Registered no: 155021

Redrow Homes (Scotland) Limited

Annual report

for the year ended 30 June 1999

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Redrow Homes (Scotland) Limited

Annual report
for the year ended 30 June 1999

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Directors and advisers

Directors

A W Lewis

M R Powell

A Milson

Registered Auditors

PricewaterhouseCoopers
Abacus Court
6 Minshull Street
Manchester
M1 3ED

Secretary and registered office

R E Walker
Redrow House
Fullarton Court
Cambuslang Investment Park
Cambuslang
Glasgow
Strathclyde
G32 8EY

Bankers

Barclays Bank PLC
Corporate Banking Centre
Barclays House
P O Box 747
Ty-Glas Avenue
Llanishen
Cardiff
CF4 5FG

Directors' report for the year ended 30 June 1999

The directors present their report and the audited financial statements for the year ended 30 June 1999.

Principal activity and business review

The principal activity of the company is residential development.

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

Directors

The directors of the company at 30 June 1999 are listed on page 1.

A W Lewis and M R Powell have been directors for the whole of the year ended 30 June 1999.

A Milson was appointed a director on 5 January 1999.

Directors' interests in shares of the company

The interests of M R Powell and A W Lewis in the share capital of Redrow Group plc are disclosed in the financial statements of Redrow Homes Limited and Redrow Group Services Limited respectively.

The other director had the following interests in the ordinary shares of Redrow Group plc.

	Options held at 1 July 1998	Granted in year	Exercised in year	**Options held at 30 June 1999**
A Milson	1,313	10,655	-	*** 11,968**

* Shares represented by options to purchase acquired under the terms of the Redrow Group plc Long Term Share Incentive Plan exercisable from between September 1996 and June 1999.

Directors' responsibilities

Company law requires the directors to prepare financial statements 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. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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.

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 year.

Year 2000 and EMU

The company's approach to these issues is being co-ordinated by its ultimate parent company, Redrow Group plc, and full details are disclosed in the financial statements of that company.

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 PricewaterhouseCoopers as auditors of the company will be proposed at the Annual General Meeting.

By order of the board



R E Walker
Company Secretary
21 January 2000

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

We have audited the financial statements on pages 6 to 14, which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 3, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, 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 financial statements.

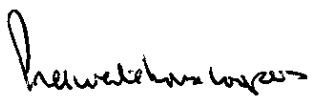
Basis of audit opinion

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 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 1999 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
21 January 2000

Profit and loss account for the year ended 30 June 1999

	Notes	1999 £	1998 £
Turnover	2	**12,704,924**	9,547,497
Operating profit/(loss)	2	**1,396,229**	(821,936)
Interest receivable	5	**7,502**	-
Profit/(loss) on ordinary activities before taxation	*6*	**1,403,731**	(821,936)
Taxation	7	**(432,819)**	253,808
Profit/(loss) on ordinary activities after taxation	14	**970,912**	(568,128)

Operating profit/(loss) is generated from continuing operations.

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

Balance sheet at 30 June 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	8	**16,604**	20,236
Current assets			
Stocks	9	**11,164,299**	8,372,006
Debtors	10	**75,557**	295,215
Cash at bank and in hand		**2,631,828**	349
		13,871,684	8,667,570
Creditors: amounts falling due within one year	11	**(13,498,826)**	(9,269,016)
Net current assets/(liabilities)		**372,858**	(601,446)
Total assets less current liabilities		**389,462**	(581,210)
Provisions for liabilities and charges	12	**-**	(240)
Net assets/(liabilities)		**389,462**	(581,450)
Capital and reserves			
Called up share capital	13	**100**	100
Profit and loss account	14	**389,362**	(581,550)
Equity shareholders' funds	15	**389,462**	(581,450)

The financial statements on pages 6 to 14 were approved by the board of directors on 21 January 2000 and were signed on its behalf by:

A Milson
M R Powell
Directors

Notes to the financial statements for the year ended 30 June 1999

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	20 - 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 subcontract work.

