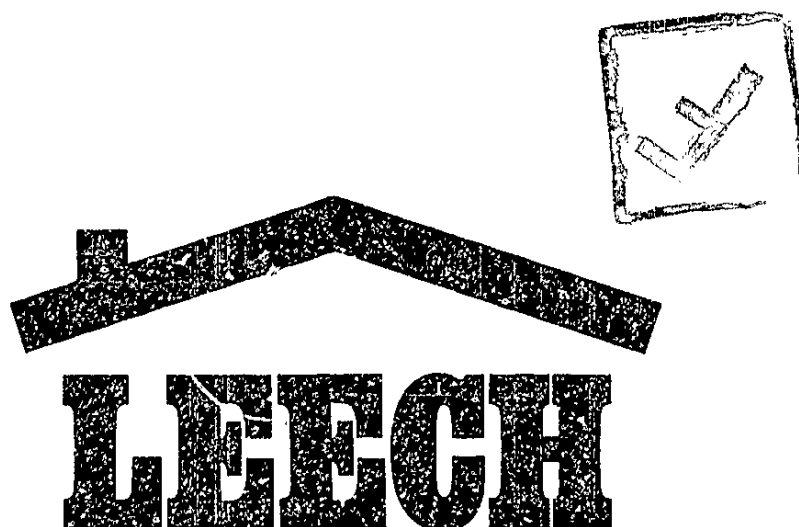


William Leech Limited

1750/133



Report and Accounts 1980

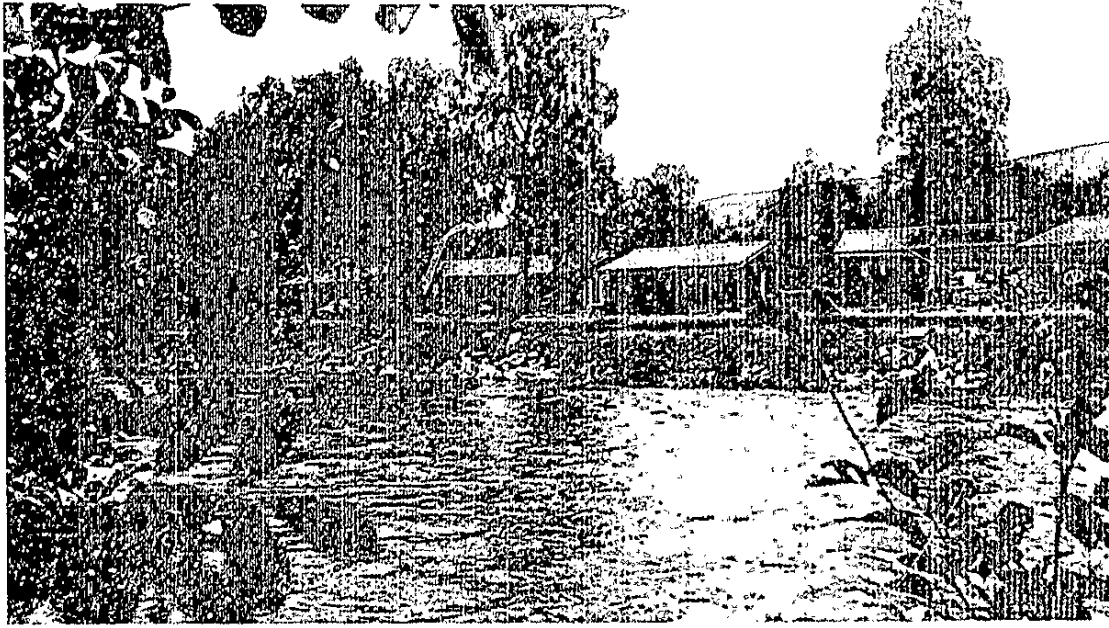


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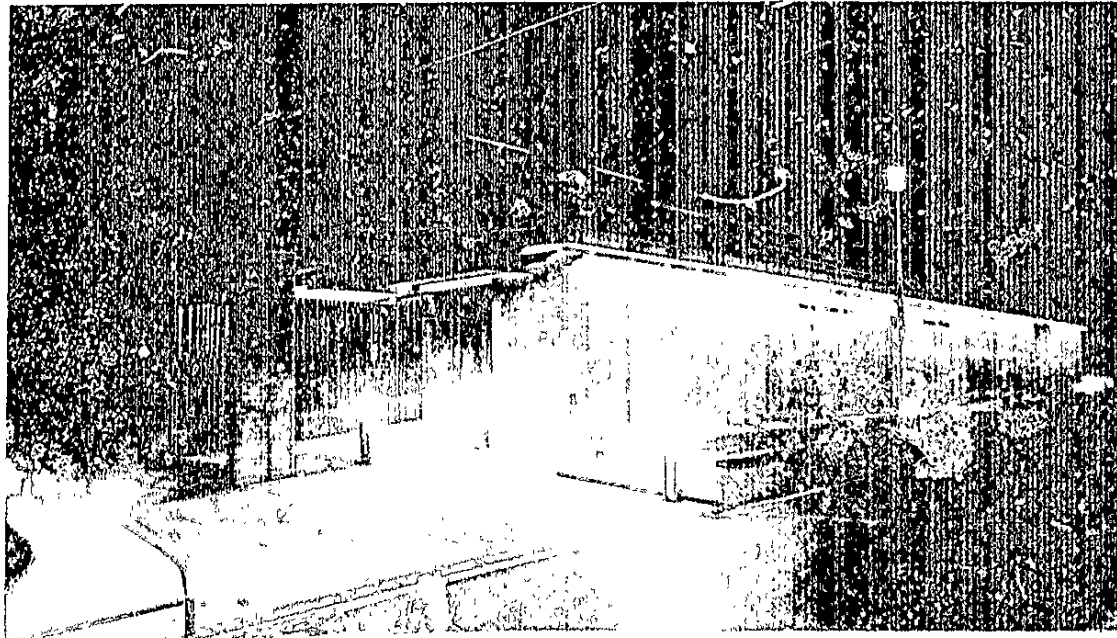
MONTHS

TO 31st AUGUST, 1980

Leisure Development



The park is a large, open area with a large, open grassy field in the foreground. In the background, there are several small, rectangular buildings or sheds, and a line of trees. The scene is captured from a slightly elevated perspective.



