

# **McLean Homes North West & Cheshire Limited**

## **Directors' report and financial statements**

**For the year ended 31 December 1994**

Registered number 836029



# McLean Homes North West & Cheshire Limited

## Directors' report and financial statements

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# McLean Homes North West & Cheshire Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

### Principal activities

The principal activity of the company during the year was that of housebuilding.

### Business review

The company experienced an uplift of purchaser activity during the early part of 1994 which enabled the unit output to increase slightly from 439 in 1993 to 442 in the current year. Although trading continued to be difficult in the second half of 1994, the company increased its profit before tax from £3,574,132 to £3,981,221.

### Transfer to reserves

The loss for the year retained in the company is £4,504,707 (1993: profit £2,336,248).

### Subsequent events and future developments

The market is expected to grow only slowly in 1995 in both volume and price. We have acquired land in 1994 sufficient to increase our sales year on year at good margins.

On 2 August Tarmac PLC announced that it intended to divest its Housing Division, which includes this company.

### Dividends

The directors propose a final dividend of £7,218,464 (1993: £Nil).

### Significant changes in fixed assets

Movements in 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 North West & Cheshire 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 held office during the year were as follows:

RJ Harrison (appointed 18 April 1994)  
SF Pickstock (resigned 18 April 1994)  
J Bedson (resigned 31 August 1994)  
MR Hitchen  
PC Ware  
S Wielebski (resigned 27 May 1994)  
B Wood

The notifiable interests of the directors in the share capital of the ultimate parent undertaking at 31 December 1994 were as follows:

	Ordinary shares of 50p each under option			1993
	1994	Options granted during year	Options exercised during year	
MR Hitchen	1,784	-	-	1,784
PC Ware	11,896	-	-	11,896
B Wood	17,735	8,813	-	8,922

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

At 31 December 1994, Mr RJ Harrison was a director of the immediate undertaking, John McLean and Sons Limited, and his interests in the shareholdings of group companies are disclosed in the financial statements of that company.

# McLean Homes North West & Cheshire Limited

## Directors' report (*continued*)

### 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 of the company 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

During the year, Price Waterhouse resigned as auditors and KPMG Peat Marwick were appointed in their place.

On 6 February 1995, our auditors changed the name under which they practise to KPMG and accordingly, have signed their report in their new name. 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

Crestwood House  
Birches Rise  
Willenhall  
West Midlands  
WV13 2DD

31 August 1995



St James' Square  
Manchester M2 6DS

## Auditors' report to the members of McLean Homes North West & Cheshire Limited

We have audited the financial statements on pages 5 to 14.

### *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 mis-statement, 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 1994 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

31 August 1995



# McLean Homes North West & Cheshire Limited

## Profit and loss account for the year ended 31 December 1994

	Note	1994 £	1993 £
Turnover	2	35,102,840	34,120,964
Cost of sales		(27,701,146)	(27,634,171)
<b>Gross profit</b>		<b>7,401,694</b>	<b>6,486,793</b>
Administrative expenses		(3,530,487)	(3,127,808)
Other operating income		240,197	262,869
<b>Operating profit</b>		<b>4,111,404</b>	<b>3,621,854</b>
Other interest receivable and similar income		314	1,660
Interest payable and similar charges	6	(130,497)	(49,382)
<b>Profit on ordinary activities before taxation</b>	3	<b>3,981,221</b>	<b>3,574,132</b>
Tax on profit on ordinary activities	7	(1,267,464)	(1,237,884)
<b>Profit for the financial year</b>		<b>2,713,757</b>	<b>2,336,248</b>
Dividends paid and proposed		(7,218,464)	-
<b>Retained (loss)/profit for the financial year</b>	15	<b>(4,504,707)</b>	<b>2,336,248</b>

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 (loss)/profit reported in the profit and loss account and the (loss)/profit on an unmodified historical cost basis.

