	2,665,140	1,144,392
Obligations under hire purchase contracts	134,193	80,474
Trade creditors	2,741,607	3,060,760
Deposits and retentions received	14,228	8,768
Amounts due to parent company	2,403,836	2,465,873
Amounts due to fellow subsidiaries	2,961,090	2,953,552
Amounts due to associated companies	-	8,939
Corporation tax	430,028	540,652
Other taxation and social security	81,778	151,596
Other creditors	96,844	82,486
Accruals and provisions	1,264,003	2,469,303
	12,792,747	12,966,795
Amounts falling due after more than one year:		
Obligations under hire purchase contracts	124,718	107,166
Trade creditors	189,743	130,819
BES deferred income (see note 16)	767,904	813,904
	1,082,365	1,051,889

10. CREDITORS (continued)

	1995 £	1994 £
Hire purchase obligations repayable by instalments:		
In one year or less	134,193	80,474
Due over one year but within two years	99,616	70,871
Due over two years but within five years	25,102	36,295
	258,911	187,640

11. CALLED-UP SHARE CAPITAL

	1995	1994
Authorised:		
100 ordinary shares of £1 each	£100	£100
Allotted, called-up and fully paid:		
2 ordinary shares of £1 each	£2	£2

12. DEFERRED TAXATION

No provision has been made for deferred taxation as no liability is expected to arise in the foreseeable future. There is no unprovided deferred tax liability at 30 June 1995.

13. CONTINGENT LIABILITY

The company has given an unlimited guarantee in favour of National Westminster Bank plc and The Royal Bank of Scotland plc in respect of all monies due to the banks from the company's parent company and its fellow subsidiaries.

14. BANK BORROWINGS

The sums owed by the group to National Westminster Bank plc and The Royal Bank of Scotland plc are secured by fixed and floating charges over the developments and other unsecured assets of the group.

The company has given counter indemnities and guarantees to bankers and the National House Building Council in respect of performance bonds in the normal course of business.

15. PENSION COSTS

The company's parent company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the parent company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £30,660 (1994 £34,020). No contributions (1994 - £6,540) were payable to the fund at the year end.

16. PROPERTIES IN THE BUSINESS EXPANSION SCHEME

During 1993 the company sold properties to a Business Expansion Scheme (BES) company to provide assured tenancy housing. Properties were sold by the company to the BES company at market value. The company has given a cross guarantee to its parent company in respect of future returns to the investors on the cessation of the BES scheme.

The directors have assessed that the company's liability under the guarantee at 30 June 1995 was £46,000 (1994 - nil). As the proceeds held as deferred income in the balance sheet exceeded the cost of the properties by £153,892, £46,000 has been transferred from deferred income to provisions.

As the guarantee is currently in place, the sale of properties to the BES company and the resultant profit have not been recognised in these financial statements. The properties are held in the balance sheet at their original cost of £660,012 (1994 - £660,012), with the sales proceeds of £767,904 (1994 - £813,904) being shown as deferred income.

17. DIRECTORS' INTERESTS

During the year, the company invoiced Mr S Cranmer at cost for materials and services supplied. The amount invoiced was £301, none of which was outstanding at the year end.

18. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Tay Homes plc, a company registered in England and Wales. Copies of the ultimate parent's consolidated financial statements may be obtained from The Secretary, Tay Homes plc, Tay House, 55 Call Lane, Leeds LS1 7BT.