The park is a large, open area with a large, open grassy field in the foreground. In the background, there are several small, rectangular buildings or sheds, and a line of trees. The scene is captured from a slightly elevated perspective.



Directors	J. R. Adamson, F.C.A. (Chairman) W. C. Leech, C.B.E., D.C.L. J. Adamson, A.T.I.I. P. M. Milburn C. S. Beattie, C. Eng., M.I.C.E. J. Livingston, F.C.A.
Secretary and Registered Office	T. G. W. Dinning City House, 1-3 City Road, Newcastle upon Tyne NE99 1PG
Registrar	Lloyds Bank Limited, Registrars Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA
Bankers	Lloyds Bank Limited Barclays Bank Limited
Merchant Bankers	J. Henry Schroder Wagg & Co. Limited, London
Solicitors	Dickinson Dees & Co., Newcastle upon Tyne
Stockbrokers	Rowe & Pitman, Hurst-Brown, London Wise Speke & Co., Newcastle upon Tyne
Auditors	Price Waterhouse & Co., Newcastle upon Tyne

William Leech Limited

Principal Operating Companies

Managing Directors

Leech Homes (Midlands) Limited

Rock House,
Stockhill Lane,
Bosford,
Nottingham
NG6 0LJ

D. R. H. Walker, C.A.

Leech Homes (North East) Limited

City House,
1-3 City Road,
Newcastle upon Tyne
NE99 1PG

K. E. Charlton

Leech Homes (North West) Limited

Stockport Road,
Cheadle Heath,
Stockport
SK3 0PE

R. W. Robinson, B.Sc., C.Eng., M.I.Mun.E.

Leech Homes (Scotland) Limited

54 Graham's Road,
Falkirk,
Stirlingshire
FK1 1HW

J. M. Bryce

Leech Homes (Wales) Limited

Stockport Road,
Cheadle Heath,
Stockport
SK3 0PE

R. W. Robinson, B.Sc., C.Eng., M.I.Mun.E.

Leech Homes (Yorkshire) Limited

Rock House,
Stockhill Lane,
Bosford,
Nottingham
NG6 0LJ

D. R. H. Walker, C.A.

Wilkinson & Houghton Limited

62-68 Sidney Street,
Cleethorpes,
South Humberside
DN35 7NH

R. A. Wilkinson

St. James Properties (Newcastle) Limited

5 St. James Street,
Newcastle upon Tyne
NE1 4NF

A. Doherty, A.R.I.C.S.

Leech Leisure Limited

5 St. James Street,
Newcastle upon Tyne
NE1 4NF

F. M. Wilcock, M.A.

North East Joinery Company Limited

Cross Lane,
Wellington Road,
Dunston,
Gateshead,
Tyne & Wear
NE11 9HQ

In addition to the local directors there are parent company directors on the boards of all operating companies.



Notice of Meeting

Notice is hereby given that the adjourned fortieth Annual General Meeting of the company will be reconvened at the County Hotel, Neville Street, Newcastle upon Tyne, on Wednesday, 18th February, 1981, at 12 noon for the following purposes:

Resolution

- 1 To receive and adopt the directors' report and audited accounts of the company for the eighteen months ended 31st August, 1980
- 2 To declare a dividend.
- 3 To appoint Price Waterhouse & Co. as auditors of the company.
- 4 To authorise the directors to fix the remuneration of the auditors.

By order of the board,
T. G. W. Dinning,
Secretary.

City House,
1-3 City Road,
Newcastle upon Tyne
NE99 1PG.

18th December, 1980

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him and a proxy need not also be a member.

The following documents will be available at the registered office of the company during normal business hours from the date of this notice until the date of the Annual General Meeting:

- 1 A statement of transactions of directors (and of their family interests) in the share capital of the company for the period.
- 2 Copies of the directors' service contracts

These documents will also be available for inspection for at least fifteen minutes before the meeting and during the meeting.

Chairman's Statement

Financial Results

Notwithstanding the difficulties mentioned below, it is satisfying to note that the profit after taxation has increased to £2,769,000. The operating profit showed a substantial increase from £3,107,000 to £7,422,000 but this was offset by finance charges up from £754,000 to £3,941,000. The contracting division continued to experience difficulties in the early part of the period and a loss of £445,000 was made during the eighteen months. However, during the last six months of the period the contracting division traded profitably.

Dividend

Your board is proposing a final dividend of 3.3p per share which together with the two interim dividends each of 3.3p per share already paid makes a total for the period of 9.9p.

The Current Situation

The shortfall of legal completions, due mainly to high mortgage interest rates, shortage of Building Society funds, long chains of purchasers and the lack of confidence brought about by the general economic climate, has resulted in a reduction in profit from that anticipated. The slow down in legal completions has resulted in a higher figure of work in progress and a consequent increase in borrowings which, with higher interest rates, has substantially increased finance charges; thus the results for the eighteen months must be regarded as more than satisfactory. However, if the Government can do nothing to reduce interest rates and stimulate demand in the private sector, then I cannot foresee an upturn in the current period.

You may well have seen what your company has been doing to cope with these problems. The 'Leech Promise' to either buy back a client's home at the original purchase price plus a 10% per annum inflation factor if he is made redundant within three years of purchase, or pay his mortgage interest for the balance of the three years, has met with some considerable success. So, too, has our recently announced equity sharing scheme where the company retains a part share in a client's house. However, the building industry is currently working only to half its capacity and our efforts are only producing a greater share of a smaller market.

Finance

An examination of the Balance Sheet on page 10 will show that borrowings have increased for the reasons already stated.

Further, it will be evident from reading the accounts that a substantial amount of our borrowings is related to investments in property and leisure which have up to now produced no income but which, in your board's opinion, will in future years produce a substantial income.

Your board is aware that borrowings are high, although they have always been higher in the summer months. However, it is our intention to improve the company's gearing by reducing borrowings wherever possible.

