



TAY HOMES (NORTH WEST) LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2001

REGISTERED NUMBER 2189721



TAY HOMES (NORTH WEST) LIMITED

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TAY HOMES (NORTH WEST) LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited accounts for the year ended 30 June 2001.

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 regard the Company's financial position at 30 June 2001 and its financial performance for the year then ended as satisfactory and expect this position to continue for the foreseeable future.

RESULTS AND DIVIDENDS

The profit for the financial year amounted to £3,864,341 (2000 - £2,013,515). The Directors do not recommend the payment of a dividend for the year (2000 : nil).

DIRECTORS

The Directors who held office during the year were:

Mr J W Maunders

Mr W H Bannister

Mr B Warrington

Mr G W C Smith (Appointed 22 January 2001)

Directors' INTERESTS IN SHARES

At 30 June 2001, options were outstanding under the terms of the Tay Homes plc 1999 Approved Executive Share Option Scheme to acquire the following number of shares in Tay Homes plc.

<u>Director</u>	<u>Date granted</u>	<u>At 1 July 2000</u>	<u>At 30 June 2001</u>	<u>Exercise price</u>	<u>Date from which exercisable</u>	<u>Expiry Date</u>
Mr B Warrington	18 April 2000	27,500	27,500	73.5p	Sept 2003	April 2010

The market price of Tay Homes plc's shares of 25 pence each at 30 June 2001 was 97 pence.

The interests of Messrs Maunders and Bannister in the shares of the ultimate parent company, Tay Homes plc are shown in the Annual Report of that company. Other than as disclosed above, none of the Directors had any interest in the shares of the Company or any other group company at the year end.

TAY HOMES (NORTH WEST) LIMITED

DIRECTORS' REPORT (CONTINUED)

CREDITOR PAYMENT POLICY

Payments are made to all suppliers in accordance with terms agreed when goods and services are ordered. It is the Company's policy to maximise its cash flow at all times. The Company does not follow a Standard or Code which deals specifically with the payment of suppliers. The Company's average creditor payment period at 30 June 2001 was 39 days (2000: 42 days)

AUDITORS

A resolution to re-appoint PricewaterhouseCoopers as auditors to the Company will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'S. G. Evans', written over a circular stamp or seal.

S. G. Evans
Secretary
25th September 2001

TAY HOMES (NORTH WEST) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

Company law requires the Directors to prepare accounts 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 accounts 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 and that reasonable and prudent judgements and estimates have been made in preparing the accounts for the year ended 30 June 2001. The Directors also confirm 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 accounts comply with the United Kingdom 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.

TAY HOMES (NORTH WEST) LIMITED

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

We have audited the accounts which comprise the profit and loss account, the balance sheet, the accounting policies, the reconciliation of movements in shareholders' funds and the related notes.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report and the accounts 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 accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the accounts 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 accounts, 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. The other information comprises only the Directors' Report.

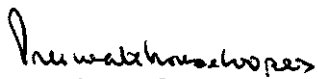
BASIS OF AUDIT OPINION

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion, the accounts give a true and fair view of the state of the Company's affairs at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Manchester
25th September 2001

TAY HOMES (NORTH WEST) LIMITED

ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. During the year the Company has adopted FRS 18, 'Accounting Policies', with no significant impact. A summary of the more important accounting policies of the Company which have been applied consistently, is set out below.

BASIS OF ACCOUNTING

The accounts are prepared on the historical cost basis of accounting.

GOING CONCERN

The ability of the Company to continue as a going concern is dependent on the continued financial support of Tay Homes plc. The directors of Tay Homes plc have provided assurances in this respect.

CASH FLOW STATEMENT

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.

TURNOVER

Turnover represents the sales value of new properties legally completed during the year together with income derived from dealing in land and property. All turnover arises in the United Kingdom and results from the Company's principal activity.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation.

DEPRECIATION

Depreciation is provided in equal annual instalments so as 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

Land 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. Part exchange properties are valued at the lower of their trade-in cost and net realisable value.

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 or asset 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 under 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 to the profit and loss account on a straight line basis over the lease term.

PENSION COST

The Company makes contributions to the group's defined contribution scheme which provides retirement benefits for the executive employees of the Company. The pension costs relating to the contributions payable to the scheme are charged to the profit and loss account as incurred.

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 2001

	<u>Notes</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
TURNOVER		32,169,881	26,630,564
Cost of sales		(27,080,832)	(23,529,695)
GROSS PROFIT		5,089,049	3,100,869
Administrative expenses		(2,037,366)	(1,263,566)
OPERATING PROFIT		3,051,683	1,837,303
Net interest receivable	2	423,483	176,212
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	3,475,166	2,013,515
Taxation credit	4	389,175	-
RETAINED PROFIT FOR THE YEAR		3,864,341	2,013,515
LOSS SUSTAINED BROUGHT FORWARD		(3,008,187)	(5,021,702)
RETAINED PROFIT /(SUSTAINED LOSS) CARRIED FORWARD		<u>856,154</u>	<u>(3,008,187)</u>

All items dealt with in arriving at operating profit for 2001 and 2000 relate to continuing activities.

