

McLean Homes Scotland Limited

Directors' report and financial statements

For the year ended 31 December 1995

SC

Registered number 48521



McLean Homes Scotland Limited

Directors' report and financial statements

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McLean Homes Scotland Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

Principal activities

The principal activity of the company during the year was that of house building.

Business review

The principal activity of the company is the development of private housing estates. Unit output was increased from that of the previous year despite difficult trading conditions and ongoing delays and frustration in the planning process.

Transfer to reserves

The profit for the year retained in the company was £1,108,857 (*1994: loss £4,945,222*).

Subsequent events and future developments

On 15 November 1995 Tarmac PLC announced that it had reached agreement in principle with George Wimpey PLC to exchange certain businesses of that company for the private sector housing business of Tarmac PLC, including this company. A contract to that effect was signed on 9 February 1996. Completion is subject to shareholders' consents and certain regulatory clearances.

It is expected that the company will continue its current activities in the ownership of George Wimpey PLC.

Dividends

The directors propose a final dividend of £Nil (*1994: £6,825,224*).

Significant changes in fixed assets

Movements in tangible fixed assets are shown in note 8 to the financial statements.

Research and development

The company's policy of continuous product improvement will continue to place us at the forefront of our market sector.

McLean Homes Scotland Limited

Directors' report *(continued)*

Employees

The company has a policy of open management and of consultation with, and empowerment of, all employees.

It is the company's policy to consider the skills and aptitudes of disabled persons fully and fairly to comply with current legislation.

The company's safety record is extremely good but continues to be a high priority. We aim to achieve an accident free working environment.

Directors' and officers' liability insurance

Insurance cover has been arranged in respect of the personal liabilities which may be incurred by directors and officers of the company in the course of their employment.

Directors and directors' interests

The directors who served during the year were as follows:

RJ Harrison (Chairman)
Ms TA Evans
D Kelly (resigned 16 March 1995)
J Savage
FD McConnell
J Mitchell (appointed 28 March 1995)

The notifiable interests of the directors in the share capital of the ultimate parent undertaking were as follows:

	Ordinary shares of 50p each under option			
	31 December 1995	Options granted during year	Options exercised during year	31 December 1994 (or date of appointment if later)
J Savage	18,649	7,666	-	10,983
FD McConnell	28,617	24,216	-	4,401

All the options were granted under the terms of the ultimate parent company's savings related and executive share option schemes.

RJ Harrison's interests in the share capital of group companies is disclosed in the financial statements of the ultimate holding company.

The interests of Ms TA Evans are disclosed in the financial statements of the immediate holding company.

No director is beneficially interested in the share capital of any subsidiary company.

McLean Homes Scotland Limited

Directors' report *(continued)*

Statement of directors' responsibilities

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

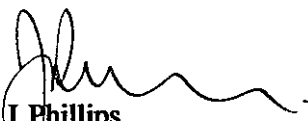
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board


J Phillips
Secretary

11 FEB 1986

Crestwood House
Birches Rise
Willenhall
West Midlands
WV13 2DD



24 Blythswood Square
Glasgow
BG2 4QS

Auditors' report to the members of McLean Homes Scotland Limited

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of directors and auditors

As described on page 3, 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 as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG

Chartered Accountants

Registered Auditors

11 FEB 1996



McLean Homes Scotland Limited

Profit and loss account

for the year ended 31 December 1995

	Note	1995 £	1994 £
Turnover	2	27,991,874	21,190,080
Cost of sales		<u>(22,710,004)</u>	<u>(16,181,027)</u>
Gross profit		5,281,870	5,009,053
Administrative expenses:			
Excluding exceptional item		(3,149,763)	(2,295,049)
Exceptional item	4	<u>(578,679)</u>	<u>-</u>
Administrative expenses		(3,728,442)	(2,295,049)
Other operating income		<u>227,848</u>	<u>127,027</u>
Operating profit		1,781,276	2,841,031
Other interest receivable and similar income		5,005	2,435
Interest payable and similar charges	3	<u>(114,951)</u>	<u>(58,632)</u>
Profit on ordinary activities before taxation	4	1,671,330	2,784,834
Tax on profit on ordinary activities	7	<u>(562,473)</u>	<u>(904,832)</u>
Profit for the financial year		1,108,857	1,880,002
Dividends paid and proposed		<u>-</u>	<u>(6,825,224)</u>
Retained profit/(loss) for the financial year	15	<u><u>1,108,857</u></u>	<u><u>(4,945,222)</u></u>

Movement in reserves are set out in note 15.

In both the current and preceding years, the company made no material acquisitions and had no discontinued operations.

In both the current and preceding years, there was no material difference between the profit reported in the profit and loss account and the profit on an unmodified historical cost basis.

There were no recognised gains or losses in either the current or preceding years, other than those disclosed in the profit and loss account.