You will be pleased to know that since the accounts to 28th February, 1979, the company has had a substantial vote of confidence from its clearing banks in that they have consolidated some £10,000,000 of current borrowings into 10 year facilities. I am sure you will agree with me that this goes to prove that your company's bankers agree with the board's view of the long term future of the building industry.

Property

You will note that in this year's report and accounts we have revalued our 50% holding in Cramlington Investments Limited. The directors of Cramlington Investments Limited obtained an independent valuation of their company's completed investment properties and at 29th February, 1980 this produced an overall figure of £7,591,000 which was shown in that company's accounts. Your company's share of the surplus (£2,727,000) is reflected in the group accounts.



After taking independent advice, your board believes that the value of our own properties exceeds book value by an amount in excess of £2,000,000. However, your board has thought it prudent not to incorporate these valuations in the accounts.

Future Prospects

The house-building industry is always first to reflect the economic climate of the country. It is obvious, however, that there is now an unsatisfied demand for new homes. Not only has the private sector been depressed over the period of these accounts, but also the Government has clamped down on Local Authority and Housing Association house-building, thus creating a latent demand. The House-Builders Federation has said that unless the industry is allowed to get moving now, then it will not be able to cope with the housing needs of 1983. A reduction in interest rates generally may well prove to be the stimulant that the industry is looking for to satisfy the demand.

We can look forward to the continued growth of our successful property company, St. James Properties (Newcastle) Limited, which has over the last two or three years started to contribute substantially to the group profit.

Our newly formed Leech Construction division is now trading successfully and the management of this division has proved successful in obtaining contracts for factories, shops and offices, as the Local Authority house-building programme has been curtailed.

Our two leisure parks in Scotland which were mentioned in last year's accounts are now fully operational. The pub and restaurant complex in Newcastle opened in December 1980 and the squash and leisure facilities are due to be completed in April. We feel that the leisure industry gives an exciting new dimension to the group.

Management

My sincere thanks are due to my colleagues and staff for their efforts during the period

On 31st December, 1979, Mr. John Livingston, who had been company secretary for many years, retired and I am sure that you will all join with me in wishing him a long and happy retirement. The job of company secretary has been taken over by Mr. Guy Dinning who is a solicitor and was for several years a partner with the company's solicitors in Newcastle.

J. R. ADAMSON,
Chairman.

18th December, 1980.

Directors' Report

The Directors have pleasure in submitting their report and the audited consolidated accounts for the eighteenth months ended 31st August, 1980.

Principal Activities

The group's principal activities are house-building and development, contracting, property investment and management of leisure related operations.

Change of Name

On 4th January, 1980 the name of the company was changed from William Leech (Builders), Limited to William Leech Limited. With effect from 1st March, 1979, Leech Homes (North East) Limited, a wholly owned subsidiary, acquired the private house-building and contracting undertaking of William Leech Limited (formerly William Leech (Builders), Limited). At the same time it acquired the fixed assets, investment properties and net current assets of William Leech Limited, but did not acquire the interest in subsidiary or associated companies.

Change of Accounting Reference Date

The accounting reference date of the company and its subsidiaries has been changed to 31st August, in each year. Accordingly these accounts relate to the eighteen months ended 31st August, 1980.

Results

The results for the eighteen months to 31st August, 1980 are set out in the annexed profit and loss account.

Turnover and Profit

	Turnover £'000	Profit before Tax £'000
House-building and development	57,544	3,869
Contracting	11,508	(445)
Property investment and leisure operations	735	127

Directors

The directors of the company during the eighteen months and their interests in the shares of the company were as follows:

		31st August, 1980	1st March, 1979
W. C. Leech	— Beneficial	120	120
J. Adamson	— Beneficial	120,000	120,000
	— As trustee	792,000	792,000
J. R. Adamson	— Beneficial	247,127	247,127
P. M. Milburn	— Beneficial	10,000	10,000
J. Livingston	— Beneficial	7,000	7,000
(retired 31st December, 1979)	— As trustee	*432,000	*432,000
C. S. Beattie	— Beneficial	1,500	1,500
J. Livingston	— Beneficial	1,250	1,250

*All these 432,000 shares are jointly held with J. Adamson and are included in the 792,000 shares against his name.



Directors (continued)	<p>In addition 300,000 shares have been settled on trust for a class of beneficiaries which include J. M. Adamson and his infant children.</p> <p>No notification has been received of any change in the above interests during the period from 31st August, 1980 to the date of this report.</p> <p>None of the directors had a beneficial interest in any contract to which the company or a subsidiary was a party during the accounting period.</p>						
Dividends	<p>The directors recommend the payment of a final dividend of 3.3p per share. This together with the two interim dividends each of 3.3p per share will make a total for the eighteen month period of 9.9p per share which after taking into account the imputed tax credits will amount to 14.14p per share.</p> <p>The dividends paid and proposed amount to £1,485,000 and the balance of retained profit of £1,284,000 is carried forward to reserves.</p> <p>If approved by the shareholders the final dividend will be paid on 28th February, 1981 to shareholders on the register at the close of business on 23rd December, 1980.</p>						
Close Company Status	<p>The directors are of the opinion that the company is not a close company as defined in the Income and Corporation Taxes Act 1970.</p>						
Substantial Shareholdings	<p>The register of members at 11th December, 1980, showed the following substantial shareholder:</p> <table><tr><td></td><td>Number of shares</td><td>%</td></tr><tr><td>The William Leech Foundation Limited</td><td>4,456,000</td><td>29.7</td></tr></table> <p>No notification has been received of any other shareholding of more than 5% of the issued share capital.</p>		Number of shares	%	The William Leech Foundation Limited	4,456,000	29.7
	Number of shares	%					
The William Leech Foundation Limited	4,456,000	29.7					
Properties	<p>The directors are of the opinion that the value of the investment and operating properties of the group exceeds book amount by over £2,000,000.</p>						
Exports	<p>There were no exports by the group during the period.</p>						
Employees	<p>The average number of employees in the period was 2,148 and their remuneration was £14,486,000.</p>						
Charitable and Political Donations	<p>Charitable donations of £3,816 and donations of £6,500 to the Northern Industrial Protection Association were made during the period.</p>						
Auditors	<p>The auditors, Price Waterhouse & Co., have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.</p>						

By order of the Board,
T. G. W. Dinning,
Secretary.

