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ABBEY DEVELOPMENTS LIMITED

REPORT AND ACCOUNTS

30 APRIL 1996

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ABBEY DEVELOPMENTS LIMITED

COMPANY INFORMATION

DIRECTORS :	C. H. Gallagher (Chairman) D. A. Jackson B. R. Hawkins D. A. Maher W. P. Callinan D.J. Dawson
SECRETARY :	D.J. Dawson
REGISTERED OFFICE :	Abbey House, 2 Southgate Road Potters Bar Hertfordshire EN6 5DU Telephone : Potters Bar (01707) 651266 Fax : Potters Bar (01707) 646836
REGISTERED NO. :	0348843
AUDITORS :	Ernst & Young, Chartered Accountants, 400 Capability Green, Luton, Bedfordshire LU1 3LU
BANKERS :	Barclays Bank plc, Barclays Business Centre, St. Albans Branch, Blenheim Gate, 22/24 Upper Marlborough Road, St. Albans, Hertfordshire AL1 3AL
SOLICITORS :	Hugh F. Dickins., 230 High Street, Potters Bar, Hertfordshire EN6 5BS

ABBEY DEVELOPMENTS LIMITED

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ABBEY DEVELOPMENTS LIMITED

DIRECTORS' REPORT

Directors :	C. H. Gallagher	(Chairman)
	D. A. Jackson	
	B. R. Hawkins	
	D. A. Maher	
	W. P. Callinan	
	D.J. Dawson	
Secretary :	D.J. Dawson	
Registered office:	Abbey House, 2 Southgate Road, Potters Bar, Hertfordshire. EN6 5DU	

The directors present their report and the accounts for the year ended 30 April 1996.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,148,392. The directors paid an interim dividend of £840,000 (16.80 pence per ordinary share) on 16 February 1996 and propose a final dividend of £800,000 (16.00 pence per ordinary share), making the total ordinary dividends £1,640,000 for the year, which leaves a retained profit of £508,392.

PRINCIPAL ACTIVITIES

The company's principal activities during the year continued to be residential housing and land development. The company intends to continue and develop its activities.

REVIEW OF THE BUSINESS

A review of the business of the Abbey plc group, of which the company forms a part, is given in the 1996 Report and Accounts of the ultimate holding company, Abbey plc.

The board commends and thanks the management and staff of the company for their continued loyalty, efforts and commitment during a difficult trading period.

FIXED ASSETS

Information relating to changes in tangible fixed assets is given in note 9 to the accounts.

DIRECTORS AND THEIR INTERESTS

Mr D.J. Dawson who was appointed to the Board on 1 April 1996, retires from the Board at the Annual General Meeting, and being eligible, offers himself for re–election. The five remaining directors all held office throughout the year. Mr M.J. Snazell was a director until his resignation on 6 October 1995.

Mr. B.R. Hawkins and Mr D.A. Maher retire by rotation from the board at the Annual General Meeting and, being eligible, offer themselves for re–election.

The directors who held office at the end of the financial year had, at no time, any beneficial interest in the shares of the company. Mr. C. H. Gallagher and Mr. D. A. Jackson were directors of the ultimate holding company, Abbey plc, and their interests in the shares of Abbey plc are disclosed in that company's directors' report.

ABBEY DEVELOPMENTS LIMITED

DIRECTORS' REPORT (con't)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 accounts, the directors are required to:

* select suitable accounting policies and then apply them consistently;

* make adjustments 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 accounts;

* 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

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the board

D.J. Dawson
Secretary

10 July 1996

REPORT OF THE AUDITORS TO THE MEMBERS OF
ABBEY DEVELOPMENTS LIMITED

We have audited the accounts on pages 4 to 13 which have been prepared under the historical cost convention and on the basis of 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.

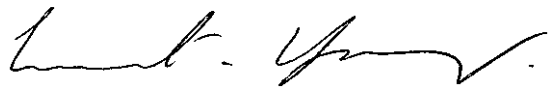
Basis of opinion

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 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 affairs of the company as at 30 April 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young

Chartered Accountants
Registered Auditor
Luton
10 July 1996

ABBEY DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1996

	Note	1996 £	1995 £
TURNOVER	2	28,955,901	35,639,213
COST OF SALES		(23,830,609)	(28,337,242)
GROSS PROFIT		5,125,292	7,301,971
ADMINISTRATIVE EXPENSES		(2,402,869)	(2,554,781)
OTHER OPERATING INCOME		48,719	47,754
OPERATING PROFIT	3	2,771,142	4,794,944
Interest	6	443,427	256,511
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,214,569	5,051,455
Taxation	7	(1,066,177)	(1,664,076)
PROFIT FOR THE FINANCIAL YEAR	16	2,148,392	3,387,379

There are no recognised gains or losses other than the profit for the financial year.