McLean Homes Scotland Limited

Balance sheet

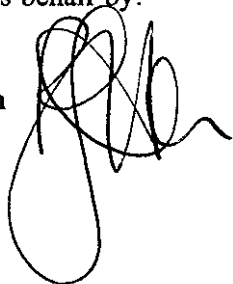
at 31 December 1995

	Note	1995 £	£	1994 £	£
Fixed assets					
Tangible assets	8		72,643		23,606
Current assets					
Stocks	9	15,907,307		12,947,648	
Debtors:					
Within one year	10	1,061,218		900,204	
After one year	10	-		7,512,410	
Cash at bank and in hand		3,131		1,952	
		<u>16,971,656</u>		<u>21,362,214</u>	
Creditors: Amounts falling due within one year	11	<u>(7,367,136)</u>		<u>(16,393,820)</u>	
Net current assets			9,604,520		4,968,394
Creditors: amounts falling due after more than one year	12		<u>(3,576,306)</u>		<u>-</u>
Net assets			<u>6,100,857</u>		<u>4,992,000</u>
Capital and reserves					
Called up share capital	14		4,992,000		4,992,000
Profit and loss account	15		1,108,857		-
Equity shareholders' funds			<u>6,100,857</u>		<u>4,992,000</u>

These financial statements were approved by the board of directors on
signed on its behalf by:

and were

RJ Harrison
Director



McLean Homes Scotland Limited

Reconciliation of movements in shareholders' funds for the year ended 31 December 1995

	1995	1994
Profit for the financial year	1,108,857	1,880,002
Dividends	-	(6,825,224)
Net addition/(reduction) to shareholders' funds	1,108,857	(4,945,222)
Opening shareholders' funds	4,992,000	9,937,222
Closing shareholders' funds	6,100,857	4,992,000

McLean Homes Scotland Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The company's ultimate parent undertaking Tarmac PLC, includes a cash flow statement in its financial statements, therefore, in accordance with Financial Reporting Standard 1, no such statement is included in these financial statements.

Turnover

Sales of newly constructed private houses are included in turnover on legal completion.

Depreciation

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

Plant, machinery and motor vehicles	- 4 years
Fixtures, fittings, tools and equipment	- 4 years

Leasing

Amounts payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Stocks

Stocks are stated at the lower of cost, including site overheads, and net realisable value.

Pensions

The pension schemes to which group companies contribute are of the defined benefit type and are for the benefit of all relevant employees of Tarmac PLC, its United Kingdom subsidiary and associated undertakings ("the group"). The assets of the schemes are held in trustee administered funds separate from those of the group. Details of the latest actuarial valuation of the principal schemes are given in the group's consolidated annual financial statements. Contributions to these schemes are charged to the profit and loss account so as to spread the regular cost of pensions over the employees' service lives with the group, without any recognition of fund surpluses or deficits which are dealt with by Tarmac PLC.

Taxation

Deferred taxation, calculated using the liability method, is included only where the effects of timing differences between results as stated in the financial statements and as computed for taxation purposes are likely to crystallise in the foreseeable future.

McLean Homes Scotland Limited

Notes (continued)

2 Turnover

Turnover is derived solely from the development of private housing estates in the United Kingdom.

3 Interest payable and similar charges

	1995 £	1994 £
Interest payable to group undertakings	<u>114,951</u>	<u>58,632</u>

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	1995 £	1994 £
Auditors' remuneration	9,000	9,000
Depreciation	17,385	21,009
Rentals payable under operating leases		
Hire of plant and machinery	1,241,943	864,447
Hire of other assets	80,000	80,000
Exceptional item	<u>578,679</u>	<u>-</u>

The exceptional charge relates to a special bonus payable to employees.

5 Directors' remuneration

The emoluments, excluding pension contributions, of the chairman were £Nil (1994: £Nil) and those of the highest paid director were £78,262 (1994: £51,529).

The aggregate directors' emoluments, including pension contributions, were £237,775 (1994: £159,472).

McLean Homes Scotland Limited

Notes (continued)

5 Directors' remuneration (continued)

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

		Number of directors	
		1995	1994
£0	- £ 5,000	2	3
£30,001	- £35,000	1	-
£45,001	- £50,000	1	2
£50,001	- £55,000	-	1
£60,001	- £65,000	1	-
£75,001	- £80,000	1	-

In addition to the emoluments disclosed above the directors are entitled, under the terms of a special arrangement, to receive bonuses which are contingent on future events. The estimated amount payable in respect of these bonuses, for which provision has been made in these accounts, is £150,000.

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

		Number of employees	
		1995	1994
Productive		36	29
Administrative		55	44
		<u>91</u>	<u>73</u>

The aggregate payroll costs of these persons were as follows:

		1995	1994
		£	£
Wages and salaries		1,746,715	941,291
Social security costs		147,412	74,703
Other pension costs		111,792	87,371
		<u>2,005,919</u>	<u>1,103,365</u>

In addition, the company employed a substantial number of persons through sub-contractors.