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

# McLean Homes North West & Cheshire Limited

Balance sheet  
at 31 December 1994

	Note	1994 £	1993 £
<b>Fixed assets</b>			
Tangible assets	8	62,662	88,249
<b>Current assets</b>			
Stocks	9	17,735,460	19,102,854
Debtors	10	12,687,572	8,235,130
Cash at bank and in hand		1,558	3,054
		<u>30,424,590</u>	<u>27,341,038</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(18,348,252)</u>	<u>(10,924,580)</u>
<b>Net current assets</b>		<u>12,076,338</u>	<u>16,416,458</u>
<b>Total assets less current liabilities</b>		<u>12,139,000</u>	<u>16,504,707</u>
<b>Creditors: Amounts falling due after more than one year</b>	12	<u>(139,000)</u>	<u>-</u>
		<u>12,000,000</u>	<u>16,504,707</u>
<b>Capital and reserves</b>			
Called up share capital	14	12,000,000	12,000,000
Profit and loss account	15	-	4,504,707
<b>Equity shareholders' funds</b>		<u>12,000,000</u>	<u>16,504,707</u>

These financial statements were approved by the board of directors on 31 August 1995 and were signed on its behalf by:

PC Ware  
Director





# McLean Homes North West & Cheshire Limited

## Reconciliation of movements in shareholders' funds for the year ended 31 December 1994

	1994 £	1993 £
Profit on ordinary activities after taxation	2,713,757	2,336,248
Dividends	(7,218,464)	-
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(4,504,707)	2,336,248
Opening shareholders' funds	16,504,707	14,168,459
	<hr/>	<hr/>
Closing shareholders' funds	12,000,000	16,504,707
	<hr/>	<hr/>

# McLean Homes North West & Cheshire 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.

#### *Fixed assets and 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:

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

#### *Leasing*

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

#### *Stocks*

Stocks are stated at the lower of cost, including site overheads, and net realisable value. Ground rents are included at an estimated cost of six years' purchase of the annual ground rent.

#### *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 accounts. 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 North West & Cheshire Limited

## Notes (continued)

### 2 Turnover

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

### 3 Profit on ordinary activities before taxation

	1994	1993
	£	£
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration	9,000	9,000
Depreciation	52,133	74,614
Hire of plant and machinery - rentals payable under operating leases	1,033,694	889,129
Hire of other assets - operating leases	<u>97,500</u>	<u>92,730</u>

### 4 Directors' remuneration

The emoluments, excluding pension contributions, of the chairman were £Nil (1993: £Nil) and those of the highest paid director were £86,382 (1993: £84,141).

The aggregate directors' emoluments, including pension contributions, was £294,263 (1993: £296,856).

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

	Number of directors	
	1994	1993
£0 - £ 5,000	2	1
£20,001 - £25,000	1	-
£35,001 - £40,000	-	1
£40,001 - £45,000	1	3
£45,001 - £50,000	1	-
£55,001 - £60,000	1	-
£80,001 - £85,000	-	1
£85,001 - £90,000	<u>1</u>	<u>-</u>

# McLean Homes North West & Cheshire Limited

## Notes (continued)

### 5 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	
	1994	1993
Productive	104	119
Administrative	65	71
	<u>169</u>	<u>190</u>

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

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	2,142,863	2,127,550
Social security costs	178,141	174,976
Other pension costs	146,905	150,909
	<u>2,467,909</u>	<u>2,453,435</u>

### 6 Interest payable and similar charges

	1994	1993
	£	£
Interest payable to group undertakings	130,497	39,641
Sundry interest payable	-	9,741
	<u>130,497</u>	<u>49,382</u>

# McLean Homes North West & Cheshire Limited

## Notes (continued)

### 7 Tax on profit on ordinary activities

	1994 £	1993 £
Based on the results for the year:		
Group relief payable at 33 % (1993: 33%)	1,283,000	1,118,000
	<hr/>	<hr/>
Adjustment in respect of prior years:	1,283,000	1,118,000
Group relief	(29,536)	77,384
Deferred taxation	14,000	42,500
	<hr/>	<hr/>
	1,267,464	1,237,884
	<hr/>	<hr/>

