

Company Number: 329022

COMPANIES HOUSE	WARDS CONSTRUCTION (MEDWAY) LIMITED
15 JUN 1991	DIRECTORS' REPORT AND ACCOUNTS
M	31 OCTOBER 1990

Presented by:-

WARDS CONSTRUCTION (MEDWAY) LTD.
2, ASH TREE LANE
CHATHAM, KENT ME18 7GG

KPMG PEAT MARWICK McLINTOCK
Barham Court, Toston, Maidstone, Kent. ME18 5BZ

WARDS CONSTRUCTION (MEDWAY) LIMITEDDIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 31 October 1990.

Activities and business review:

The principal activity of the Company is housebuilding.

The results achieved for the year were as follows:

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Turnover	25,444,349	23,127,454
Profit on ordinary activities before taxation	4,358,547	2,815,803
Taxation	(1,553,578)	(1,545,076)
Profit for the financial year	<u>2,804,969</u>	<u>1,270,727</u>

The Company considers the results for the year to be satisfactory and is continuing to invest in new sites for residential development for the future.

An interim dividend of £Nil (1989 : £262,867) was paid in 1990 and the directors recommend a final dividend in respect of the year ended 31 October 1990 of £1,336,907 (1989 : £1,104,040). The total dividends for the year will thus amount to £1,366,907 (1989 : £1,366,907).

Directors:

The directors who served during the year were:

D.J. Ward (Chairman)
D.W. Pead
C.A. London
J.V. Walker
R.D. Terry
R.T. Warren
R.H. Thomas
M.D. Drury

The directors held no interest in the shares of the company during the years ended 31 October 1990 and 31 October 1989.

Mr. D.J. Ward, Mr. J.V. Walker and Mr. D.W. Pead are directors of the Company's ultimate holding company, Ward Holdings PLC and, accordingly, particulars of their interests in the shares of that company are included in the report of the directors of Ward Holdings PLC. Mr C.A. London held 28,000 ordinary shares during the year ended 31 October 1990.

WARDS CONSTRUCTION (MEDWAY) LIMITED

DIRECTORS' REPORT
(Continued)

Fixed assets:

Details of changes in fixed assets during the year are shown in Note 8 to the accounts.

Employees:

The Company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitude and abilities.

It is the directors' policy to ensure that continued employment is offered to employees who become temporarily or permanently disabled.

The training, career development and promotion of disabled persons employed by the Company is an integral part of the personnel policy applicable to all employees.

The Company recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance. During the year, information regarding financial and economic factors affecting the performance of the Company and other matters of concern to employees was regularly made available.

Auditors:

A resolution concerning the reappointment of KPMG Peat Marwick McLintock as auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



Secretary

AUDITORS' REPORT TO THE MEMBERS OF
WARDS CONSTRUCTION (MEDWAY) LIMITED

We have audited the accounts set out on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 31 October 1990, and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Maidstone

RM Me Paul Munnell Munnell

21st February 1991

Chartered Accountants

WARDS CONSTRUCTION (MEDWAY) LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 OCTOBER 1990

	<u>Note</u>	<u>1990</u> <u>£</u>	<u>1989</u> <u>£</u>
TURNOVER	1	25,444,349	23,127,454
Cost of sales		(16,610,375)	(15,145,257)
		<hr/>	<hr/>
GROSS PROFIT		8,833,974	7,982,197
Administrative expenses		(6,523,349)	(6,567,980)
Interest receivable	3	2,047,922	1,401,586
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	4,358,547	2,815,803
Tax on profit on ordinary activities	6	(1,553,578)	(1,545,076)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,804,969	1,270,727
Dividends	7	(1,366,907)	(1,366,907)
		<hr/>	<hr/>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		1,438,062	(96,180)
Retained profit brought forward		22,722,306	22,818,486
		<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD		24,160,368	22,722,306

The notes on pages 7 to 13 form part of these accounts.

WARDS CONSTRUCTION (MEDWAY) LIMITEDBALANCE SHEET AT 31 OCTOBER 1990

	<u>Note</u>	<u>1990</u>	<u>1989</u>
		£	£
FIXED ASSETS			
Tangible fixed assets	8	228,897	458,172
CURRENT ASSETS			
Stocks	9	34,830,216	40,162,265
Debtors	10	25,964,419	23,805,707
Cash at bank and in hand		21,006,071	20,342,169
		<u>81,800,706</u>	<u>84,310,141</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(57,701,848)	(61,855,663)
NET CURRENT ASSETS		<u>24,098,858</u>	<u>22,454,478</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>24,327,755</u>	<u>22,912,650</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	-	(22,957)
NET ASSETS		<u>24,327,755</u>	<u>22,889,693</u>
CAPITAL AND RESERVES			
Called up share capital	14	147,965	147,965
Capital reserve		19,422	19,422
Profit and loss account		24,160,368	22,722,306
		<u>24,327,755</u>	<u>22,889,693</u>

[Signature]
[Signature]
 Directors

Approved by the Board on 21st February 1991

The notes on pages 7 to 13 form part of these accounts.

