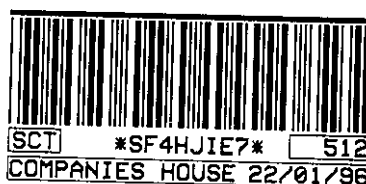


Redrow Homes (Scotland) Limited

Annual report for the 6 months ended 30 June 1995

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AZ

Directors and advisers

Directors

A W Lewis

M R Powell

Registered Auditors

Coopers & Lybrand
Abacus Court
6 Minshull Street
Manchester
M1 3ED

Secretary and registered office

R E Walker
Erskine House
68 - 73 Queen Street
Edinburgh

Bankers

Barclays Bank PLC
Aled House
Lakeside Business Village
St David's Park
Clwyd
CH5 3YA

**Directors' report
for the 6 months ended 30 June 1995**

The directors present their report and the audited financial statements for the 6 months ended 30 June 1995.

Principal activity and business review

The company was incorporated on 20 December 1994.

The principal activity of the company is residential development.

The directors are pleased with the progress of the business during the period and consider the state of affairs at the end of the period, and the future prospects of the company, to be satisfactory.

Directors

The directors of the company at 30 June 1995 are listed on page 1.

A W Lewis and M R Powell were appointed directors of the company on 20 December 1994.

Directors' interests in shares of the company

At 30 June 1995, A W Lewis and M R Powell had interests in the shares of Redrow Group plc.

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 of the company for that period.

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 6 months 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.

Changes in fixed assets

The movements in tangible fixed assets are set out in note 8 to the financial statements.

Insurance of officers

The company has maintained liability insurance for its officers throughout the period.

Taxation status

As far as the directors are aware, the company is not a close company as defined by Section 414 of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'R E Walker', with a long horizontal stroke extending to the right.

R E Walker
Company Secretary
18 September 1995

Report of the auditors to the members of Redrow Homes (Scotland) Limited

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

As described on page 2, 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 statements and to report our opinion to you.

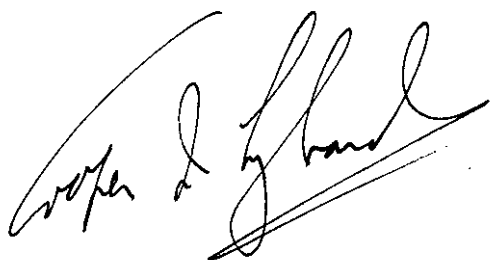
Basis of opinion

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 loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Manchester
18 September 1995

**Profit and loss account
for the 6 months ended 30 June 1995**

	Notes	1995 £
Turnover	2	- <u><u> </u></u>
Operating loss	2	(12,563)
Interest payable	5	(234) <u> </u>
Loss on ordinary activities before taxation	6	(12,797)
Taxation	7	4,223 <u> </u>
Loss on ordinary activities after taxation	14	(8,574) <u><u> </u></u>

Operating loss is generated from continuing operations.

The company has no recognised gains and losses other than those included in the loss above, and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet at 30 June 1995

	Notes	1995 £
Fixed assets		
Tangible assets	8	<u>12,598</u>
Current assets		
Stocks	9	2,437,523
Debtors	10	7,784
Cash at bank and in hand		59,495
		<u>2,504,802</u>
Creditors: amounts falling due within one year	11	<u>(2,524,914)</u>
Net current liabilities		<u>(20,112)</u>
Total assets less current liabilities		<u>(7,514)</u>
Provisions for liabilities and charges	12	<u>(960)</u>
Net liabilities		<u><u>(8,474)</u></u>
Capital and reserves		
Called up share capital	13	100
Profit and loss account	14	(8,574)
Equity shareholders' funds		<u><u>(8,474)</u></u>

The financial statements on pages 5 to 12 were approved by the board of directors on 18 September 1995 and were signed on its behalf by:



A W Lewis
M R Powell
Directors



**Notes to the financial statements
for the 6 months ended 30 June 1995****1 Principal 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 is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Tangible fixed assets

Fixed assets are depreciated on a reducing balance basis over their expected useful lives at the following principal annual rates:

	%
Fixtures and fittings	25
Computer equipment	35

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value, cost including materials, labour and overheads.

Turnover and profit recognition

Turnover represents sales of residential housing. Profit is recognised on legal completion.

