



TAY HOMES (NORTH WEST) LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997

REGISTERED NUMBER 2189721



TAY HOMES (NORTH WEST) LIMITED

REPORT AND FINANCIAL STATEMENTS
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<u>CONTENTS</u>	<u>PAGES</u>
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 1997.

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 £195,397 (1996 - loss £868,176). The directors recommend the payment of a dividend of £135,434 (1996 - Nil). The retained profit for the year 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 D J Walls (resigned 16 January 1997)

Mr M Williams

Mr T G Winstanley (appointed 1 April 1997)

CHANGES IN FIXED ASSETS

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

TAY HOMES (NORTH WEST) LIMITED

DIRECTORS' REPORT (CONTINUED)

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

S. G. Evans
Secretary
24th October 1997

A handwritten signature in black ink, appearing to be 'S. G. Evans', written in a cursive style.

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 1997. 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 safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of 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 RESPONSIBILITIES 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, 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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Leeds
24th October 1997

TAY HOMES (NORTH WEST) LIMITED

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 together with income derived from dealing in land and property.

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.

TAY HOMES (NORTH WEST) LIMITED

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. It is impractical to calculate the extent to which government grants have been released to the profit and loss account.

PENSION COST

The company makes contributions to the group's defined contribution scheme for its executive employees. The pension costs relating to the contributions payable to the scheme are charged to the profit and loss account as incurred.

TAY HOMES (NORTH WEST) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1997

		<u>1997</u>	<u>1996</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
TURNOVER - continuing operations		22,343,099	15,814,935
Cost of sales - continuing operations		<u>(20,194,905)</u>	<u>(15,253,836)</u>
GROSS PROFIT		2,148,194	561,099
Operating expenses - continuing operations	3	<u>(1,416,907)</u>	<u>(1,458,710)</u>
OPERATING PROFIT/(LOSS) - continuing operations		731,287	(897,611)
Interest payable	2	<u>(430,046)</u>	<u>(393,073)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	301,241	(1,290,684)
Taxation (charge)/credit	5	(105,844)	422,508
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>195,397</u>	<u>(868,176)</u>
Dividends	6	(135,434)	-
PROFIT/(DEFICIT) FOR THE YEAR		<u>59,963</u>	<u>(868,176)</u>
RETAINED PROFIT BROUGHT FORWARD		<u>2,295,691</u>	<u>3,163,867</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>2,355,654</u></u>	<u><u>2,295,691</u></u>

The company has no recognised gains and losses other than those included within the profit 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 1997

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Profit/(deficit) for the year	195,397	(868,176)
Dividends	(135,434)	-
Opening shareholders' funds	<u>2,295,693</u>	<u>3,163,869</u>
Closing shareholders' funds	<u>2,355,656</u>	<u>2,295,693</u>

TAY HOMES (NORTH WEST) LIMITED

BALANCE SHEET AT 30 JUNE 1997

		<u>1997</u>	<u>1996</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
FIXED ASSETS			
Tangible assets	7	<u>323,528</u>	<u>309,448</u>
CURRENT ASSETS			
Land for development		4,662,428	2,033,636
Stocks and work in progress	8	6,201,732	7,651,176
Debtors	9	11,861,907	6,226,198
Cash in hand		800	1,033
		<u>22,726,867</u>	<u>15,912,043</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	10	<u>(20,217,127)</u>	<u>(12,831,716)</u>
NET CURRENT ASSETS		<u>2,509,740</u>	<u>3,080,327</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,833,268</u>	<u>3,389,775</u>
Creditors: amounts falling due after more than one year	10	(304,526)	(1,011,082)
Provisions for liabilities and charges	11	(173,085)	(83,000)
NET ASSETS		<u><u>2,355,657</u></u>	<u><u>2,295,693</u></u>
CAPITAL AND RESERVES			
Called-up share capital	12	2	2
Profit and loss account		2,355,654	2,295,691
EQUITY SHAREHOLDERS' FUNDS		<u><u>2,355,656</u></u>	<u><u>2,295,693</u></u>

The financial statements on pages 5 to 15 were approved by the board of directors on 24 October 1997 and were signed on its behalf by:

N.A. STUBBS DIRECTOR



TAY HOMES (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997

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.