18th December, 1980

Auditors' report to the members of William Leech Limited

We have audited the financial statements on pages 9 to 20 in accordance with approved Auditing Standards.

In our opinion the financial statements which have been prepared under the historical cost convention give, under that convention, a true and fair view of the state of affairs of the company and the group at 31st August, 1980 and of the profit and source and application of funds of the group for the eighteen months then ended and comply with the Companies Acts 1948 and 1967.

Price Waterhouse & Co.

Price Waterhouse & Co.,
Chartered Accountants,
Newcastle upon Tyne.

18th December, 1980



**Consolidated profit and loss account
for the eighteen months ended 31st August, 1980
(1979—twelve months ended 28th February, 1979)**

	Note	1980 £'000	1979 £'000
Turnover	1	<u>69,787</u>	<u>31,324</u>
Operating profit	2	7,422	3,107
Finance charges	3	<u>3,941</u>	<u>754</u>
		3,481	2,353
Share of profits/(losses) of associated companies		<u>70</u>	<u>(10)</u>
Profit before taxation		3,551	2,343
Taxation	4	<u>782</u>	<u>509</u>
Profit after taxation	5	2,769	1,834
Dividends	6		
First Interim		495	450
Second Interim		495	—
Proposed final		495	546
		<u>1,485</u>	<u>996</u>
Retained profit for the period		<u>1,284</u>	<u>838</u>
Earnings per share	7	18.46p	13.26p

William Leech Limited and Subsidiary Companies

Consolidated balance sheet—31st August, 1980

	Note	31st August 1980		28th February 1979	
		£'000	£'000	£'000	£'000
Fixed assets					
Investment properties	8		3,563		2,305
Other fixed assets	9		3,936		1,689
Interest in associated companies	11		2,996		804
Current assets					
Land for development	12	13,672		9,770	
Work in progress		25,148		15,871	
Debtors		3,363		2,737	
Cash and short term deposits		175		114	
		<u>42,358</u>		<u>28,492</u>	
Current liabilities					
Creditors	13	10,574		5,703	
Taxation		879		767	
Bank overdrafts		11,355		19,343	
Dividend		495		546	
		<u>23,303</u>		<u>16,359</u>	
Net current assets			19,055		12,133
			<u>29,550</u>		<u>16,931</u>
Representing:					
Share capital	14		3,000		3,000
Reserves	15		15,721		11,710
			<u>18,721</u>		<u>14,710</u>
Unsecured loan stock 1979/81	16		200		600
Secured loans	17		10,629		1,621
			<u>29,550</u>		<u>16,931</u>

J. R. Adamson
P. M. Milburn

Directors

J. R. Adamson
P. M. Milburn



Balance sheet—31st August, 1980

		31st August 1980		28th February 1979	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Investment properties	8		—		137
Other fixed assets	9		55		743
Interest in subsidiary companies	10		21,391		3,072
Interest in associated companies	11		320		850
Current assets					
Land for development		—		5,121	
Work in progress	12	—		8,540	
Debtors		76		1,185	
Cash and short term deposits		—		104	
		<u>76</u>		<u>14,950</u>	
Current liabilities					
Creditors		216		2,921	
Taxation		636		691	
Bank overdrafts	13	1,343		3,321	
Dividend		495		546	
		<u>2,690</u>		<u>7,479</u>	
Net current assets/(liabilities)			(2,614)		7,471
			<u>19,152</u>		<u>12,273</u>
Representing:					
Share capital	14		3,000		3,000
Reserves	15		7,952		7,952
			<u>10,952</u>		<u>10,952</u>
Unsecured loan stock 1979/81	16		200		600
Secured loans	17		8,000		721
			<u>19,152</u>		<u>12,273</u>

J. R. Adamson
P. M. Milburn

Directors

J. R. Adamson
P. M. Milburn

William Leech Limited and Subsidiary Companies

**Statement of source and application of funds for the eighteen months ended 31st August, 1980
(1979—twelve months ended 28th February, 1979)**

	1980		1979	
	£'000	£'000	£'000	£'000
Source of funds				
Profit before taxation		3,551		2,343
Adjustment for items not involving the movement of funds:				
Depreciation		361		203
(Profits)/losses of associated companies		(70)		10
Total generated from operations		<u>3,842</u>		<u>2,556</u>
Funds from other sources				
Net proceeds of rights issue		—		2,023
Loans		9,858		—
		<u>13,700</u>		<u>4,579</u>
Application of funds				
Dividends paid		1,536		870
Tax paid		633		18
Purchases less sales:				
Investment properties		1,258		900
Other fixed assets		2,608		295
Repayment of loans		815		300
		<u>6,850</u>		<u>2,383</u>
Increase/(decrease) in working capital				
Land for development	3,902		2,600	
Work in progress	9,277		3,130	
Debtors (including amounts owing by associated companies)	58		827	
Creditors	(4,436)		(1,689)	
		<u>8,801</u>		<u>4,868</u>
		<u>15,651</u>		<u>7,251</u>
Decrease in net liquid funds		<u><u>1,951</u></u>		<u><u>2,672</u></u>

1. Accounting policies

The significant policies adopted in the preparation of the accounts are as follows:

- (i) **Basis of consolidation**
The consolidated accounts have been prepared under the historical cost convention and include the audited accounts of the company and its subsidiaries made up to 31st August, 1980.
- (ii) **Turnover**
Group turnover principally represents sales of houses legally completed in the period and the sales value of completed contracts.
- (iii) **Profit-taking**
Profits on sales of houses are brought into account when the sales have been legally completed and the properties accepted by the purchasers. Attributable profits on long term contracts are brought into account when their final outcome can be reasonably foreseen. Full provision is made for contracting losses as soon as the loss is recognised.
- (iv) **Finance charges**
Tax relief is claimed on all finance charges paid. The amount charged against profits excludes interest attributed to investment properties and operating properties in the course of development.
- (v) **Investment properties**
Investment properties are stated at cost including attributable interest. Properties under development are reclassified as completed investment properties when they have been completed and substantially let.
No depreciation is provided on these assets.
- (vi) **Other fixed assets**
Operating properties are stated at cost including attributable interest less depreciation. Operating properties under development are reclassified as completed properties when they are brought into use. Plant is stated at cost less depreciation except for loose tools, scaffolding and site offices which are revalued at the balance sheet date by officials of the group. Depreciation is provided at rates calculated to write off the cost of fixed assets on the straight line method over their estimated useful lives. The rates in use are as follows:

Freehold land	: Nil
Freehold buildings	: 2% per annum
Leasehold land and buildings	: Over the term of the lease
Plant	: At rates varying between 3% and 20% per annum.
- (vii) **Interest in associated companies**
The group's share of the results of the associated companies is included in the consolidated accounts.
- (viii) **Land for development, work in progress and stocks**
These assets are stated at the lower of cost and estimated net realisable value. The cost of work in progress includes an appropriate proportion of production and administration overheads.
- (ix) **Deferred taxation**
The group makes provision on the liability basis for deferred taxation liability on stock appreciation relief, accumulated capital allowances and other timing differences is likely to become payable in the foreseeable future.

Notes to the accounts continued

		1980 £'000	1979 £'000
2. Operating profit			
	The group operating profit is stated after crediting:		
	Rent receivable less outgoings	471	241
	Profit on sale of investment properties	705	72
	and after charging:		
	Depreciation	361	203
	Hire of plant and machinery	1,755	1,153
	Directors' emoluments (Note 21)		
	Executive remuneration	227	134
	Pensions	12	7
	Auditors' remuneration	38	24
		<u>4,384</u>	<u>856</u>
3. Finance charges	Interest payable on bank loans and overdrafts	4,384	856
	Less: Interest receivable	(133)	(54)
	Interest attributable to properties in the course of development	(310)	(48)
		<u>3,941</u>	<u>754</u>
4. Taxation			
	Advance corporation tax on dividends for the period not yet offset against corporation tax liability	636	455
	Development land tax	116	66
	Adjustment in respect of prior years	(7)	(20)
	Share of associated companies taxation (1979—in respect of prior years)	37	8
		<u>782</u>	<u>509</u>
	The taxation charge for the period has been reduced by approximately £1,247,000 (1979 £822,000) in respect of deferred taxation not provided in accordance with the accounting policy described in Note 1(ix). In addition deferred relief in respect of stock relief amounting to £1,306,000 has now become permanent.		
5. Profit after taxation	The profit for the period has been accounted for as follows:		
	Dealt with in accounts of holding company	1,485	1,719
	Retained by subsidiary companies	1,251	133
	Retained by associated companies	33	(18)
		<u>2,769</u>	<u>1,834</u>



Notes to the accounts continued

6. Dividends

	1980 £'000	1979 £'000
First interim paid 28th December, 1979 of 3.3p per share (1979 3p per share)	495	450
Second interim paid 20th July, 1980 of 3.3p per share (1979 nil)	495	—
Proposed final of 3.3p per share (1979 3.64p per share)	495	546
	<u>1,485</u>	<u>996</u>

7. Earnings per share

The earnings per share for the eighteen months ended 31st August, 1980 have been calculated on the profit after taxation of £2,769,000 (1979 £1,834,000) and on 15,000,000 ordinary shares of 20p each being the total number of shares in issue throughout the period. (1979 13,833,572 being the weighted average number of shares in issue during the year after adjustment for the bonus element of the rights issue).

8. Investment properties

	Completed £'000	Under Development £'000	The Group Total £'000	The Company Total £'000
Cost at 1st March, 1979				
Freehold	1,026	341	1,367	37
Long leasehold	380	558	938	100
	<u>1,406</u>	<u>899</u>	<u>2,305</u>	<u>137</u>
Additions				
Freehold	143	819	962	—
Long leasehold	57	1,335	1,392	—
	<u>200</u>	<u>2,154</u>	<u>2,354</u>	<u>—</u>
Disposals				
Freehold	(999)	—	(999)	—
Long leasehold	(97)	—	(97)	—
	<u>(1,096)</u>	<u>—</u>	<u>(1,096)</u>	<u>—</u>
Reclassification				
Freehold	882	(882)	—	—
Long leasehold	609	(609)	—	—
	<u>1,491</u>	<u>(1,491)</u>	<u>—</u>	<u>—</u>
Transfer to subsidiary	—	—	—	(137)
Cost at 31st August, 1980				
Freehold	1,052	278	1,330	—
Long leasehold	949	1,284	2,233	—
	<u>2,001</u>	<u>1,562</u>	<u>3,563</u>	<u>—</u>

Notes to the accounts continued

9. Other fixed assets

	Operating Properties				Plant £'000	Total £'000
	Freehold £'000	Completed Short Leasehold £'000	Long Leasehold £'000	Under Development Long Leasehold £'000		
The Group						
Cost or valuation						
At 1st March, 1979	327	131	—	—	2,180	2,638
Additions	1,596	20	77	401	789	2,883
Disposals	(25)	—	—	—	(534)	(559)
	<u>1,898</u>	<u>151</u>	<u>77</u>	<u>401</u>	<u>2,435</u>	<u>4,962</u>
At 31st August, 1980						
Accumulated depreciation	38	37	—	—	951	1,026
	<u>1,860</u>	<u>114</u>	<u>77</u>	<u>401</u>	<u>1,484</u>	<u>3,936</u>
Net book amount at 31st August, 1980						
Net book amount at 28th February, 1979	306	102	—	—	1,281	1,689
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>101</u>	<u>101</u>
The Company						
Cost or valuation						
At 1st March, 1979	23	40	—	—	1,197	1,260
Additions	—	—	—	—	69	69
Disposals	—	—	—	—	(43)	(43)
Transfer to subsidiary	(23)	(40)	—	—	(1,122)	(1,185)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>46</u>	<u>46</u>
Accumulated depreciation	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>55</u>	<u>55</u>
Net book amount at 31st August, 1980						
Net book amount at 28th February, 1979	23	29	—	—	691	743

Loose tools, scaffolding and site offices were valued at the balance sheet date at £844,000 (1979 £680,000) for the group and £Nil (1979 £381,000) for the company (Note 1 (vi)).



