Co House

Registered No. 2979041

DEAN HOMES LIMITED

REPORT & ACCOUNTS

For The Year Ended

31st December 1996

SPOKES & COMPANY
Hilden Park House
79 Tonbridge Road
Hildenborough
KENT
TN11 9BH

DEAN HOMES LIMITED

DIRECTORS

S. Dean
A. Dean (appointed 11th July 1996)

SECRETARY

P. Holmes

REGISTERED OFFICE

Dean House
Sovereign Court
Ermine Business Park
Huntingdon
Cambridgeshire
PE18 6WA

AUDITORS

Spokes & Company
Hilden Park House
79 Tonbridge Road
Hildenborough
Kent
TN11 9BH

BANKERS

Bank of Scotland
14 Friar Lane
Leicester
LE1 5RA

DEAN HOMES LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1996

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Pages

The following pages do not form part of the statutory accounts

DEAN HOMES LIMITED

REPORT OF THE DIRECTOR

The Directors have pleasure in presenting the Annual Report and the Audited Accounts for the year ended 31st December 1996.

PRINCIPAL ACTIVITY

The Company's principal activity is that of a residential house builder. There has been no change in this activity during the course of the year.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation was £322,800 (1995: £112,577). The Directors recommend the payment of a £320,000 dividend (1995: £50,000).

The Company has achieved a significant level of growth, which is to be consolidated in the current year.

DIRECTORS

The Directors who held office throughout the year and their interests in the shares of the Company were as follows:

	£1 Ordinary Shares	
	1996	1995
S. Dean	-	-
A. Dean (appointed 11th July 1996)	-	-

The Company is a wholly owned subsidiary of Dean Corporation Plc. The interest of S. Dean, who is also a Director of the parent undertaking, in the shares of Dean Corporation Plc, are disclosed in that Company's accounts.

DEAN HOMES LIMITED

REPORT OF THE DIRECTORS
(Continued)

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts which give a true and fair view of the state of the affairs of the Company as at its Balance Sheet date and of the profit or loss of the Company for the accounting year then ended. In preparing those accounts, the Directors are required to:

a) select suitable accounting policies and then apply them consistently;

b) make judgements and estimates that are reasonable and prudent;

c) prepare the accounts 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 accounts comply with the 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.

AUDITORS

Grant Thornton resigned as Auditors during the period. Spokes & Co. were appointed to fill the vacancy and a resolution to re-appoint them in accordance with Section 395 of the Companies Act 1985 will be proposed at the Annual General Meeting. Messrs. Spokes & Company have expressed their willingness to continue in office as Auditors and a Resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

P. HOLMES
Secretary

21st April 1997

REPORT OF THE AUDITORS

TO THE MEMBERS OF

DEAN HOMES LIMITED

We have audited the accounts on Pages 4 to 11, which have been prepared under the historical cost convention and the accounting policies set out on Page 6.

Respective Responsibilities of Directors and Auditors

As described on Page 2 the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 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 as at 31st December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Spokes & Company

Hilden Park House
79 Tonbridge Road
Hildenborough
KENT TN11 9BH
21st April 1997

SPOKES & COMPANY
Chartered Accountants
Registered Auditors

DEAN HOMES LIMITED

PROFIT & LOSS ACCOUNT

For The Year Ended 31st December 1996

	Note	Year Ended 31st December 1996	63 Weeks Ended 31st December 1995
		£	£
TURNOVER	1	3,964,491	1,017,260
Cost of Sales		(3,226,909)	(781,029)
GROSS PROFIT		737,582	236,231
Administrative Expenses		(303,707)	(77,305)
Operating Profit	2	433,875	158,926
Interest Receivable		2,219	7,210
Interest Payable	5	(11,738)	(16,105)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		424,356	150,031
Taxation	6	(101,556)	(37,454)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		322,800	112,577
Proposed Dividend		(320,000)	(50,000)
RETAINED PROFIT FOR THE YEAR/PERIOD	15	2,800	62,577

All of the Company's operations are classed as continuing.