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
2. INTEREST PAYABLE		
On bank overdrafts and loans repayable within 5 years, not by instalments	409,139	372,946
Other interest payable	3,885	-
On hire purchase contracts	17,022	20,127
	<u>430,046</u>	<u>393,073</u>

Interest payable includes £242,494 (1996 - £60,422) charged at commercial rates on group borrowings

3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Profit/(loss) on ordinary activities before taxation is stated after charging/ (crediting):		
Depreciation - owned assets	63,179	23,360
- assets held under hire purchase contracts	71,677	124,768
	<u>134,856</u>	<u>148,128</u>
Profit on sale of fixed assets	(7,898)	(15,034)
Auditors' remuneration - audit	9,000	7,000
Group management charge	350,400	350,400
Other operating lease rentals	52,340	44,700
Hire of plant and machinery	<u>408,545</u>	<u>237,615</u>

Operating expenses relate to administrative costs.

TAY HOMES (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997

(CONTINUED)

	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
4. DIRECTORS AND EMPLOYEES		
Staff costs during the year:		
Wages and salaries	1,230,570	1,297,732
Social security costs	111,343	116,205
Other pension costs (note 16)	<u>26,090</u>	<u>27,616</u>
	<u>Number</u>	<u>Number</u>
The average weekly number of persons employed by the company was:		
Administrative and management	36	46
Site personnel	<u>40</u>	<u>48</u>
	<u>76</u>	<u>94</u>
Staff costs include the following remuneration in respect of the directors of the company:	<u>£</u>	<u>£</u>
Management remuneration	253,121	269,572
Compensation for loss of office	-	7,650
Company pension contributions to money purchase scheme.	26,090	27,616
	<u>279,211</u>	<u>304,838</u>
Benefits are accruing to 6 directors under money purchase schemes in respect of qualifying services.		
The directors' remuneration disclosed above includes amounts paid to:		
Highest paid director:		
Management remuneration	76,370	70,490
Company pension contributions to money purchase scheme.	7,824	7,164
	<u>84,194</u>	<u>77,654</u>

TAY HOMES (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997

(CONTINUED)

	<u>1997</u> £	<u>1996</u> £
5. TAXATION CHARGE/ (CREDIT)		
U.K. Corporation Tax at 32.5% (1996 - 33%):		
Current	109,350	-
Deferred	(5,525)	-
Group relief credit	-	(415,853)
Prior year	2,019	(6,655)
	<u>105,844</u>	<u>(422,508)</u>

6. DIVIDENDS

Ordinary - proposed or paid of £67,717 per share (1996 - Nil)	<u>135,434</u>	<u>-</u>
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7. TANGIBLE FIXED ASSETS

	<u>Motor Vehicles & Equipment</u>	<u>Fixtures and Fittings</u>	<u>Total</u>
	£	£	£
Cost:			
At 1 July 1996	392,921	237,317	630,238
Additions	122,846	16,267	139,113
Intra group transfers	23,980	36,223	60,203
Disposals	<u>(72,193)</u>	<u>(3,235)</u>	<u>(75,428)</u>
At 30 June 1997	<u>467,554</u>	<u>286,572</u>	<u>754,126</u>
Depreciation:			
At 1 July 1996	188,789	132,001	320,790
Charge for year	94,485	40,371	134,856
Intra group transfers	9,664	14,195	23,859
Eliminated on disposals	<u>(45,762)</u>	<u>(3,145)</u>	<u>(48,907)</u>
At 30 June 1997	<u>247,176</u>	<u>183,422</u>	<u>430,598</u>
Net Book Value			
30 June 1997	<u>220,378</u>	<u>103,150</u>	<u>323,528</u>
30 June 1996	<u>204,132</u>	<u>105,316</u>	<u>309,448</u>

The net book value of tangible fixed assets includes an amount of £191,038 (1996 - £221,227) in respect of assets held under hire purchase contracts.

