

McLean Homes Ridings Limited

**Directors' report and accounts
31 December 1997**

Registration 911591



McLean Homes Ridings Limited
Directors' Report

Directors:

K. M. Cushen
T. B. McGuire
S. Butler
S. M. Lambert
A. Reaney
F. Tanser

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

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 a 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				
	31 Dec 1997	1 Jan 1997	31 Dec 1997	Granted	Exercised	Lapsed	1 Jan 1997
T.B.McGuire	-	-	3,520	3,520	-	-	-
S. Butler	-	-	6,837	3,520	-	-	3,317
S.M.Lambert	-	-	7,040	7,040	-	-	-
A. Reaney	-	-	6,634	-	-	-	6,634
F. Tanser	-	-	10,154	3,520	-	-	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.

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 Ridings Limited
Directors' Report

Directors' responsibilities

The directors are required by UK company law to prepare financial 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 financial accounts, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial 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 £600 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 58 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



SE Bort
Secretary
20th February 1998

Auditors' Report

To the members of McLean Homes Ridings Limited

We have audited the accounts on pages 4 to 14.

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.

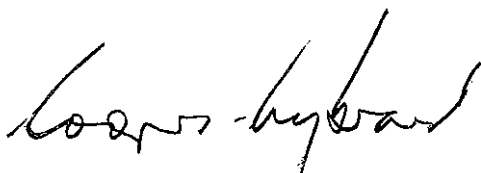
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial 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 and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Coopers & Lybrand', is written in a cursive, flowing style.

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

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

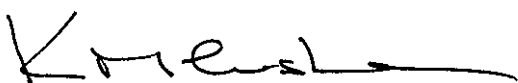
	Note	1997 £'000	1996 £'000
Turnover	3	27,610	27,225
Cost of sales		(24,088)	(23,787)
Gross profit		3,522	3,438
Administrative expenses		(1,797)	(1,750)
Other operating income		40	-
Operating Profit		1,765	1,688
Interest - net receivable/(payable)	5	146	(108)
Profit on ordinary activities before taxation		1,911	1,580
Taxation charge	6	(567)	(513)
Retained profit for the year transferred to reserves		1,344	1,067

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

McLean Homes Ridings Limited
Balance Sheet
At 31 December 1997

	Note	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	9	712	538
Current assets			
Work in progress and stock	10	18,874	13,865
Debtors receivable within one year	11	3,425	5,110
Cash at bank and in hand		4	10
		22,303	18,985
Creditors falling due within one year	12	(6,311)	(8,933)
Net current assets		15,992	10,052
Total assets less current liabilities		16,704	10,590
Creditors due after more than one year	13	(5,682)	(912)
Net assets		11,022	9,678
Represented by:			
Capital and reserves			
Called-up share capital	15	8,000	8,000
Property revaluation reserve	16	67	69
Profit and loss account	16	2,955	1,609
Equity shareholders' funds		11,022	9,678

The accounts appearing on pages 4 to 14 were approved by the board on 20th February 1998 and signed on their behalf by:



K.M.Cushen
Director

McLean Homes Ridings Limited**Statement of Total Recognised Gains and Losses**

For the year ended 31 December 1997

	1997 £'000	1996 £'000
Profit attributable to ordinary shareholders	1,344	1,067
Unrealised surplus on revaluation of properties	-	35
Total recognised gains and losses relating to the year	1,344	1,102

Note of historical cost profits and losses

For the year ended 31st December 1997

	1997 £'000	1996 £'000
Profit on ordinary activities before taxation	1,911	1,580
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the re-valued amount.	2	1
Historical cost profit on ordinary activities before taxation	1,913	1,581
Historical cost profit for the year retained after taxation and dividends	1,346	1,068

Reconciliation of movements in shareholders' funds

For the year ended 31st December 1997

	1997 £'000	1996 £'000
Profits attributable to ordinary shares	1,344	1,067
Unrealised surplus on re-valuation of properties	-	35
Net increases in shareholders' funds	1,344	1,102
1 January – shareholders' funds	9,678	8,576
31st December – shareholders' funds	11,022	9,678

McLean Homes Ridings Limited
Notes on the Accounts

1. Accounting Policies

Basis of preparation

The accounts are prepared on the historical cost basis of accounting incorporating the revaluation of certain assets 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 £ 1,325,000 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 legally completed during the year. Turnover excludes value added tax.