ABBEY DEVELOPMENTS LIMITED

BALANCE SHEET – 30 APRIL 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	9	220,250	290,720
Investments	10	40,707	44,462
		260,957	335,182
CURRENT ASSETS			
Stocks	11	23,980,946	25,932,430
Debtors	12	621,879	1,024,023
Cash at bank and in hand		16,107,962	14,109,982
		40,710,787	41,066,435
CREDITORS: Amounts falling due within one year	13	(16,572,777)	(17,511,042)
NET CURRENT ASSETS		24,138,010	23,555,393
TOTAL ASSETS LESS CURRENT LIABILITIES		24,398,967	23,890,575
CREDITORS: Amounts falling due after more than one year	14	(500,003)	(500,003)
TOTAL ASSETS LESS LIABILITIES		23,898,964	23,390,572
CAPITAL AND RESERVES			
Called up share capital	15	5,000,000	5,000,000
Profit and loss account	16	18,898,964	18,390,572
		23,898,964	23,390,572

C. H. GALLAGHER

Director
10 July 1996

ABBEY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS – 30 APRIL 1996

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Cash flow statement

A cash flow statement has not been prepared as the company is a wholly owned subsidiary of a UK company.

(c) Depreciation

Depreciation is provided by the company to write off the original cost, less estimated residual value, of tangible fixed assets over their estimated useful economic lives in equal instalments, as follows:

Plant and machinery	–	8 years
Motor vehicles	–	4 years
Fixtures and fittings	–	4 years
Computers	–	4 years

(d) Stocks

Stocks are stated at the lower of cost and net realisable value.

(i) Building land and roads
Building land and roads are stated at the lower of cost and net realisable value less an appropriate proportion relating to plots sold in the case of estates in the course of development.

(ii) Raw materials and bought in stocks
The cost of raw materials and bought in stocks comprises net invoice price on an average cost basis.

(iii) Work in progress
The cost of uncompleted and unsold new properties comprises direct labour and material costs. No profits are taken until houses are conveyed on legal completion to third parties.

Net realisable value is estimated selling price less all further costs to completion and less all costs to be incurred in marketing and selling.

(e) Pensions

Pension costs are recognised on a systematic basis such that the cost of providing retirement benefits to employees are evenly matched, so far as is possible, to the average service lives of those employees.

(f) Leasing

Operating lease rentals are charged to the profit and loss account as incurred.

ABBEY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS – 30 APRIL 1996

2 TURNOVER

Turnover derives from one continuing activity, the sale of houses and land plots to third parties.

All business was transacted in the United Kingdom.

3 OPERATING PROFIT

	1996 £	1995 £
The operating profit is stated after charging / (crediting):		
Management charge payable to parent undertaking	948,000	948,000
Depreciation of tangible fixed assets	90,952	115,544
(Profit)/loss on disposal of tangible fixed assets	(1,883)	43
Operating lease rentals:		
Rent of land and buildings	113,100	113,100
Hire of plant and machinery	99,796	128,965
Auditors' remuneration – audit fees	21,000	21,000
– non audit fees	3,300	2,400
Income from ground rents	(48,719)	(47,754)

4 STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION)

	1996 £	1995 £
Wages and salaries	1,125,355	1,264,623
Social security costs	108,858	123,213
Pension costs	79,728	85,260
	1,313,941	1,473,096

The average weekly number of persons directly employed by the company during the year, excluding subcontractors engaged on the company's development sites, was:	1996	1995
	53	62

ABBEY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS – 30 APRIL 1996

5 REMUNERATION OF DIRECTORS

	1996 £	1995 £
Executive services (including pension contributions)	147,504	188,435

Emoluments (excluding pension contributions) of the chairman and highest paid director were:

Chairman	Nil	Nil
Highest paid director	79,388	75,362

Emoluments (excluding pension contributions) of the directors fell within the following ranges:

	1996	1995
£ nil – £ 5,000	4	3
£ 10,001 – £15,000	–	1
£ 15,001 – £20,000	1	1
£ 25,001 – £30,000	–	1
£ 35,001 – £40,000	1	–
£ 40,001 – £45,000	–	1
£ 75,001 – £80,000	1	1

6 INTEREST

	1996 £	1995 £
Payable:		
Bank loans and overdraft repayable within five years	(1,423)	(1,038)
Parent undertaking	–	(76,267)
	(1,423)	(77,305)
Receivable:		
Bank	427,122	333,816
Parent undertaking	17,728	–
	444,850	333,816
	443,427	256,511

7 TAXATION

The tax charge is made up as follows:

	1996 £	1995 £
Based on the profit for the year:		
Corporation tax at 33%	1,066,177	1,665,046
Corporation tax over provided in prior years	–	(970)
	1,066,177	1,664,076

ABBEY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS – 30 APRIL 1996

8 DIVIDENDS

		1996 £	1995 £
Ordinary – interim paid	16.80p (1995 – 60.00p)	840,000	3,000,000
– final proposed	16.00p (1995 – 25.00p)	800,000	1,250,000
		1,640,000	4,250,000