TAY HOMES (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997

(CONTINUED)

	1997 £	1996 £
8. STOCKS AND WORK IN PROGRESS		
Stocks and work in progress comprise:		
Materials and work in progress	3,257,852	4,304,890
Part exchange properties	2,283,868	2,686,274
BES properties (see note 17)	660,012	660,012
	<u>6,201,732</u>	<u>7,651,176</u>
9. DEBTORS		
Amounts falling due within one year:		
Trade debtors	10,769,527	4,884,697
Amounts owed by fellow subsidiaries	173,734	224,520
Other debtors	184,095	371,825
Prepayments	729,026	745,156
Deferred tax (note 13)	5,525	-
	<u>11,861,907</u>	<u>6,226,198</u>
10. CREDITORS		
Amounts falling due within one year:		
Bank overdraft (secured - note 15)	3,073,054	1,254,334
Obligations under hire purchase contracts	76,051	109,785
Trade creditors	5,214,336	1,891,786
Deposits and retentions received	27,419	10,959
Amounts due to parent company	4,998,824	4,838,420
Amounts due to fellow subsidiaries	2,885,053	2,851,169
Loans from associated companies	8,939	-
Corporation tax	35,949	206,092
Other taxation and social security	138,786	107,564
Other creditors	127,004	137,907
Accruals and provisions	2,971,700	1,423,700
BES deferred income (note 17)	660,012	-
	<u>20,217,127</u>	<u>12,831,716</u>
Amounts falling due after more than one year:		
Obligations under hire purchase contracts	55,986	48,390
Trade creditors	248,540	229,595
BES deferred income (see note 17)	-	733,097
	<u>304,526</u>	<u>1,011,082</u>
Hire purchase obligations repayable by instalments:		
In one year or less	76,051	109,785
Due over one year but within two years	28,794	42,543
Due over two years but within five years	27,192	5,847
	<u>132,037</u>	<u>158,175</u>

TAY HOMES (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

(CONTINUED)

11. PROVISIONS FOR LIABILITIES AND CHARGES

BES Guarantee
£
At 1 July 1996
83,000
Transferred from deferred income (note 17)
73,085
Profit and loss account
17,000
At 30 June 1997
<u>173,085</u>

12. CALLED-UP SHARE CAPITAL

Authorised:

100 ordinary shares of £1 each

1997	1996
<u>£100</u>	<u>£100</u>

Allotted, called-up and fully paid:

2 ordinary shares of £1 each

<u>£2</u>	<u>£2</u>
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13. DEFERRED TAXATION

There is no unprovided deferred tax liability at 30 June 1997.

The deferred tax asset recognised is made up as follows:

	1997 £	1996 £
Accelerated capital allowances	-	-
Other timing differences	5,525	-
	<u>5,525</u>	<u>-</u>

The above amounts are all falling due within one year

14. CONTINGENT LIABILITY

The company has given unlimited guarantees in favour of National Westminster Bank plc, The Royal Bank of Scotland plc and The Co-operative Bank plc in respect of all monies due to the banks from the company's parent company and its fellow subsidiaries. At 30 June 1997 the bank borrowings under these guarantees totalled £23,096,075. The directors do not expect a loss to arise as a result of these guarantees.

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. BANK BORROWINGS

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

TAY HOMES (NORTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997

(CONTINUED)

16. 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 £26,090 (1996 - £27,616). Contributions totalling £1,560 (1996 - Nil) were payable to the fund at the year end and are included in creditors.

17. PROPERTIES IN THE BUSINESS EXPANSION SCHEME

In the year to 30 June 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 1997 was £173,085 (1996 - £83,000). Proceeds from the sale of the properties were held as deferred income in the balance sheet and exceeded the cost of the properties by £156,085. In order to meet the assessed liability at 30 June 1996 a transfer of £83,000 was made at 30 June 1996 from deferred income to provisions for liabilities and charges. The additional assessed liability at 30 June 1997 has been met by transferring a further £73,085 from deferred income to provisions and charging an amount of £17,000 to the profit and loss account.

As the guarantee is currently 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 of £660,012 with sale proceeds of £660,012 (1996 - £733,097) held in deferred income and £173,085 (1996 - £83,000) included in provisions.

18. FINANCIAL COMMITMENTS

At 30 June 1997 the company had annual commitments under non-cancellable operating leases as follows:

	1997	1996
	£	£
Land and buildings:		
Expiring in over five years	52,340	44,700

19. 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.

20. RELATED PARTY TRANSACTIONS

Financial Reporting Standard Number 8 gives an exemption that related party transactions which eliminate upon consolidation do not require disclosure. The company has taken advantage of this exemption.