Notes to the accounts continued

10. Interest in subsidiary companies		1980	1979
		£'000	£'000
	Shares at cost	1,467	1,467
	Amounts owing by subsidiary companies		
	Deferred loans	5,125	1,575
	Current account balances	14,818	770
		<u>21,410</u>	<u>3,812</u>
	Less, Amounts owing to subsidiary companies		
	Current account balances	19	740
		<u>21,391</u>	<u>3,072</u>

The principal subsidiary companies are set out on Page 2.

All the companies are wholly owned and, with the exception of Leech Homes (Scotland) Limited which is incorporated in Scotland, are incorporated in England.

All the subsidiary companies operate in Great Britain.

11. Interest in associated companies	Percentage of Holding	The Group		The Company	
		1980	1979	1980	1979
		£'000	£'000	£'000	£'000
Shares at cost					
Cramlington Investments Limited					
50,000 ordinary shares of £1	50	127	127	127	127
Cramlington Developments Limited					
5,000 ('A') ordinary shares of £1	50	5	5	5	5
Leebell Investments Limited					
5,000 ordinary shares of £1	50	5	5	5	5
		<u>137</u>	<u>137</u>	<u>137</u>	<u>137</u>
Amounts owing by associated companies on current account		145	713	183	713
		<u>282</u>	<u>850</u>	<u>320</u>	<u>850</u>
Share of accumulated losses		(13)	(46)	—	—
Share of surplus on valuation		2,727	—	—	—
		<u>2,996</u>	<u>804</u>	<u>320</u>	<u>850</u>

The completed shopping centre developments of Cramlington Investments Limited were valued on an open market basis at 29th February, 1980 by Bernard Thorpe and Partners, Surveyors and Valuers, at £7,591,000 and the group's share of the surplus before taxation arising from that valuation has been credited to the group's reserves. No provision has been made for taxation in respect of this surplus as the directors have been advised that Cramlington Investments Limited has no foreseeable intention of disposing of the related properties.

All the associated companies are incorporated in England.

Notes to the accounts continued

12. Work in progress	The Group		The Company	
	1980 £'000	1979 £'000	1980 £'000	1979 £'000
Work in Progress	31,179	22,790	—	14,537
Stocks	1,627	1,745	—	984
	<u>32,806</u>	<u>24,535</u>	<u>—</u>	<u>15,521</u>
Less: Amounts received and receivable on account of work in progress	(7,658)	(8,064)	—	(6,981)
	<u>25,148</u>	<u>15,871</u>	<u>—</u>	<u>8,540</u>

13. Bank overdrafts At 31st August, 1980 secured bank overdrafts of the group and of the company amounted to £11,018,000 and £1,343,000 respectively (28th February, 1979 £8,616,000 and £3,051,000 respectively).

14. Share capital	1980 £'000	1979 £'000
Authorised		
20,000,000 ordinary shares of 20p each	4,000	4,000
Issued		
15,000,000 ordinary shares of 20p each	<u>3,000</u>	<u>3,000</u>

15. Reserves	The Group		The Company	
	1980 £'000	1979 £'000	1980 £'000	1979 £'000
Revenue reserves brought forward	10,287	9,449	6,529	5,806
Retained profit for the period	<u>1,284</u>	<u>838</u>	<u>—</u>	<u>723</u>
Revenue reserves carried forward	11,571	10,287	6,529	6,529
Share premium account	1,423	1,423	1,423	1,423
Share of surplus on valuation arising in associated company (Note 11)	<u>2,727</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>15,721</u>	<u>11,710</u>	<u>7,952</u>	<u>7,952</u>

16. Unsecured loan stock 1979/81 The unsecured loan stock 1979/81 bears interest at the rate of 10% per annum, and is repayable in August, 1981.



Notes to the accounts continued

17. Loans

	The Group		The Company	
	1980 £'000	1979 £'000	1980 £'000	1979 £'000
Secured bank loans	10,250	1,200	8,000	300
Secured interest free loan	121	421	—	421
Unsecured interest free loan	140	—	—	—
Unsecured loan at 5% interest per annum	118	—	—	—
	<u>10,629</u>	<u>1,621</u>	<u>8,000</u>	<u>721</u>
Comprising:				
Secured bank loans				
Repayable within 1–2 years	100	550	—	300
Repayable within 2–5 years	2,675	350	2,000	—
Repayable after 5 years	7,475	300	6,000	—
	<u>10,250</u>	<u>1,200</u>	<u>8,000</u>	<u>300</u>
Other Loans				
Repayable within 1–2 years	137	300	—	300
Repayable within 2–5 years	48	121	—	121
Repayable after 5 years	194	—	—	—
	<u>379</u>	<u>421</u>	<u>—</u>	<u>421</u>

18. Deferred taxation

The potential liability for deferred taxation not provided in the accounts, since the liability is unlikely to become payable in the foreseeable future, is as follows:

	The Group		The Company	
	1980 £'000	1979 £'000	1980 £'000	1979 £'000
Taxation deferred in respect of stock appreciation relief	13,543	3,588	—	3,710
Taxation deferred in respect of capital allowances and adjustments for other timing differences including unabsorbed tax losses	(6,145)	(1,758)	(5)	147
	<u>7,398</u>	<u>6,830</u>	<u>(5)</u>	<u>3,857</u>
Less: Advance corporation tax	(1,882)	(1,255)	(1,882)	(1,255)
	<u>5,516</u>	<u>5,575</u>	<u>(1,887)</u>	<u>2,602</u>

Losses amounting to £14,151,000 (1979 £4,692,000) are available against future taxable profits of the companies in the group and to the extent of £12,996,000 (1979 £4,272,000) have been taken into account in arriving at the potential deferred taxation noted above.

