Co House

Registered No. 2979041

DEAN HOMES LIMITED

REPORT & ACCOUNTS

For The Period Ended

31st March 1999

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

DEAN HOMES LIMITED

DIRECTORS

S. Dean
A. Dean
C. P. Musselle

SECRETARY

C. Musselle

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 PERIOD ENDED 31st MARCH 1999

CONTENTS

DEAN HOMES LIMITED

REPORT OF THE DIRECTOR

The Directors have pleasure in presenting the Annual Report and the Audited Accounts for the period ended 31st March 1999.

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 period.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation was £692,096 (1997: Year £512,571). The Directors recommend the payment of a £741,501 dividend (1997: Year £400,000) as £441,501 paid during the year and a proposed dividend of £300,000.

The Company's activities fall into three areas:

1. As a contractor to other developers, in particular, M. J. Gleeson Plc. During the period the Company undertook and, is continuing to work on, three schemes with Gleeson Classic Homes. Schemes are generally middle to upper end and have been in Histon in Cambridgeshire, Cambridge City, Impington, Edenbridge in Kent, Spaldwick and Bythorn in Cambridgeshire and Bozeat in Northamptonshire.

2. As a developer on its own account, again focusing on mid or up-market houses across Cambridgeshire, and in particular in the villages of Warboys, Alconbury, Chatteris, Hemingford Grey and Houghton.

3. As a developer of commercial buildings, mainly offices and distribution units. During the period under review, the Company acquired a site in Godmanchester, near Huntingdon, obtained planning permission, built and sold or had reservations for all five office blocks.

   Management considers this area of activity to be of particular interest and the Company has acquired or is acquiring three further business parks;

   26 acres at St. Neots, Cambridgeshire
   5 acres at Godmanchester, Cambridgeshire
   3 acres at Alwalton, near Peterborough

These developments are expected to contribute substantially to turnover.

CURRENT TRADING

The markets in which all the businesses are involved in remain quite buoyant with order books and enquiry levels encouragingly firm.

The Company continues to explore acquisition and merger opportunities in order to progress its strategy of becoming a substantial specialist contracting group.

DEAN HOMES LIMITED

REPORT OF THE DIRECTOR
(Continued)

DIRECTORS

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

	£1 Ordinary Shares	
	31.3.99	31.12.97
S. Dean	-	-
A. Dean	-	-
C. P. Musselle (appointed 25th September 1998)	-	-

The Company is a wholly owned subsidiary of Artisan (UK) Plc. The interest of S. Dean, and C. Musselle who are also Directors of the parent undertaking, in the shares of Artisan (UK) Plc, are disclosed in that Company's accounts. A Dean had, at 31st March 1999, an interest in 736,000 shares of Artisan (UK) Plc.

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 period 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

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

C. P. MUSSELLE
Secretary

19th May 1999

REPORT OF THE AUDITORS

TO THE MEMBERS OF

DEAN HOMES LIMITED

We have audited the accounts on Pages 4 to 13, 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 March 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Spokes & Company

SPOKES & COMPANY
Chartered Accountants
Registered Auditors

Hilden Park House
79 Tonbridge Road
Hildenborough
KENT TN11 9BH
19th May 1999

DEAN HOMES LIMITED

PROFIT & LOSS ACCOUNT

For The Period Ended 31st March 1999

	Note	15 Months to 31.3.99 £	Year Ended 31.12.97 £
TURNOVER	1	10,551,124	7,141,289
Cost of Sales		(8,360,133)	(5,744,521)
GROSS PROFIT		2,190,991	1,396,768
Administrative Expenses		(1,035,896)	(532,314)
Operating Profit	2	1,155,095	864,454
Interest Receivable		8,691	907
Interest Payable	5	(189,345)	(115,883)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		974,441	749,478
Taxation	6	(282,345)	(236,907)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		692,096	512,571
Dividend Paid/ Proposed	7	(741,501)	(400,000)
RETAINED (LOSS)/PROFIT FOR THE PERIOD/YEAR	17	(49,405)	112,571

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

The Company has no recognised gains or losses other than the result for the period.

The Notes on Pages 6 to 13 form part of these accounts.