The Company has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

TAY HOMES (NORTH WEST) LIMITED

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 30 JUNE 2001

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Profit for the financial year	3,864,341	2,013,515
Opening equity shareholders' deficit	<u>(3,008,185)</u>	<u>(5,021,700)</u>
Closing equity shareholders' funds / (deficit)	<u>856,156</u>	<u>(3,008,185)</u>

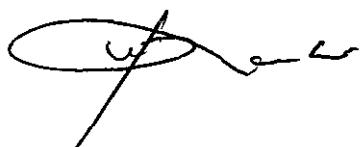
TAY HOMES (NORTH WEST) LIMITED

BALANCE SHEET AT 30 JUNE 2001

	<u>Notes</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
FIXED ASSETS			
Tangible assets	5	<u>163,418</u>	<u>213,325</u>
CURRENT ASSETS			
Land		17,343,415	21,224,252
Stocks and work in progress	6	9,075,563	9,050,728
Debtors	7	1,078,919	933,748
Cash at bank and in hand		<u>6,323,629</u>	<u>3,295,920</u>
		<u>33,821,526</u>	<u>34,504,648</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	8	<u>(31,845,888)</u>	<u>(33,984,955)</u>
NET CURRENT ASSETS		<u>1,975,638</u>	<u>519,693</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,139,056</u>	<u>733,018</u>
Creditors: amounts falling due after more than one year	8	(1,063,298)	(3,289,948)
Provisions for liabilities and charges	9	(219,602)	(451,255)
NET ASSETS / (LIABILITIES)		<u><u>856,156</u></u>	<u><u>(3,008,185)</u></u>
CAPITAL AND RESERVES			
Called-up share capital	10	2	2
Profit and loss account		<u>856,154</u>	<u>(3,008,187)</u>
EQUITY SHAREHOLDERS' FUNDS / (DEFICIT)		<u><u>856,156</u></u>	<u><u>(3,008,185)</u></u>

The accounts on pages 6 to 16 were approved by the Board of Directors on 25th September 2001 and were signed on its behalf by:

W H BANNISTER DIRECTOR



TAY HOMES (NORTH WEST) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2001

1. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation on tangible fixed assets		
- owned assets	49,734	52,669
- assets held under hire purchase contracts	60,770	54,524
	<u>110,504</u>	<u>107,193</u>
Profit on sale of tangible fixed assets	821	(7,401)
Profit/(loss) on ordinary land dealing	66,020	(7,078)
Other operating lease rentals	82,000	82,000
Auditors' remuneration - audit fees	12,000	20,000
- non audit services	-	3,500
Group management charge	950,000	340,000
Hire of plant and machinery	<u>383,265</u>	<u>331,998</u>

2. NET INTEREST RECEIVABLE

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Bank interest receivable	433,899	172,915
On hire purchase contracts	(14,393)	(16,821)
Other interest receivable	3,977	20,118
	<u>423,483</u>	<u>176,212</u>

TAY HOMES (NORTH WEST) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2001 (CONTINUED)

3. DIRECTORS AND EMPLOYEES

	2001	2000
	£	£
Staff costs during the year:		
Wages and salaries	1,294,819	994,485
Social security costs	124,148	88,577
Other pension costs (note 15)	35,693	10,227
	<u>1,454,660</u>	<u>1,093,289</u>

The average monthly number of persons
(including executive Directors) employed by the Company was:

	Number	Number
Administrative and management	34	22
Site personnel	20	20
	<u>54</u>	<u>42</u>

Staff costs include the following remuneration
in respect of the Directors of the Company:

	2001	2000
	£	£
Aggregate emoluments	94,610	-
Company pension contributions to money purchase scheme	9,600	-
	<u>104,210</u>	<u>-</u>

The emoluments of Mr. Warrington are paid by Tay Homes plc.

Mr. Warrington's services to this company and to a number of fellow subsidiaries are of a non - executive nature and his emoluments are deemed to be wholly attributable to his services to Tay Homes plc. Accordingly the above details include no emoluments in respect of Mr. Warrington.

The emoluments of Messrs Maunders and Bannister are disclosed in the consolidated accounts of Tay Homes plc.

At 30 June 2001 retirement benefits were accruing to 1 director (2000 : No directors) under money purchase schemes in respect of qualifying services.

4. TAXATION CREDIT

	2001	2000
	£	£
U.K. Corporation Tax at 30% (2000 - 30%):		
Current - deferred	-	-
Prior year - current	389,175	-
	<u>389,175</u>	<u>-</u>

There is no corporation tax charge for the current year due to the utilisation of losses brought forward from earlier periods.

The Company has £868,557 (2000 : £4,429,076) of unrelieved corporation tax losses to carry forward against profits of the same trade.

