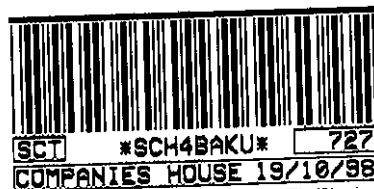


**McLean Homes West Scotland Limited
(formerly McLean Homes Scotland Limited)**

Directors' report and accounts

31 December 1997

Registration 48521



IM.

McLean Homes West Scotland Limited
Directors' Report

Directors:

K.M. Cushen
 F.D. McConnell
 J. Savage
 J. Mitchell

The directors present their report and the accounts for the year ended 31 December 1997.

On 1 October 1997, the Company changed its name to McLean Homes West Scotland Limited from McLean Homes Scotland Limited.

Principal activities and business review

The profit and loss account for the year is set out on page 4. The principal activity of the company during the year was that of housebuilding. Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The board of directors is shown above.

Interests of the directors who are not directors of the parent company in the shares of the ultimate parent company at 31 December 1997 and at 1 January 1997 or date of appointment were:

	Ordinary Shares		Options over Ordinary Shares				1 Jan 1997
	31 Dec 1997	1 Jan 1997	31 Dec 1997	Granted	Exercised	Lapsed	
F.D. McConnell	-	-	6,634	-	-	-	6,634
J Mitchell	-	-	13,674	7,040	-	-	6,634

All the interests were held beneficially.

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

The remaining directors did not hold or have options over shares of the ultimate parent company at either date.

No director was materially interested during the year in any contract which was significant in relation to the business of the company.

Research & development.

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

McLean Homes West Scotland Limited
Directors' Report

Directors' responsibilities

The directors are required by UK company law to prepare accounts for each financial year which 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 for that period. In preparing the accounts, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The accounts are prepared in accordance with relevant applicable accounting standards and on a going concern basis. The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

Contributions to Charities

The company made a contribution of £300 to charities during the year.

Creditor payments policy

Our policy and practice is to agree the terms and conditions for business transactions with suppliers and subcontractors. Payment is generally made on this basis subject to terms and conditions being met by the suppliers and subcontractors. The number of creditor days at 31st December 1997 was 105 days.

Auditors

The company's auditors are Coopers & Lybrand. The company has previously passed an elective resolution under Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually.

By order of the board



S E Bort
Secretary
20 February 1998

Auditor's Report

To the members of McLean Homes West Scotland Limited

We have audited the accounts on pages 4 to 13.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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 financial accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial 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 the 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 31 December 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
20 February 1998

McLean Homes West Scotland Limited
Profit and Loss Account
For the year ended 31 December 1997

	Note	1997 £'000	1996 £'000
Turnover	3	31,389	28,365
Cost of sales		(25,045)	(24,734)
Gross profit		6,344	3,631
Administrative expenses		(1,987)	(2,027)
Operating Profit		4,357	1,604
Interest - net receivable/(payable)	5	59	(162)
Profit on ordinary activities before taxation		4,416	1,442
Taxation charge	6	(1,326)	(521)
Retained profit for the year transferred to reserves		3,090	921

Turnover and operating profit for the current and preceding financial years all derive from continuing operations.

There are no recognised gains and losses or other movements in shareholders funds for the current financial year and preceding financial year other than as stated in the profit and loss account.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents .

McLean Homes West Scotland Limited
Balance Sheet
As at 31 December 1997

	Note	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	9	300	65
Current assets			
Work in progress and stock	10	12,605	17,787
Debtors receivable within one year	11	8,660	1,284
Cash at bank and in hand		229	1
		21,494	19,072
Creditors falling due within one year	12	(7,843)	(8,276)
Net current assets		13,651	10,796
Total assets less current liabilities		13,951	10,861
Creditors due after more than one year	13	(3,840)	(3,840)
Net assets		10,111	7,021
Represented by:			
Capital and reserves			
Called-up share capital	15	4,992	4,992
Profit and loss account	16	5,119	2,029
Equity shareholders' funds		10,111	7,021