DEAN HOMES LIMITED

BALANCE SHEET

As At 31st March 1999

	Note	31.3.99 £	31.3.99 £	31.12.97 £	31.12.97 £
FIXED ASSETS					
Tangible Assets	8		4,558		12,895
Investments	9		243,870		-
			248,428		12,895
CURRENT ASSETS					
Stocks & Work in Progress	10	2,921,558		1,656,821	
Debtors	11	1,964,303		1,766,116	
Listed Current Investment	12	50,000		-	
Cash at Bank and in Hand		8		-	
		4,935,869		3,422,937	
CREDITORS - Amounts falling due within one year:	13	(3,313,754)		(3,257,784)	
NET CURRENT ASSETS			1,622,115		165,153
TOTAL ASSETS LESS CURRENT LIABILITIES			1,870,543		178,048
CREDITORS – Amounts falling due after more than one year:	14		(942,000)		-
			928,543		178,048
CAPITAL & RESERVES					
Called Up Share Capital (All Equity)	16		800,000		100
Profit & Loss Account	17		128,543		177,948
	18		928,543		178,048

The Notes on Pages 6 to 13 form part of these accounts.

These accounts were approved by the Board of Directors on 19th May 1999

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. The accounts include the results of the Company as an individual undertaking as Dean Homes Limited is included in the accounts of Artisan (UK) Limited.

Turnover
Turnover represents the value of work done for and services provided to customers during the period, excluding VAT. In the case of house sales turnover is recognised upon exchange of contracts. Profit is recognised on long term work in progress 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. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract. 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, labour and an appropriate proportion of relevant overhead costs incurred on incompleted contracts at the period end. Profit is recognised on long term contracts as noted above.

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.

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.

DEAN HOMES LIMITED

NOTES TO THE ACCOUNTS
(Continued)

1. **ACCOUNTING POLICIES** (Continued)

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.

Listed Current Investments
Listed Current Investments are stated at the lower of cost and net realisable value.

2. **OPERATING PROFIT**

This is stated after charging/(crediting):

	15 Months to 31.3.99	Year Ended 31.12.97
	£	£
Operating Lease Rentals	29,678	27,904
Depreciation	6,056	6,259
Auditor's Remuneration	10,000	9,600
Loss/(Profit) on Disposal	2,190	(46)

3. **DIRECTORS EMOLUMENTS**

	15 Months to 31.3.99	Year Ended 31.12.97
	£	£
Emoluments	70,019	39,239
Pension Contributions	4,500	3,600
	74,519	42,839

One director has retirement benefits accruing to him under a money purchase scheme.

DEAN HOMES LIMITED

NOTES TO THE ACCOUNTS
(Continued)

4. STAFF NUMBERS AND COSTS

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

	15 Months to 31.3.99	Year Ended 31.12.97
Administration	8	8
Operations	7	7
	15	15

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

	£	£
Wages & Salaries	375,891	219,793
Social Security Costs	35,912	20,847
Other Pension Costs	8,686	5,316
	420,489	245,956

5. INTEREST PAYABLE

Interest payable and similar charges arise as follows:

	15 Months to 31.3.99 £	Year Ended 31.12.97 £
Hire Purchase	300	344
Bank Overdraft Repayable Within 5 Years	67,201	34,119
Interest payable to group undertakings	121,441	81,420
Other Interest	403	-
	189,345	115,883

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	15 Months to 31.3.99 £	Year Ended 31.12.97 £
Taxation based on result for the period/year:		
Corporation Tax @ 31%	307,077	236,907
Group Relief @ 31%	(26,289)	-
Under-provision in Prior Year	1,557	-
	282,345	236,907

DEAN HOMES LIMITED

NOTES TO THE ACCOUNTS
(Continued)

7. DIVIDENDS

		15 Months to 31.3.99	Year Ended 31.12.97
		£	£
Dean Corporation Plc	- Paid	441,501	-
	- Proposed	-	400,000
Artisan (UK) Plc	- Proposed	300,000	-
		741,501	400,000

8. TANGIBLE ASSETS

	Motor Vehicle	Fixtures & Fittings	Office Equipment	Total
COST	£	£	£	£
Brought Forward	8,000	12,285	7,317	27,602
Additions	-	-	3,831	3,831
Disposals	(8,000)	-	(6,298)	(14,298)
Carried Forward	-	12,285	4,850	17,135
DEPRECIATION				
Brought Forward	1,333	8,937	4,437	14,707
Charge for Period	1,169	3,348	1,539	6,056
Disposals	(2,502)	-	(5,684)	(8,186)
Carried Forward	-	12,285	292	12,577
NET BOOK VALUE				
At 31st March 1999	-	-	4,558	4,558
At 31st December 1997	6,667	3,348	2,880	12,895

Motor vehicles includes assets held under hire purchase contracts as follows:

	£
Net book value at 31st March 1999	Nil
Net book value at 31st December 1997	6,667
Depreciation provided in period	–

DEAN HOMES LIMITED

NOTES TO THE ACCOUNTS
(Continued)

9. INVESTMENTS

	31.3.99	31.12.97
	£	£
Cost of Investment	243,870	-

Bernard Ward & Sons Ltd
Incorporated in the UK

100% of the Ordinary Share Capital was acquired on the 16th October 1998.