Profit

Operating Profit comprises new houses. 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:

- Freehold property Over 50 years
- Plant & equipment Over the expected useful life of the assets,
mainly from 3 to 5years

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 .

McLean Homes Ridings Limited
Notes on the Accounts

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 Ridings 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 £'000	1996 £'000
Operating profit is stated after:		
Charging - hire of plant and equipment	216	236
- auditors' remuneration and expenses	8	8
- depreciation	100	80

5. Interest – Net receivable (payable)

	1997 £'000	1996 £'000
Interest receivable		
Group undertakings	146	45
Other sources	-	8
	146	53
Interest payable		
Group undertakings	-	(161)
	146	(108)

6. Taxation Charge

	1997 £'000	1996 £'000
Corporation tax	567	511
Deferred tax	-	2
	567	513

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.

McLean Homes Ridings Limited
Notes on the Accounts

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 £179,853 (1996 £150,815) 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	1996
	£'000	£'000
Staff costs (including directors) comprise:		
Salaries and wages	2,751	2,509
Social security costs	237	196
Pension contributions	180	151
	3,168	2,856

	Number of Employees	
Average monthly number of persons (including directors) employed by the company during the year was:	183	161

Of the above, 80 persons (1996 ,61) with total staff costs of £1,612,285 (1996 £1,284,760) 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 £227,102 (1996 £480,704).

The highest paid directors emoluments were £ 71,620 (1996 , £ 134,437)

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

McLean Homes Ridings Limited
Notes on the Accounts

9. Tangible Assets

	Freehold Property	Plant and equipment	Total
	£'000	£'000	£'000
Cost or valuation			
1 January 1997	350	932	1282
Additions	-	387	387
Disposals	-	(482)	(482)
31 December 1997	350	837	1,187
Accumulated depreciation			
1 January 1997	-	744	744
Charge for the year	6	94	100
Disposals	-	(369)	(369)
31 December 1997	6	469	475
Net book value			
31 December 1997	344	368	712
1 January 1997	350	188	538
Comparable amounts determined according to the historical cost convention			
Cost	326		
Accumulated depreciation	(50)		
Net book value			
31 December 1997	276		
1 January 1997	281		

Revaluation of Freehold Property

The company's freehold property was valued at 31 December 1996 by Gooch & Wagstaff, Chartered Surveyors on an open market basis for existing use. This valuation amounted to £350,000.

McLean Homes Ridings Limited
Notes on the Accounts

10. Work In Progress and Stock

	1997	1996
	£'000	£'000
Land held for development and construction work in progress	14,494	9,195
Other stock	4,380	4,670
	18,874	13,865

11. Debtors

	1997	1996
	£'000	£'000
Receivable within one year:		
- trade debtors	54	92
- amounts owed by group undertakings	2,902	4,511
- prepayments and accrued income	156	72
- other	313	435
	3,425	5,110

12. Creditors Falling Due Within One Year

	1997	1996
	£'000	£'000
Payments received on account	-	20
Trade creditors	2,366	3,992
Amounts owed to group undertakings	249	4,129
Accruals and deferred income	1,289	5
Corporate taxation	567	511
Other creditors including taxation and social security	1,840	276
	6,311	8,933

13 Creditors Due After More Than One Year

	1997	1996
	£'000	£'000
Trade creditors	1,550	750
Amounts owed to group undertakings	4,132	162
	5,682	912

McLean Homes Ridings Limited
Notes on the Accounts

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/liability including the amounts for which provision has been made, are as follows:					
Excess of capital allowances over depreciation	-	-	-	63	57
Other	-	-	-	8	24
Asset	-	-	-	71	81

15. Share Capital

Ordinary shares of £1 each	Number of Shares		£'000	
	1997	1996	1997	1996
Authorised	8,000,000	8,000,000	8,000	8,000
Allotted, called-up and fully paid	8,000,000	8,000,000	8,000	8,000

16 Reserves

	Property Revaluation £'000	Profit and Loss Account £'000
1 January 1997	69	1,609
Profit for the year	-	1,344
Transfer from revaluation reserve	(2)	2
31 December 1997	67	2,955

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.

McLean Homes Ridings Limited
Notes on the Accounts

18. Commitments

	1997	1996
	£'000	£'000
Operating Leases		
Annual commitments under operating leases expiring:		
- within one year	47	80
- within two to five years	27	107
	74	187
Of which:		
- land and buildings	-	-
- other	74	187