The accounts appearing on pages 4 to 13 were approved by the board on 20 February 1998 and signed on their behalf by:



K.M.Cushen
Director

McLean Homes West Scotland Limited

Reconciliation of movements in shareholders' funds

For the year ended 31st December 1997

	Note	1997 £'000	1996 £'000
Profit attributable to ordinary shareholders		3,090	921
Net increase in shareholders' funds		3,090	921
1 January – shareholders' funds		7,021	6,100
31 December – shareholders' funds		10,111	7,021

McLean Homes West Scotland Limited
Notes on the Accounts

1 Accounting Policies

Basis of preparation

The accounts are prepared on the historical cost basis of accounting and have been drawn up in accordance with applicable accounting standards in the United Kingdom.

Gross profit in the Profit and Loss Account is now shown after direct selling expenses and the comparatives have been restated by £ 809,000 accordingly. Direct selling expenses are now shown within Cost of sales to reflect more accurately site by site performance .

Cash flow statement

The company is a wholly-owned subsidiary of George Wimpey PLC and the cash flows of the company are included in the consolidated cash flow statement of George Wimpey PLC. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

Turnover

Turnover comprises the value of new houses and land sales legally completed during the year. Turnover excludes value added tax .

Profit

Operating Profit comprises new houses and land sales. Profit is taken only when legal completion has taken place.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset less its residual value over its expected useful life as follows:

- Plant & equipment. Over the expected useful life of the assets, mainly from 3 to 5 years.

Fixed assets

Fixed assets transferred from fellow Group undertakings are included in the accounts at their original cost and depreciation includes depreciation transferred from those undertakings.

Taxation

Provision is made for tax on taxable profit and for deferred tax where there is a reasonable probability that a liability will crystallise in the foreseeable future.

Work in progress and stock

Land held for development and construction work in progress are valued at the lower of cost and net realisable value. Other stock comprises materials, equipment and goods for resale and is valued at the lower of cost and net realisable value. Cost includes appropriate overheads.

Operating Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term

Retirement Benefits

Pension costs are charged to the profit and loss account so as to spread the cost of pensions at a substantially level percentage of payroll costs over the expected service lives of members

Related Party Transactions

The company has taken advantage of the exemption provided by Financial Reporting Standard 8 for subsidiary undertakings of which 90% or more of the voting rights are controlled within the group of the ultimate parent which publishes its consolidated financial statements. For copies of this group's consolidated financial statements, refer to note 2.

McLean Homes West Scotland Limited
Notes on the Accounts

2 Parent company

The company's ultimate parent company is George Wimpey PLC which is incorporated in England and Wales.

Accounts of George Wimpey PLC may be obtained from the Company Secretary at 3 Shortlands, London W6 8EZ.

3 Turnover

Turnover during the year arose solely in the United Kingdom

4 Results	1997	1996
	£'000	£'000

Operating profit is stated after:

Charging	- hire of plant and equipment	382	1,103
	- other operating lease rentals	80	80
	- auditors' remuneration and expenses	7	7
	- depreciation	66	27

5 Interest - Net receivable/(payable)

	1997	1996
	£'000	£'000
Interest receivable		
Group undertakings	185	28
Other sources	4	1
	189	29
Interest payable		
Group undertakings	(130)	(191)
	59	(162)

McLean Homes West Scotland Limited
Notes on the Accounts

6 Taxation Charge

	1997 £'000	1996 £'000
Corporation tax	1326	-
Group relief	-	505
Deferred tax	-	16
	1326	521

Corporation tax is provided at 31.5% (1996 33%) on taxable profit for the year. Deferred tax is provided at 31% (1996 33%) on taxable profit, where liability is likely to crystallise in the foreseeable future.

7 Pension Arrangements

The company is a participating member of the Wimpey Staff Pension Scheme (the Wimpey Scheme) which is a contributory defined benefit plan to provide pension and death benefits for the company's employees. The assets of the scheme are held in separate Trustee administered funds. The Trustees are Wimpey Pension Trustees Limited and The Law Debenture Trust Corporation PLC. Contributions to the scheme are based on pension costs across the UK Group as a whole and have been assessed in accordance with the advice of a qualified actuary. The most recent actuarial valuation of the Wimpey Scheme was carried out at 1 September 1996.