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

Costs in respect of operating lease rentals are charged against profit on a straight line basis over the 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 salaried staff. The scheme is externally invested 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 profit/(loss)

	1999 £	1998 £
Turnover	**12,704,924**	9,547,497
Cost of sales	**(10,451,010)**	(9,753,639)
Gross profit/(loss)	**2,253,914**	(206,142)
Administrative expenses	**(857,685)**	(615,794)
Operating profit/(loss)	**1,396,229**	(821,936)

3 Directors' emoluments

	1999 £	1998 £
Aggregate emoluments	**46,680**	60,041

No (1998: 1) director exercised share options in the year and 1 (1998: 1) director became entitled to receive shares under the long-term incentive scheme. Retirement benefits are accruing to 1 (1998: 1) director under a defined benefit scheme.

4 Employee information

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

	1999 Number	1998 Number
Directors and administrative staff	13	13
Site personnel	28	22
	41	35
	£	£
Staff costs (for the above persons)		
Wages and salaries	799,864	632,292
Social security costs	65,597	53,425
Other pension costs	42,537	27,398
	907,998	713,115

5 Interest receivable

	1999 £	1998 £
Interest receivable	7,502	-

6 Profit/(loss) on ordinary activities before taxation

	1999 £	1998 £
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	3,250	2,500
Depreciation for the year	5,426	6,761
Operating lease charges - other	-	25,000
Hire of plant and machinery	297,367	270,208

7 Taxation

	1999 £	1998 £
United Kingdom corporation tax at 30.75% (1998: 31%):		
Current	433,059	(253,385)
Prior	-	(328)
Deferred	(240)	(95)
	432,819	(253,808)

8 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 July 1998	41,909
Additions	1,794
At 30 June 1999	**43,703**
Depreciation	
At 1 July 1998	21,673
Charge for year	5,426
At 30 June 1999	**27,099**
Net book value	
At 30 June 1999	**16,604**
Net book value	
At 30 June 1998	20,236

9 Stocks

	1999 £	1998 £
Land for development	**6,447,400**	4,616,931
Work in progress	**4,804,305**	3,791,656
	11,251,705	8,408,587
Less: payments received on account	**(87,406)**	(36,581)
	11,164,299	8,372,006

10 Debtors

	1999 £	1998 £
Amounts falling due within one year		
Amounts owed by group undertakings	**-**	253,385
Other debtors	**67,925**	36,159
Prepayments	**7,632**	5,671
	75,557	295,215

11 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank borrowings	-	1,007,278
Trade creditors	**1,776,839**	1,135,503
Land creditors	**75,000**	-
Amounts owed to group undertakings	**11,144,660**	7,047,331
Corporation tax	**433,059**	-
Other taxation and social security	**2,977**	2,181
Accruals and deferred income	**66,291**	76,723
	13,498,826	9,269,016

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

	Deferred taxation (see below) £
At 1 July 1998	240
Transferred to profit and loss account	(240)
At 30 June 1999	-

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		Total potential liability	
	1999 £	1998 £	**1999** £	1998 £
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	-	240	-	240

13 Called up share capital

	1999 £	1998 £
Authorised		
100 ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
100 ordinary shares of £1 each	**100**	100

14 Profit and loss account

	£
At 1 July 1998	(581,550)
Profit for the year	970,912
At 30 June 1999	**389,362**

15 Reconciliation of movement in shareholders' funds

	1999 £	1998 £
Profit/(loss) for the financial year	**970,912**	(568,128)
Opening shareholders' funds	**(581,450)**	(13,322)
Closing shareholders' funds	**389,462**	(581,450)

16 Financial commitments

At 30 June 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999 £	1998 £
Land and buildings:		
Expiring between two and five years inclusive	-	25,000

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 7.5% 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 Related party transactions

As a wholly owned subsidiary, the company has taken advantage of the exception under FRS8 not to disclose intra-group transactions. There have been no other related party transactions.

20 Ultimate and immediate parent companies and controlling party

The company's ultimate holding company and controlling party is Redrow Group plc, a company incorporated in Great Britain. The company's immediate parent company is Redrow Homes Limited, a company incorporated in Great Britain. Copies of the Redrow Group plc financial statements may be obtained from the Company Secretary, Redrow Group plc, Redrow House, St David's Park, Flintshire, CH5 3RX.