10. STOCKS & WORK IN PROGRESS

	31.3.99	31.12.97
	£	£
Work in Progress	2,254,690	754,129
Finished Stocks	666,868	902,692
	2,921,558	1,656,821

11. DEBTORS

	31.3.99	31.12.97
	£	£
Trade Debtors	611,703	655,274
Amounts Recoverable on Contracts	769,034	1,015,084
Amounts Owed by Group Undertakings	-	214
Other Debtors	570,000	13,308
Prepayments & Accrued Income	13,566	6,287
Director's Loan	-	75,949
	1,964,303	1,766,116

Included within trade debtors is £60,500 falling due after more than one year.

12. LISTED CURRENT INVESTMENTS

	31.3.99	31.12.97
	£	£
Cost	50,000	-
Current Market Value at 31st March 1999	40,000	-

DEAN HOMES LIMITED

NOTES TO THE ACCOUNTS
(Continued)

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

	31.3.99	31.12.97
	£	£
Bank Overdraft	756,337	413,497
Trade Creditors	456,877	300,664
Amounts Due under Hire Purchase Contracts	-	2,363
Amounts Owed to Parent Undertaking	1,000,000	1,521,121
Corporation Tax	280,788	278,185
Social Security & Other Taxes	132,510	90,408
Proposed Dividend	300,000	400,000
Accruals & Deferred Income	387,242	251,546
	3,313,754	3,257,784

The bank overdraft is secured by an all monies debenture over all the assets of the company incorporating fixed and floating charges. Set-off is available to the bank between the company and Artisan (UK) Plc and its group company members by virtue of the bank holding a debenture from each company together with a cross corporate guarantee.

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

	1999	1997
	£	£
Trade Creditors	942,000	-

The amount included above is secured over land held within work in progress.

15. **FINANCE LEASE OBLIGATIONS**

Obligations are repayable as follows:

	31.3.1999	31.12.1997
	£	£
Within one period	-	2,363
After one and within two periods	-	-
	-	2,363

DEAN HOMES LIMITED

NOTES TO THE ACCOUNTS
(Continued)

16. SHARE CAPITAL

	31.3.1999	31.12.1997
	£	£
Authorised, allotted, called up and paid:		
800,000 Ordinary Shares of £1 each Issued in Year	800,000	100
	800,000	100

The Company allotted 799,900 Ordinary £1 shares during the period at par.

17. PROFIT & LOSS ACCOUNT

	15 months to 31.3.1999	12 months to 31.12.1997
	£	£
Brought Forward	177,948	65,377
Retained (Loss)/Profit for the Period	(49,405)	112,571
Carried Forward	128,543	177,948

18. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS FUNDS

	15 Months to 31.3.99	Year Ended 31.12.97
	£	£
New Share Capital Issued in Period	799,900	-
Profit for the Period	692,096	512,571
Dividend Paid	(741,501)	(400,000)
Net Addition to Shareholders' Funds	750,495	112,571
Shareholders' Funds Brought Forward	178,048	65,477
Shareholders' Funds Carried Forward	928,543	178,048

DEAN HOMES LIMITED

NOTES TO THE ACCOUNTS
(Continued)

17. **FINANCIAL COMMITMENTS**

Amounts due in respect of other operating leases:

	31.3.99	31.12.97
	£	£
Expiring within one year	4,965	1,949
Expiring within two to five years	26,626	27,361
	31,591	29,310

20. **ULTIMATE PARENT COMPANY**

The Directors regard Artisan (UK) Plc, a company requested in England and Wales, as the ultimate parent company.

Exemption is taken of related party disclosures in respect of group transactions on the grounds that details of Dean Homes Ltd are included in the consolidated accounts of Artisan (UK) Plc.

21. **CONROLS OF THE COMPANY**

The company is under the control of the Board of Directors of Artisan (UK) Plc following the demerger of Dean Corporation Plc on 8th December 1998.

22. **RELATED PARTY TRANSACTIONS**

During the period the Company sold a property at market value to Mr. A. Dean.

The Company also sold an office block to the Taurus Pension Fund (which is Mr. Dean's pension scheme) for £410,000. The Directors took advice on the value of the property and it was confirmed that the value was fair and reasonable.