The Company has no recognised gains or losses other than the profit for the year.

The Notes on Pages 6 to 11 form part of these accounts.

DEAN HOMES LIMITED

BALANCE SHEET

As At 31st December 1996

	Note	31st December 1996		31st December 1995	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	7		10,806		20,299
CURRENT ASSETS					
Stocks & Work in Progress	8	1,654,174		1,477,221	
Debtors	9	535,366		74,618	
		2,189,540		1,551,839	
CREDITORS - Amounts falling due within one year:	10	(2,133,220)		(1,509,461)	
NET CURRENT ASSETS			56,320		42,378
TOTAL ASSETS LESS CURRENT LIABILITIES			67,126		62,677
CREDITORS - Amounts falling due after more than one year:	12		(1,649)		-
			65,477		62,677
CAPITAL & RESERVES					
Called Up Share Capital (All Equity)	13		100		100
Profit & Loss Account	14		65,377		62,577
	15		65,477		62,677

The Notes on Pages 6 to 11 form part of these accounts.

These accounts were approved by the Board of Directors on 21st April 1997.

S. DEAN
Director

DEAN HOMES LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The principal accounting policies which have been consistently adopted in the preparation of these accounts are as follows:

Basis of Accounting
The accounts are prepared under the historical cost convention and in accordance with applicable statements of accounting practice.

Turnover
Turnover represents the value of work done for customers during the year, excluding trade discounts and VAT. Turnover arises solely in the UK.

Depreciation
Depreciation is provided in order to write off the cost of fixed assets over their estimated useful lives. The following annual rates of depreciation are used:

Motor Vehicles	-	25% Straight line
Plant & Equipment	-	25% Straight line
Fixtures & Fittings	-	25% Straight line

Stock and Work in Progress
Stocks and work in progress are valued at the lower of cost including relevant overheads and net realisable value. Work in progress includes materials and labour costs incurred on incompleted contracts at the period end. Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty by including in the profit and loss account turnover and related costs as contract activity progresses..

Deferred Taxation
Deferred taxation is accounted for using the liability method on all material timing differences to extent that it is probable that liabilities or assets will crystallise. Timing differences arise from certain items being included in taxation computations in periods different from those in which they appear in the accounts.

Operating Leases
The rentals payable under operating leases are charged on a straight line basis over the lease term.

Leased Assets
Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments made under them are charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Pension
The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

DEAN HOMES LIMITED

NOTES TO THE ACCOUNTS
(Continued)

2. OPERATING PROFIT

This is stated after charging:

	Year Ended 31st December 1996	63 Weeks to 31st December 1995
	£	£
Operating Lease Rentals	20,672	-
Depreciation	7,031	6,337
Auditor's Remuneration	9,750	4,250
Profit on Disposal	(2,207)	-

3. DIRECTORS' REMUNERATION

The highest paid Director received remuneration of £19,394 in the year (1995: Nil).

The Chairman received no remuneration in 1996 and 1995.

4. STAFF NUMBERS AND COSTS

The average number of employees during the year was as follows:

	Year Ended 31st December 1996	63 Weeks to 31st December 1995
Administration	3	1
Operations	9	4
	12	5

The aggregate payroll costs of the employees (including the Directors) were as follows:

	£	£
Wages & Salaries	172,022	40,120
Social Security Costs	17,546	3,689
Other Pension Costs	3,835	-
	193,403	43,809

DEAN HOMES LIMITED

NOTES TO THE ACCOUNTS
(Continued)

5. INTEREST PAYABLE

Interest payable and similar charges arise as follows:

	Year Ended 31st December 1996	63 Weeks to 31st December 1995
	£	£
Hire Purchase	1,477	542
Bank Overdraft Repayable Within 5 Years	10,261	15,563
	11,738	16,105