Full details relating to the actuarial valuation of the scheme can be found in the financial statements of the ultimate parent company, George Wimpey PLC.

The pension costs of £141,827 (1996 £109,264) are charged to the profit and loss account so as to spread the cost of pensions at a substantially level percentage of payroll costs over the expected service lives of members.

8 Employees and Directors

	1997 £'000	1996 £'000
Staff costs (including directors) comprise:		
Salaries and wages	1,335	1,229
Social security costs	124	96
Pension contributions	142	109
	1,601	1,434

Number of Employees

Average monthly number of persons (including directors) employed by the company during the year was:	91	86
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Of the above, 68 persons (1996 55) with total staff costs of £1,345,848 (1996 £1,038,034) worked for, and their staff costs were ultimately borne by, the company although they had contracts of employment with other Wimpey Group companies.

The aggregate amount of directors' emoluments was £141,138 (1996 £288,736)

No directors exercised share options in the year. Retirement benefits are accruing to three directors under the Group's defined benefit scheme.

McLean Homes West Scotland Limited
Notes on the Accounts

9 Tangible Assets

	Plant and equipment
	£'000
Cost or valuation	
1 January	396
Capital expenditure	289
Transfers (to)/ from fellow Group undertakings	15
31 December	700
Accumulated depreciation	
1 January	331
Charge for the year	66
Transfers (to)/from fellow Group undertakings	3
31 December	400
Net book value	
31 December	300
1 January	65

10 Work In Progress and Stock

	1997 £'000	1996 £'000
Land held for development and construction work in progress	12,355	17,667
Other stock	250	120
	12,605	17,787

11 Debtors

	1997 £'000	1996 £'000
Receivable within one year:		
- trade debtors	459	601
- amounts owed by group undertakings	7,733	-
- prepayments and accrued income	274	164
- other	194	519
	8,660	1,284

McLean Homes West Scotland Limited
Notes on the Accounts

12 Creditors Falling Due Within One Year

	1997 £'000	1996 £'000
Payments received on account	72	76
Trade creditors	5,921	4,847
Amounts owed to group undertakings	206	2,394
Accruals and deferred income	274	174
Corporate taxation	1,326	505
Other creditors including taxation and social security	44	280
	7,843	8,276

13 Creditors Due After More Than One Year

	1997 £'000	1996 £'000
Amounts owed to group undertakings	3,840	3,840
	3,840	3,840

14 Deferred Taxation

	Amount Provided			Potential Asset	
	1997 £'000	Movement £'000	1996 £'000	1997 £'000	1996 £'000
Deferred taxation provided in the accounts, and the potential asset including the amounts for which provision has been made, are as follows:					
Excess of capital allowances over depreciation	-	-	-	16	32
Other	-	-	-	6	62
Asset	-	-	-	22	94

15 Share Capital

Ordinary shares of 100p each	Number of Shares		£'000	
	1997	1996	1997	1996
Authorised	5,000,000	5,000,000	5,000	5,000
Allotted, called-up and fully paid	4,992,000	4,992,000	4,992	4,992

16 Reserves

	Profit and Loss Account £'000
1 January	2,029
Profit for the year	3,090
31 December	5,119

17 Contingent Liabilities

The company has an arrangement with Lloyds Bank Plc whereby it has agreed to guarantee all overdrawn balances within the Wimpey Group's pooling arrangements to the extent of funds on hand.

There are contingent liabilities in respect of guarantees under building and other agreements entered into in the normal course of business.

18 Commitments

	1997 £'000	1996 £'000
Operating Leases		
Annual commitments under operating leases expiring:		
- within one year	11	15
- within two to five years	53	139
- after five years	80	80
	144	234
Of which:		
- land and buildings	80	80
- other	64	154