Notes to the accounts continued

19. Capital commitments	The Group		The Company	
	1980 £'000	1979 £'000	1980 £'000	1979 £'000
Authorised and contracted	2,721	519	—	—
Authorised but not contracted	100	243	—	169
	<u>2,821</u>	<u>762</u>	<u>—</u>	<u>169</u>

20. Contingent liabilities	<p>The company is liable jointly and severally with other members of the group under a guarantee given to the group's bankers in respect of all overdrawn balances of group companies and of loans of £2,905,000 (1979 £900,000) to subsidiaries. In addition the group has guaranteed the overdraft of an associated company to a maximum of £500,000 (1979 Nil). This is secured by a charge on group assets. The company has also guaranteed loans of £200,000 (1979 £200,000) to another associated company.</p>			
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21. Directors and employees emoluments	Emoluments of directors excluding pension contributions were:		
	18 months to 31st August, 1980 Total	12 months to 28th February, 1979 Annualised	
Chairman and highest paid director (1979 includes emoluments of £7,364 as chairman)	59,786	39,857	29,187
Former chairman (balance of emoluments included in table below)	—	—	9,380
Other directors			
£0— £5,000	—	—	2
£10,001—£15,000	—	3	2
£15,001—£20,000	3	2	1
£20,001—£25,000	—	—	1
£25,001—£30,000	2	1	—
£40,001—£45,000	1	—	—
Emoluments of senior employees whose emoluments were in excess of £20,000 (excluding pension contributions) were as follows:			
£20,001—£25,000	—	1	—
£30,001—£35,000	1	—	—



TEN YEAR RECORD

	Turnover £'000	Profit before tax £'000	Profit after tax £'000	Capital & reserves £'000	Net current assets £'000	Earnings per share
1971	5,953	620	373	1,870	1,185	3.0p
1972	8,194	998	617	2,237	1,439	4.9p
1973	10,963	2,035	1,194	3,264	2,640	9.6p
1974	13,523	2,527	1,219	4,360	4,639	9.9p
1975	14,647	2,103	1,002	5,187	6,060	8.1p
1976	17,104	2,601	1,266	6,278	7,785	10.2p
1977	25,943	2,784	2,519	10,796	9,410	20.3p
1978	30,820	2,196	1,786	11,849	10,622	14.4p
1979	31,324	2,343	1,834	14,710	12,133	13.3p
1980	69,787	3,551	2,769	18,721	19,055	18.5p

The figures for 1977 to 1980 reflect the current accounting policy for deferred taxation and the figures for 1978 to 1980 reflect the current accounting policy for the depreciation of buildings. Earlier years have not been adjusted for changes in accounting policy.

The figures for 1980 are for the eighteen month period ended 31st August. All other figures are for years ending 28th February.

FINANCIAL CALENDAR
Results and Meetings

Results for six months to
28th February, 1981

Interim report posted to
shareholders in May.

Results for the year to
31st August, 1981

Preliminary statement
published in December.

Annual Report posted to
shareholders in January.

Annual General Meeting

Held in February.

Dividends

Interim

Announced in May.
Paid in July.

Final

Announced in December.
Paid in February.

Estates Currently Under Development or Starting Soon

Leech Homes (Midlands) Limited

The Chase	Alfreton
Wynhill	Bingham
Thorpe Park	Long Eaton
Old Mill Lane	Mansfield
Tennison Way	Melton Mowbray
Green Park	Mickleover
Ivy Farm	Mickleover
Wakes Meadow	Northampton
Melbourne Park	Nottingham
Victoria Park	Nottingham
Gunthorpe Leas	Peterborough

Leech Homes (North East) Limited

Greenfield Dene	Bishop Auckland
Sandsfield Park	Carlisle
Eastfield Glade	Cramlington
Highthorn	Ellington
Newton Hall	Framwellgate, Durham
Tudor Grange	Kenton
Urpeth Grange	Ouston
Westway Park	South Shields
Elmtree Farm	Stockton
Chapel Garth	Sunderland
Hadrian Lodge West	Wallsend
Meadowvale	Washington
Layfield Farm	Yarm

Leech Homes (Yorkshire) Limited

The Rise	Bradford
The Glade	Catterick
Stone Croft Walk	Rotherham
Skelton Grange	York

Wilkinson and Houghton Limited

Wilton Park	Chapel St. Leonards
Oban Park	Immingham
Berkeley Estate	Scunthorpe

Leech Homes (North West) Limited

Lynwood Park	Accrington
Wendover Heights	Burnley
Millford Grange	Chorley
Haslingden Park	Helmshore
Heys Farm	Marple
Top O' the Green	Offerton
Norton Brow	Runcorn
New Market Road	Tameside
Parkways	Warrington
Coniston Park	Winsford

Leech Homes (Scotland) Limited

Wellpark	Banknock
Viewfield	Coatbridge
Glen Almond	Crieff
Muirpark	Denny
Wood of Doune	Doune
Liberton Park	Edinburgh
Crookston Park	Glasgow
Glen Park	Glenmavis
Highfield	Motherwell
Forest View	Polmont
Cambus Park	Tullibody
Holmbræe	Uddingston

Leech Homes (Wales) Limited

Belgrano Village	Belgrano
Conway Garth	Rhos on Sea



William Leech Limited

Proxy for use at the reconvened Annual General Meeting
to be held on 18th February, 1981

- (a) I/We
being a member(s) of the above-named company, hereby appoint
- (b) Mr. John Richard Adamson, Chairman
or
whom failing the chairman of the meeting, as my/our proxy to vote for me/us and on
my/our behalf at the reconvened Annual General Meeting of the company to be held on
18th February, 1981, and at any adjournment thereof.