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year Ended 31st December 1996	63 Weeks to 31st December 1995
	£	£
Taxation based on result for the year:		
Corporation Tax @ 33%	101,556	37,454

7. TANGIBLE ASSETS

	Fixtures & Fittings	Office Equipment	Total
COST	£	£	£
Brought Forward	16,953	7,014	23,967
Additions	4,155	-	4,155
Disposals	(8,823)	-	(8,823)
Carried Forward	12,285	7,014	19,299
DEPRECIATION			
Brought Forward	2,795	873	3,668
Charge for Year	5,277	1,754	7,031
Disposals	(2,206)	-	(2,206)
Carried Forward	5,866	2,627	8,493
NET BOOK VALUE			
At 31st December 1996	6,419	4,387	10,806
At 31st December 1995	14,158	6,141	20,299

DEAN HOMES LIMITED

NOTES TO THE ACCOUNTS
(Continued)

8. **STOCKS & WORK IN PROGRESS**

	1996	1995
	£	£
Work in Progress	421,212	484,004
Finished Stocks	1,232,962	993,217
	1,654,174	1,477,221

9. **DEBTORS**

	1996	1995
	£	£
Trade Debtors	160,401	31,618
Amounts Recoverable on Contracts	258,343	-
Amounts Owed by Group Undertakings	10,270	10,224
Other Debtors	80,247	29,295
Prepayments & Accrued Income	26,105	3,481
	535,366	74,618

10. **CREDITORS** - Amounts falling due within one year:

	1996	1995
	£	£
Bank Overdraft	286,988	268,285
Trade Creditors	326,555	200,439
Amounts Due under Hire Purchase Contracts	9,639	-
Amounts Owed to Parent Undertaking	966,148	905,839
Corporation Tax	99,297	37,454
Social Security & Other Taxes	30,811	16,077
Proposed Dividend	320,000	50,000
Other Creditors	-	19,118
Accruals & Deferred Income	93,782	12,249
	2,133,220	1,509,461

The bank overdraft is secured by a fixed and floating charge over all the assets of the Company.

11. **CREDITORS** - Amounts falling due after more than one year:

	1996	1995
	£	£
Finance Lease Obligations	1,649	-

DEAN HOMES LIMITED

NOTES TO THE ACCOUNTS
(Continued)

12. FINANCE LEASE OBLIGATIONS

Obligations are repayable as follows:

	1996	1995
	£	£
Within one year	9,639	-
After one and within two years	1,649	-
	11,288	-

13. SHARE CAPITAL

	1996	1995
	£	£
Authorised, allotted, called up and paid:		
100 Ordinary Shares of £1 each	100	100

14. PROFIT & LOSS ACCOUNT

	Year Ended 31st December 1996	63 Weeks to 31st December 1995
	£	£
Brought Forward	62,577	-
Retained Profit for the Period	2,800	62,577
Carried Forward	65,377	62,577

15. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS FUNDS

	1996	1995
	£	£
Issue of Shares	-	100
Profit for the Period	322,800	112,577
Dividend Paid	(320,000)	(50,000)
Net Addition to Shareholders' Funds	2,800	62,677
Shareholders' Funds Brought Forward	62,677	-
Shareholders' Funds Carried Forward	65,477	62,677

DEAN HOMES LIMITED

NOTES TO THE ACCOUNTS
(Continued)

16. **FINANCIAL COMMITMENTS**

Amounts due in respect of other operating leases:

	1996	1995
	£	£
Expiring within two to five years	31,277	13,823

17. **CONTINGENT LIABILITIES**

A cross guarantee held by the bank in favour of Dean Corporation Plc and its group company members has been given by the Company for all monies owing.

18. **ULTIMATE PARENT UNDERTAKING**

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by the ultimate parent undertaking, Dean Corporation Plc, which is registered in England and Wales.

Copies of accounts can be obtained from the Registered Office.