WARDS CONSTRUCTION (MEDWAY) LIMITEDSOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 31 OCTOBER 1990

	<u>1990</u>	<u>1989</u>
	£	£
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	4,358,547	2,815,803
Adjustment for items not involving the movement of funds:		
Depreciation	230,838	343,906
Surplus on disposal of tangible fixed assets	(18,618)	(17,173)
	<u>212,220</u>	<u>326,733</u>
FUNDS GENERATED FROM OPERATIONS	<u>4,570,767</u>	<u>3,142,536</u>
FUNDS FROM OTHER SOURCES		
Proceeds on sale of tangible fixed assets	19,199	20,075
	<u>4,589,966</u>	<u>3,162,611</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	2,144	88,401
Tax paid	5,297,068	3,284,277
Dividends paid	1,104,040	262,870
Decrease in amounts falling due after more than one year	22,957	58,025
	<u>(6,426,209)</u>	<u>(3,693,573)</u>
DECREASE IN WORKING CAPITAL	<u>(1,836,243)</u>	<u>(530,962)</u>
COMPONENTS OF DECREASE IN WORKING CAPITAL		
Stocks	(5,332,049)	3,116,096
Debtors	2,158,712	6,707,760
Creditors falling due within one year	673,192	(16,620,640)
Movement in net liquid funds:		
Increase in cash at bank and in hand	663,902	6,265,822
	<u>(1,836,243)</u>	<u>(530,962)</u>

WARDS CONSTRUCTION (MEDWAY) LIMITED

NOTES TO THE ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

Basis of accounting:

The accounts are prepared under the historical cost accounting rules.

Turnover:

Turnover represents amounts receivable on the sale of houses and land and includes amounts receivable from fellow subsidiaries of EN11 (1989 : £997,500). All turnover arises within the United Kingdom.

Basis of taking credit for sales:

Credit is taken for profit on house sales on the date at which the legal title to the property is transferred.

Stocks and work in progress:

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. In respect of work in progress, cost includes labour, materials and relevant overheads. Land held for development is valued on a site by site basis at the lower of cost and estimated net realisable value.

Depreciation:

Tangible fixed assets are depreciated at the following annual rates estimated to write each asset off over the term of its useful life:

Plant, machinery, fixtures and fittings - 25% on cost

Deferred taxation:

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that, in the directors' opinion, it is probable that liabilities will crystallise in the foreseeable future.

WARDS CONSTRUCTION (MEDWAY) LIMITEDNOTES TO THE ACCOUNTS
(Continued)1. STATEMENT OF ACCOUNTING POLICIES (Continued)Leasing:

Assets acquired under finance leases that give rights approximating to ownership are treated as if they had been purchased and an amount equivalent to their cost is included under tangible fixed assets. Depreciation for these assets is provided in accordance with the group's normal depreciation policy. Leasing payments are treated as consisting of capital and interest elements with the interest part charged to the profit and loss account.

Pension Scheme:

Contributions to defined benefit pension schemes are calculated in accordance with the schemes' funding policy and are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the remaining service lives of current employees in the schemes. Contributions to the defined contribution scheme are charged directly to the profit and loss account.

2. STAFF NUMBERS AND COSTS

The average number of persons employed (including directors and part-time employees) was as follows:

	<u>1990</u>	<u>1989</u>
	<u>No</u>	<u>No</u>
Management	8	7
Administration	74	92
Production and sales staff	116	159
	<u>198</u>	<u>258</u>

The aggregate payroll costs of these persons were as follows:

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Wages and salaries	2,527,363	2,675,313
Social security costs	219,605	242,301
Other pension costs	82,794	59,126
	<u>2,829,762</u>	<u>2,976,740</u>

3. INTEREST RECEIVABLE

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
On cash and bank balance	2,047,922	1,401,586
	<u>2,047,922</u>	<u>1,401,586</u>

WARDS CONSTRUCTION (MEDWAY) LIMITEDNOTES TO THE ACCOUNTS
(Continued)4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging or (crediting) the following:

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Depreciation of tangible fixed assets	230,838	343,906
Directors' emoluments (See Note 5)		
As directors	13,000	18,500
Remuneration as executives	368,467	314,579
Auditors' remuneration and expenses	20,465	34,100
Plant hire	141,734	301,205
Leasing charges	49,006	101,501
Profit on sale of fixed assets	<u>(18,618)</u>	<u>(17,173)</u>

5. DIRECTORS' EMOLUMENTS

Excluding pension contributions, the emoluments of the chairman and highest paid director were:

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Chairman	<u>51,247</u>	<u>48,200</u>
Highest paid director	<u>60,747</u>	<u>57,700</u>

The emoluments of the other directors were within the following ranges:

	<u>1990</u>	<u>1989</u>
	<u>No</u>	<u>No</u>
Nil - £ 5,000	1	1
£30,001 - £35,000	1	1
£35,001 - £40,000	1	-
£40,001 - £45,000	-	2
£45,001 - £50,000	2	1
£55,001 - £60,000	1	-