Interest on borrowing

Interest is written off when incurred.

Operating leases

Operating lease rentals are charged against profit on a straight line basis over their lease term.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences which arise from the recognition of income and expenditure in differing periods for taxation and accounting purposes, except where the deferment is expected to continue in the future.

Pension scheme

The group operates a contributory pension scheme for all its permanent full time staff. The scheme is externally funded and the funds of the scheme are administered by trustees. The group's contributions to the scheme, which are made in accordance with the recommendations of independent actuaries, are charged against profits in accordance with Statement of Standard Accounting Practice No 24.

Cash flows

The company is a wholly owned subsidiary of Redrow Group plc, and its cash flows are included in the consolidated cash flow statement of Redrow Group plc. Consequently, the company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement.

2 Operating loss

	1995 £
Turnover	-
Cost of sales	(485)
Gross loss	(485)
Administrative expenses	(12,078)
Operating loss	<u>(12,563)</u>

3 Directors' emoluments

The directors did not receive any remuneration from the company.

4 Employee information

The average weekly number of persons (including directors) employed during the period was:

	1995 Number
Directors and administrative staff	3
Site personnel	1
	4

	1995 £
Staff costs (for the above persons)	
Wages and salaries	8,109
Social security costs	822
Other pension costs	-
	<u>8,931</u>

5 Interest payable

	1995 £
On bank loans and overdrafts:	
Repayable within 5 years, not by instalments	234
	<u>234</u>

6 Loss on ordinary activities before taxation

	1995 £
Loss on ordinary activities before taxation is stated after charging:	
Auditors' remuneration	1,000
Depreciation for the period	322
Hire of plant and machinery	3,636
	<u>3,636</u>

7 Taxation

	1995 £
United Kingdom corporation tax at 33%:	
Current	(5,183)
Deferred	960
	<u>(4,223)</u>

8 Tangible fixed assets

	Fixtures and fittings £
Cost	
Additions	12,920
At 30 June 1995	12,920
Depreciation	
Charge for period	322
At 30 June 1995	322
Net book value	
At 30 June 1995	12,598

9 Stocks

	1995 £
Land for development	2,200,000
Work in progress	237,523
	2,437,523
Less: payments received on account	-
	2,437,523

10 Debtors

	1995 £
Amounts falling due within one year	
Amounts owed by group undertakings	5,183
Other debtors	2,143
Prepayments	458
	7,784

11 Creditors: amounts falling due within one year

	1995 £
Trade creditors	104,204
Amounts owed to group undertakings	2,419,658
Accruals and deferred income	1,052
	<u>2,524,914</u>

Amounts owed to the company's ultimate holding company, Redrow Group plc, are secured by a floating charge over the company's present and future undertakings and assets. This charge does not take priority over any charge issued in favour of any other party.

12 Provisions for liabilities and charges

	Deferred taxation (see below) £
Transferred from profit and loss account	960
At 30 June 1995	<u>960</u>

Deferred taxation

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

	Amount provided 1995 £	Total potential liability 1995 £
Tax effect of timing differences because of: Excess of tax allowances over depreciation	<u>960</u>	<u>960</u>

13 Called up share capital

	1995 £
Authorised 100 ordinary shares of £1 each	<u>100</u>
Allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>

14 Profit and loss account

	£
Loss for the period	(8,574)
At 30 June 1995	(8,574)

15 Reconciliation of movement in shareholders' funds

	1995 £
Loss for the period	(8,574)
Shares issued	100
Closing shareholders' funds	(8,474)

16 Financial commitments

At 30 June 1995 the company had annual commitments under non-cancellable operating leases as follows:

	1995 £
Land and buildings: Expiring between two and five years inclusive	12,396

17 Pension and similar obligations

The company participates in The Redrow Staff Pension Scheme which is a self-administered, defined benefits scheme, with contributions based on the pension costs of the whole Redrow Group. These were at the rate of 8% of pensionable earnings. Details of the latest actuarial valuation will be found in the financial statements of Redrow Group plc.

18 Contingent liabilities

Performance bonds and other building guarantees have been entered into in the normal course of business.

19 Ultimate and immediate parent companies

The company's ultimate holding company is Redrow Group plc, a company incorporated in Great Britain and registered in England and Wales. The company's immediate parent company is Redrow Homes Limited, a company incorporated in Great Britain and registered in England and Wales.