(c)

RESOLUTIONS	FOR	AGAINST
1. To adopt the directors' report and audited accounts for the eighteen months ended 31st August, 1980		
2. To declare a dividend		
3. To appoint Price Waterhouse & Co. as auditors of the company		
4. To authorise the directors to fix the remuneration of the auditors		

- (d) Signature
Dated this day of 1981

NOTES:

- (a) Please insert full name(s) of all holders.
- (b) Members entitled to attend and vote at the meeting may appoint one or more proxies of
their own choice to attend and, on a poll, vote in their stead. If it is so desired please insert
the name(s) in the space provided.
- (c) Please indicate above with an 'X' how you wish your vote to be cast; if you do not do so
and on any resolutions proposed at the meeting, the proxy will abstain or vote at his
discretion.
- (d) In the case of a corporation this proxy must be under the common seal or under the hand
of an officer or attorney duly authorised. In the case of joint holdings the signature of the
first-named on the register of members will be accepted to the exclusion of the votes of
the other joint holders.

Any alterations to this form of proxy should be initialled.

This proxy will be used only in the event of a poll being directed or demanded.

To be effective this proxy must reach the office of the registrars of the company not less than 48
hours before the time of the meeting.

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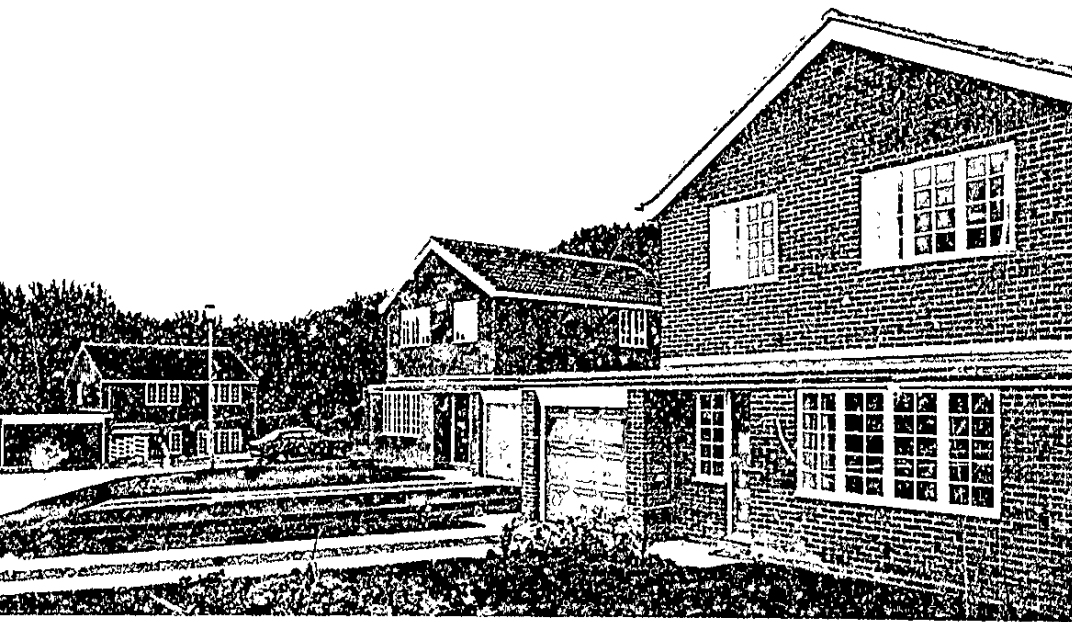
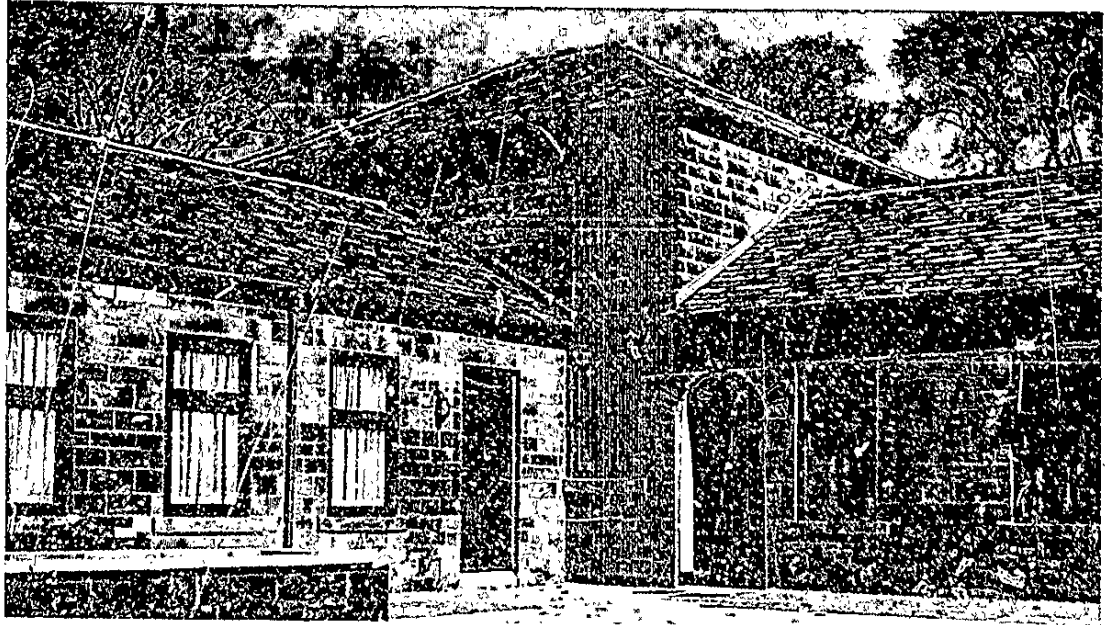
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Private Housing

An award winning conversion carried out by Leech Homes on an executive development adjacent to Newcastle Race Course.



Expansion in the Teesside area commenced four years ago and this photograph shows a typical quiet cul de-sac.

Detached homes at Tudor Grange, Kerton near to the group's shopping and leisure complex.



Property Development

Aspects of the shopping and leisure complex developed by St James Properties in Newcastle town centre. The shopping centre started to be let, commenced trading in December 1980. The public house also opened in December and the squash centre is expected to open in April 1981.



Crampston Investments Limited (C.I.) - William Leach Limited has commissioned an independent valuation of their properties and this has shown an overall figure of £7,501,000. Part of the existing 160,000 sq ft of shopping and office development is shown.