McLean Homes Scotland Limited

Notes (continued)

7 Tax on profit on ordinary activities

	1995 £	1994 £
Based on the results for the year:		
Group relief payable at 33% (1994: 33%)	554,700	917,400
Deferred taxation	(10,700)	(2,300)
	<u>544,000</u>	<u>915,100</u>
Adjustment in respect of prior years:		
Group relief payable	18,473	(10,268)
	<u>562,473</u>	<u>904,832</u>

8 Tangible fixed assets

	Plant, machinery and motor vehicles £	Fixtures, fittings, tools and equipment £	Total £
Cost			
At beginning of year	49,075	266,854	315,929
Additions	7,874	58,559	66,433
Disposals	(6,898)	-	(6,898)
	<u>50,051</u>	<u>325,413</u>	<u>375,464</u>
At end of year			
Depreciation			
At beginning of year	48,171	244,152	292,323
Charge for year	2,283	15,102	17,385
Disposals	(6,887)	-	(6,887)
	<u>43,567</u>	<u>259,254</u>	<u>302,821</u>
At end of year			
Net book value			
At 31 December 1995	<u>6,484</u>	<u>66,159</u>	<u>72,643</u>
At 31 December 1994	<u>904</u>	<u>22,702</u>	<u>23,606</u>

McLean Homes Scotland Limited

Notes (continued)

9 Stocks

	1995 £	1994 £
Raw materials and consumables	325,365	245,582
Land and work in progress	15,581,942	12,702,066
	<u>15,907,307</u>	<u>12,947,648</u>

10 Debtors

(a) Amounts falling due within one year

	1995 £	1994 £
Trade debtors	510,893	317,123
Other debtors	299,273	398,215
Prepayments and accrued income	235,152	179,666
Deferred taxation asset (note 13)	15,900	5,200
	<u>1,061,218</u>	<u>900,204</u>

(b) Amounts falling due after more than one year

Amounts owed by immediate parent undertaking	-	7,512,410
	<u>-</u>	<u>7,512,410</u>
Total debtors	<u>1,061,218</u>	<u>8,412,614</u>

McLean Homes Scotland Limited

Notes (continued)

11 Creditors: Amounts falling due within one year

	1995 £	1994 £
Payments received on account	63,445	60,934
Trade creditors	5,493,792	5,551,813
Amounts owing to group undertakings:		
Immediate parent undertaking	133,582	98,681
Fellow subsidiary undertakings	260,832	384,477
Group relief payable	554,966	920,432
Other creditors including taxation and social security:		
Other creditors	671,795	125,789
Other taxation and social security	69,211	18,443
Accruals and deferred income	119,513	87,035
Dividend payable	-	9,146,216
	<u>7,367,136</u>	<u>16,393,820</u>

12 Creditors: Amounts falling due after more than one year

	1995 £	1994 £
Amounts owed to immediate parent undertaking	<u>3,576,306</u>	<u>-</u>

13 Deferred taxation

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1995		1994	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowances		(37,900)	-	(31,800)
Other timing differences	(15,900)	(30,300)	(5,200)	(8,500)
	<u>(15,900)</u>	<u>(68,200)</u>	<u>(5,200)</u>	<u>(40,300)</u>

The deferred taxation asset has been included within debtors (note 10).

McLean Homes Scotland Limited

Notes (continued)

14 Share capital

	1995 £	1994 £
<i>Authorised:</i>		
Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
<i>Allotted and fully paid:</i>		
Ordinary shares of £1 each	<u>4,992,000</u>	<u>4,992,000</u>

15 Profit and loss account

	1995 £	1994 £
At beginning of year	-	4,945,222
Profit/(loss) for the year	<u>1,108,857</u>	<u>(4,945,222)</u>
At end of year	<u>1,108,857</u>	<u>-</u>

16 Commitments

- (a) Capital commitments at the end of the financial year for which no provision has been made.

	1995 £	1994 £
Authorised but not contracted	<u>15,000</u>	<u>65,000</u>

- (b) Annual commitments under non-cancellable operating leases:

	1995		1994	
	Land and buildings £	Plant and machinery £	Land and buildings £	Plant and machinery £
Operating leases which expire:				
Within one year	-	2,053	-	20,558
In second to fifth year inclusive	-	146,343	-	60,516
Over five years	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
	<u>80,000</u>	<u>148,396</u>	<u>80,000</u>	<u>81,074</u>

McLean Homes Scotland Limited

Notes *(continued)*

17 **Parent undertaking**

The company's ultimate parent undertaking is Tarmac PLC and the immediate parent undertaking is John McLean & Sons Limited. Both companies are registered in England and Wales.

Both Tarmac PLC (the largest) and John McLean & Sons Limited (the smallest) have prepared consolidated financial statements which include the financial statements of the company.

Copies of the financial statements of Tarmac PLC may be obtained from the Company Secretary, Tarmac PLC, Hilton Hall, Essington, Wolverhampton, WV11 2BQ.

Copies of the financial statements of John McLean & Sons Limited may be obtained from the Company Secretary, John McLean & Sons Limited, Crestwood House, Birches Rise, Willenhall, West Midlands, WV13 2DD.