TAY HOMES (NORTH WEST) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2001 (CONTINUED)

5. TANGIBLE FIXED ASSETS

	Motor Vehicles	Fixtures and Fittings	Total
	£	£	£
Cost:			
At 1 July 2000	388,575	229,746	618,321
Additions	47,700	21,743	69,443
Intra group transfers	3,251	(983)	2,268
Disposals	(41,045)	(41,140)	(82,185)
At 30 June 2001	398,481	209,366	607,847
Depreciation:			
At 1 July 2000	233,240	171,756	404,996
Charge for year	89,053	21,451	110,504
Intra group transfers	1,760	(417)	1,343
Eliminated on disposals	(35,225)	(37,189)	(72,414)
At 30 June 2001	288,828	155,601	444,429
Net Book Value:			
At 30 June 2001	109,653	53,765	163,418
At 30 June 2000	155,335	57,990	213,325

The net book value of tangible fixed assets includes an amount of £163,418 (2000 - £126,535) in respect of assets held under hire purchase contracts.

	2001	2000
	£	£
6. STOCKS AND WORK IN PROGRESS		
Stocks and work in progress comprise:		
Materials and work in progress	6,251,264	8,205,387
Part exchange properties	2,824,299	845,341
	9,075,563	9,050,728

TAY HOMES (NORTH WEST) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2001 (CONTINUED)

7. DEBTORS	2001 £	2000 £
Amounts falling due within one year:		
Trade debtors	103,167	280,476
Other debtors	467,355	496,470
Prepayments	75,862	156,802
ACT and corporation tax recoverable	432,535	-
	<u>1,078,919</u>	<u>933,748</u>
8. CREDITORS		
Amounts falling due within one year:		
Bank overdraft (secured note 13)	692,513	1,363
Obligations under hire purchase contracts	38,082	98,310
Trade creditors	2,269,954	2,739,964
Land creditors	6,384,028	6,763,843
Bill of exchange payable	-	1,989,000
Deposits and retentions received	146,966	272,202
Amounts due to group undertakings	19,710,872	18,744,195
Amounts due to associated company	55,357	15,992
Corporation tax	-	55,539
Other taxation and social security	104,773	50,033
Other creditors	30,844	96,961
Accruals and deferred income	2,412,499	3,157,553
	<u>31,845,888</u>	<u>33,984,955</u>
Amounts falling due after more than one year:		
Obligations under hire purchase contracts	1,639	40,479
Trade creditors	404,027	359,837
Land creditors	657,632	2,889,632
	<u>1,063,298</u>	<u>3,289,948</u>
Hire purchase obligations repayable by instalments:		
In one year or less	38,082	98,310
Due over one year but within two years	1,639	38,841
Due over two years but within five years	-	1,638
	<u>39,721</u>	<u>138,789</u>
9. PROVISIONS FOR LIABILITIES AND CHARGES		Site Remedials £
At 1 July 2000		451,255
Profit and loss account		150,381
Utilised during the year		(382,034)
At 30 June 2001		<u>219,602</u>

The provision for site remedials relates to future rectification costs on a particular site. Expenditure in this regard is expected to be incurred during the year to 30th June 2002.

TAY HOMES (NORTH WEST) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2001 (CONTINUED)

10. CALLED-UP SHARE CAPITAL

	2001	2000
Authorised:		
100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
Allotted, called-up and fully paid:		
2 ordinary shares of £1 each	<u>£2</u>	<u>£2</u>

11. DEFERRED TAXATION

	2001	2000
	<u>£</u>	<u>£</u>
Deferred tax assets not recognised are as follows:		
Accelerated capital allowances	42,227	22,311
Corporation tax losses to offset in future years	<u>264,462</u>	<u>1,332,852</u>
	<u>306,689</u>	<u>1,355,163</u>

12. CONTINGENT LIABILITIES

The Company has given an unlimited guarantee in favour of National Westminster Bank plc in respect of all monies due to the bank by the Company's parent company and its fellow subsidiary undertakings. At 30 June 2001 the amounts outstanding under this guarantee totalled £14,031,381, (2000 : £15,186,218).

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

13. BANK SECURITY

The sum owed by the group to National Westminster Bank plc is secured by fixed and floating charges over the developments and other unsecured assets of the group.

14. FINANCIAL COMMITMENTS

At 30 June 2001 the Company had annual commitments under non-cancellable operating leases as follows:

	2001	2000
	<u>£</u>	<u>£</u>
Land and buildings:		
Expiring within one year	65,500	-
Expiring within two and five years	<u>-</u>	<u>82,000</u>

TAY HOMES (NORTH WEST) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2001 (CONTINUED)

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 £35,693 (2000 - £10,277). No contributions were payable to the fund at the year end (2000 - Nil).

16. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

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

17. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of Tay Homes plc whose consolidated accounts are publicly available. Consequently, there are no disclosures required for transactions or balances with any entity in the Tay Homes plc group of companies under the terms of Financial Reporting Standard No. 8.

There were no transactions or balances with any other related parties.