### 8 Tangible fixed assets

	Plant, machinery and motor vehicles £
<i>Cost</i>	
At beginning of year	835,735
Additions	26,546
	<hr/>
At end of year	862,281
	<hr/>
<i>Depreciation</i>	
At beginning of year	747,486
Charge for year	52,133
	<hr/>
At end of year	799,619
	<hr/>
<i>Net book value</i>	
At 31 December 1994	62,662
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At 31 December 1993	88,249
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# McLean Homes North West & Cheshire Limited

## Notes (continued)

9	<b>Stocks</b>		
		1994	1993
		£	£
	Raw materials and consumables	126,948	202,059
	Land and work in progress	17,590,672	18,882,955
	Ground rents and showhouse stocks	17,840	17,840
		<u>17,735,460</u>	<u>19,102,854</u>
10	(a) Debtors: Amounts falling due within one year		
		1994	1993
		£	£
	Trade debtors	4,822	20,701
	Amounts owed by group undertakings	-	7,771,831
	Other debtors	437,867	413,098
	Deferred taxation asset (note 13)	15,500	29,500
		<u>458,189</u>	<u>8,235,130</u>
	(b) Debtors: Amounts falling due after more than one year		
	Amounts owed by immediate parent undertaking	12,229,383	-
	Total debtors	<u>12,687,572</u>	<u>8,235,130</u>
11	Creditors: Amounts falling due within one year		
		1994	1993
		£	£
	Payments received on account	40,358	63,850
	Trade creditors	5,891,547	5,818,757
	Amounts owing to group undertakings:		
	Immediate parent undertaking	118,328	131,005
	Fellow subsidiary undertakings	91,925	71,051
	Group relief payable	1,351,865	1,200,301
	Other creditors including taxation and social security:		
	Taxation and social security	79,296	37,962
	Other creditors	81,383	106,879
	Accruals and deferred income	109,095	128,784
	Dividend payable	10,584,455	3,365,991
		<u>18,348,252</u>	<u>10,924,580</u>

# McLean Homes North West & Cheshire Limited

## Notes (continued)

### 12 Creditors: Amounts falling due after more than one year

	1994 £	1993 £
Trade creditor	<u>139,000</u>	<u>-</u>

### 13 Deferred taxation

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

	1994		1993	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowances	-	(60,000)	-	(102,000)
Other timing differences	<u>(15,500)</u>	<u>(21,500)</u>	<u>(29,500)</u>	<u>(32,500)</u>
	<u>(15,500)</u>	<u>(81,500)</u>	<u>(29,500)</u>	<u>(134,500)</u>

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

### 14 Share capital

	1994 £	1993 £
<i>Authorised, allotted and fully paid:</i>		
Ordinary shares of £1 each	<u>12,000,000</u>	<u>12,000,000</u>

### 15 Profit and loss account

	1994 £	1993 £
At beginning of year	4,504,707	2,168,459
(Loss)/profit for the year	<u>(4,504,707)</u>	<u>2,336,248</u>
At end of year	<u>-</u>	<u>4,504,707</u>

# McLean Homes North West & Cheshire Limited

## Notes (continued)

### 16 Commitments

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

	1994 £	1993 £
Authorised but not contracted	<u>145,000</u>	<u>50,000</u>

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

	1994		1993	
	Land and buildings £	Plant and machinery £	Land and buildings £	Plant and machinery £
Operating leases which expire:				
Within one year	-	17,264	-	45,280
In second to fifth year inclusive	-	84,750	-	82,107
Over five years	<u>143,000</u>	<u>-</u>	<u>127,500</u>	<u>-</u>
	<u>143,000</u>	<u>102,014</u>	<u>127,500</u>	<u>127,387</u>

### 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.

Tarmac PLC has 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.