9 TANGIBLE FIXED ASSETS

	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Computers £	Total £
Cost					
At 1 May 1995	21,895	416,020	434,141	77,017	949,073
Additions	–	32,715	8,148	12,888	53,751
Group transfer	–	(10,360)	–	–	(10,360)
Disposals	–	(79,470)	(52,159)	(7,770)	(139,399)
At 30 April 1996	21,895	358,905	390,130	82,135	853,065
Depreciation					
At 1 May 1995	18,171	176,247	400,605	63,330	658,353
Provided during the year	1,303	75,219	6,367	8,063	90,952
Group transfer	–	(1,748)	–	–	(1,748)
Disposals	–	(59,784)	(47,208)	(7,750)	(114,742)
At 30 April 1996	19,474	189,934	359,764	63,643	632,815
Net book value					
At 30 April 1996	2,421	168,971	30,366	18,492	220,250
At 30 April 1995	3,724	239,773	33,536	13,687	290,720

ABBEY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS – 30 APRIL 1996

10 FIXED ASSET INVESTMENTS

	Investment in Subsidiary Undertakings	Freehold Ground Rents	Total
	£	£	£
Cost			
At 1 May 1995	3	44,459	44,462
Amounts written off	–	(3,755)	(3,755)
At 30 April 1996	3	40,704	40,707

	1996 £	1995 £
Investment in subsidiary undertakings at original cost:		
At beginning and end of year	3	3
Loans to subsidiary undertakings:		
At beginning and end of year	206,261	206,261
Total cost of shares and loans	206,264	206,264
Provisions:		
At beginning and end of year	(206,261)	(206,261)
Net book value:		
At 30 April 1996 and 30 April 1995	3	3

The company owns directly 100% of the issued ordinary share capital of the following companies, both of which are registered in England and Wales:

Company	Nature of business
Abbey New Homes Limited	Dormant companies
Abbey Homesteads Limited	

Group accounts are not prepared as the company is a wholly owned subsidiary of a company registered in England and Wales.

ABBEY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS – 30 APRIL 1996

11 STOCKS

	1996 £	1995 £
Building land	15,314,775	16,242,139
Roads	2,321,287	2,945,176
Work in progress – residential housing development including finished new houses unsold	6,090,477	6,393,079
Raw materials	254,407	352,036
	23,980,946	25,932,430

12 DEBTORS

	1996 £	1995 £
Trade debtors	5,448	17,948
Amounts owed by parent undertaking	–	422,036
Amounts owed by fellow subsidiary undertaking	500,000	500,000
VAT recoverable	77,339	–
Other debtors	5,938	11,222
Prepayments and accrued income	33,154	72,817
	621,879	1,024,023

Amounts falling due after more than one year included in debtors above are:

	1996 £	1995 £
Amount owed by fellow subsidiary undertaking	500,000	500,000

13 CREDITORS: Amounts falling due within one year

	1996 £	1995 £
Revolving bank loans	7,519,351	8,556,491
Trade creditors	3,153,414	3,019,760
Amounts outstanding on land purchased	1,757,835	1,038,931
Amounts owed to parent undertaking	737,528	–
Corporation tax	1,066,177	1,662,447
PAYE and national insurance	48,890	56,679
VAT payable	–	13,177
Accruals and deferred income	1,489,582	1,913,557
Dividend proposed	800,000	1,250,000
	16,572,777	17,511,042

Revolving bank loans are secured by first legal mortgages on building land, roads and estates in course of development. The loans are repayable from the proceeds of realisation of the relevant properties as and when those properties are sold.

ABBEY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS – 30 APRIL 1996

14 CREDITORS: Amounts falling due after more than one year

	1996 £	1995 £
Amounts owed to group undertakings –		
Fellow subsidiary	500,000	500,000
Subsidiary	3	3
	500,003	500,003

15 CALLED UP SHARE CAPITAL

	Authorised, allotted and fully paid			
	1996		1995	
	No.	£	No.	£
Ordinary shares of £1 each	5,000,000	5,000,000	5,000,000	5,000,000

16 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 May 1994	5,000,000	19,253,193	24,253,193
Profit for the year		3,387,379	3,387,379
Dividends		(4,250,000)	(4,250,000)
At 1 May 1995	5,000,000	18,390,572	23,390,572
Profit for the year		2,148,392	2,148,392
Dividends		(1,640,000)	(1,640,000)
At 30 April 1996	5,000,000	18,898,964	23,898,964

17 PENSION COSTS

During the year ended 30 April 1996, the company participated in a funded group scheme – The Abbey Group Limited Pension and Life Assurance Scheme (the Scheme) – a defined benefit scheme. Pension costs are assessed in accordance with the advice of a professionally qualified actuary.

Particulars of the most recent actuarial valuation for the scheme, as at May 1993, are contained in the accounts of Abbey Group Limited.

18 GUARANTEES

The company has given guarantees in respect of certain bank advances to group companies, the maximum liability of which would be £ 250,000 at 30 April 1996 (1995 – £250,000); the amount outstanding at 30 April 1996 was £Nil (1995 – £149,332).

ABBEY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS – 30 APRIL 1996

19 PARENT UNDERTAKINGS

The parent undertaking and ultimate holding company of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Abbey plc, incorporated in the Republic of Ireland and the parent undertaking of the smallest such group is Abbey Group Limited, registered in England and Wales. Copies of Abbey plc's accounts may be obtained from Abbey House, 2 Southgate Road, Potters Bar, Hertfordshire EN6 5DU.