WARDS CONSTRUCTION (MEDWAY) LIMITEDNOTES TO THE ACCOUNTS
(Continued)6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Corporation tax payable at 35% (1989 : 35%)	1,553,578	1,561,787
Deferred taxation	-	(16,711)
	<u>1,553,578</u>	<u>1,545,076</u>

7. DIVIDENDS

The amounts provided for dividends are as follows:

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Interim dividend paid	-	262,867
Proposed final dividend	1,366,907	1,104,040
	<u>1,366,907</u>	<u>1,366,907</u>

8. TANGIBLE FIXED ASSETS

	Plant and machinery under finance leases <u>£</u>	Owed Plant and machinery <u>£</u>	Fixtures and fittings <u>£</u>	Total <u>£</u>
Cost:				
At 1 November 1989	567,744	1,476,352	85,634	2,129,730
Additions	-	845	706	1,551
Disposals	-	(118,180)	-	(118,180)
Transfers from group companies	-	9,492	-	9,492
At 31 October 1990	<u>567,744</u>	<u>1,368,509</u>	<u>86,340</u>	<u>2,022,593</u>
Depreciation:				
At 1 November 1989	509,699	1,095,480	66,379	1,671,558
Charge for the year	35,087	187,571	8,180	230,838
Disposals	-	(117,599)	-	(117,599)
Transfers from group companies	-	8,899	-	8,899
At 31 October 1990	<u>544,786</u>	<u>1,174,351</u>	<u>74,559</u>	<u>1,793,696</u>
Net Book Value				
At 31 October 1990	<u>22,958</u>	<u>194,158</u>	<u>11,781</u>	<u>228,897</u>
At 31 October 1989	<u>58,045</u>	<u>380,872</u>	<u>19,255</u>	<u>458,172</u>

WARDS CONSTRUCTION (MEDWAY) LIMITEDNOTES TO THE ACCOUNTS
(Continued)9. STOCKS

	<u>1990</u>	<u>1989</u>
	£	£
Land held for development	27,030,221	28,006,484
Raw materials and consumables	388,724	556,570
Work in progress	7,411,271	11,599,211
	<u>34,830,216</u>	<u>40,162,265</u>

In the opinion of the directors the replacement cost of land held for development is in excess of the book value.

10. DEBTORS

	<u>1990</u>	<u>1989</u>
	£	£
Trade debtors	5,856	5,337
Amounts owed by group companies	24,902,744	23,099,347
Other debtors	336,484	228,806
Prepayments	719,335	472,217
	<u>25,964,419</u>	<u>23,805,707</u>

11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1990</u>	<u>1989</u>
	£	£
Trade creditors	422,657	553,709
Finance leases	22,957	35,087
Amounts owed to group companies	51,801,435	52,285,714
Other creditors including taxation and social security	2,677,590	6,377,292
Accruals and deferred income	1,410,302	1,499,821
Proposed dividend	1,366,907	1,104,040
	<u>57,701,848</u>	<u>61,855,663</u>

WARDS CONSTRUCTION (MEDWAY) LIMITEDNOTES TO THE ACCOUNTS
(Continued)11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR (Continued)

Other creditors including taxation and social security comprises:

Corporation tax	2,287,278	6,030,768
Taxation and social security	52,818	76,651
Other creditors	337,494	269,873
	<u>2,677,590</u>	<u>6,377,292</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Obligations under finance leases	-	22,957

13. PROVISIONS FOR LIABILITIES AND CHARGES

No deferred taxation remained unprovided in the accounts (1989 : £32,731).

14. SHARE CAPITAL

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
Authorised:		
3,000,000 ordinary shares of 5p each	<u>150,000</u>	<u>150,000</u>
Allotted, called up and fully paid:		
2,959,299 ordinary shares of 5p each	<u>147,965</u>	<u>147,965</u>

15. CONTINGENT LIABILITIES

The Company is party to a multilateral guarantee secured by fixed and floating charges in respect of amounts due on bank overdrafts by the Ward Holdings PLC group of companies up to a maximum of £17,000,000 of which £1,034,151 (1989 : £3,240,646) was outstanding at 31 October 1990.

Contingent liabilities in respect of performance bonds totalled £564,125 (1989 : £1,253,508) at 31 October 1990.

WARDS CONSTRUCTION (MEDWAY) LIMITED

NOTES TO THE ACCOUNTS
(Continued)

16. PENSION SCHEME

The Group operates defined benefit pension schemes covering certain of its permanent employees. The schemes are administered by Trustees and are independent of the Group's finances. Contributions are determined by an independent professional actuary on the basis of the triennial valuations using the aggregate basis.

The most recent actuarial valuation of the schemes was as at 1 July, 1989.

At the date of the latest actuarial valuation the market value of the schemes' assets was £880,000 and the funding level was 95%. The contributions of the Group will be 13.8% of earnings.

The pension charge for the year was £66,884 (1989 : £59,126)

The Group also operates a defined contribution scheme. The pension charge for the year was £15,910 (1989 : £Nil).

17. ULTIMATE HOLDING COMPANY

The Company's ultimate holding company is Ward Holdings PLC, a company incorporated in Great Britain.

KPMG Peat Marwick McLintock