

Tarmac Homes Yorkshire Limited

Directors' report and financial statements

For the year ended 31 December 1994

Registered number 911591



Tarmac Homes Yorkshire Limited

Directors' report and financial statements

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Tarmac Homes Yorkshire 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 activities of the company during the year was that of house building.

Business review

Promise of a stronger market evident during the first quarter of the year failed to develop and the market remained stagnant during the latter part of the year.

Despite this the company achieved an increase in the number of units brought to profit completion from 420 to 436 and a satisfactory profit before tax of £3,628,109.

Transfer to reserves

The loss for the year retained in the company is £4,010,587 (1993: profit of £2,446,977).

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 it's Housing Division, which includes this company.

Dividends

The directors propose a final dividend of £6,486,800 (1993: £Nil).

Significant changes in fixed assets

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

Directors and directors' interests

The directors who served during the year were as follows:

RJ Harrison	(appointed 18 April 1994)
SF Pickstock	(resigned 18 April 1994)
S Butler	
RL Lidster	
A Reaney	
F Tanser	
SM Lambert	(appointed 17 March 1994)

Tarmac Homes Yorkshire Limited

Directors' report *(continued)*

Directors and directors' interests *(continued)*

At 31 December 1994 the directors who held interests in the shares of the company's ultimate parent undertaking were as follows:

	Ordinary shares of 50p each	
	1994	1993
A Reaney	4,433	4,151
F Tanser	3,264	3,196
S Butler	1,250	1,250
	<hr/>	<hr/>

	31 December 1994	Ordinary shares of 50p each under option		
		Options granted during year	Options exercised during year	31 December 1993
RL Lidster	50,488	28,000	-	22,488
F Tanser	4,401	-	-	4,401
A Reaney	8,465	2,518	-	5,947
S Butler	5,947	-	-	5,947
	<hr/>	<hr/>	<hr/>	<hr/>

At 31 December 1994, Mr RJ Harrison was a director of the immediate parent undertaking, John McLean and Sons Limited, and his interests in the shareholdings of group companies are disclosed in the financial statements of that company. Ms SM Lambert had no interests in shareholdings in group companies.

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

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.

Tarmac Homes Yorkshire Limited

Directors' report *(continued)*

Research and development

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

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.

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 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.

Tarmac Homes Yorkshire Limited

Directors' report *(continued)*

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
Company Secretary

Crestwood House
Birches Rise
Willenhall
West Midlands
WV13 2DD

31 August 1995



The Fountain Precinct
1 Balm Green
Sheffield S1 3AF

Auditors' report to the members of Tarmac Homes Yorkshire Limited

We have audited the financial statements on pages 6 to 16.

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

Tarmac Homes Yorkshire Limited

Profit and loss account for the year ended 31 December 1994

	Note	1994 £	1993 £
Turnover	2	30,744,506	29,725,653
Cost of sales		(24,432,519)	(23,531,643)
Gross profit		6,311,987	6,194,010
Administrative expenses		(2,567,713)	(2,386,851)
Operating profit		3,744,274	3,807,159
Interest payable and similar charges	6	(116,165)	(35,208)
Profit on ordinary activities before taxation	3	3,628,109	3,771,951
Tax on profit on ordinary activities	7	(1,151,896)	(1,324,974)
Profit for the financial year		2,476,213	2,446,977
Dividends paid and proposed		(6,486,800)	-
Retained (loss)/profit for the financial year	14	(4,010,587)	2,446,977

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 historic 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.

Tarmac Homes Yorkshire Limited

Balance sheet at 31 December 1994

	Note	1994	1993
		£	£
Fixed assets			
Tangible assets	8	434,234	394,815
Current assets			
Stocks	9	14,698,393	13,776,919
Debtors	10	12,790,068	9,562,677
Cash at bank and in hand		4,014	10,974
		<u>27,492,475</u>	<u>23,350,570</u>
Creditors: Amounts falling due within one year	11	<u>(19,890,709)</u>	<u>(11,698,798)</u>
Net current assets		<u>7,601,766</u>	<u>11,651,772</u>
Total assets less current liabilities		<u>8,036,000</u>	<u>12,046,587</u>
		<u>8,036,000</u>	<u>12,046,587</u>
Capital and reserves			
Called up share capital	13	8,000,000	8,000,000
Revaluation reserve	14	36,000	37,020
Profit and loss account	14	-	4,009,567
Equity shareholders' funds		<u>8,036,000</u>	<u>12,046,587</u>

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

RL Lidster
Director



Tarmac Homes Yorkshire Limited

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

	1994 £	1993 £
Profit on ordinary activities after taxation	2,476,213	2,446,977
Dividends	(6,486,800)	-
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(4,010,587)	2,446,977
Opening shareholders' funds	12,046,587	9,599,610
	<hr/>	<hr/>
Closing shareholders' funds	8,036,000	12,046,587
	<hr/>	<hr/>

Tarmac Homes Yorkshire 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 as modified by the valuation of certain fixed assets. The company's ultimate parent undertaking Tarmac PLC includes a cashflow 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:

Freehold buildings	- 50 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. Ground rents are included at an estimated cost of six years' purchase of the annual ground rent.

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.

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.

Tarmac Homes Yorkshire 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

Profit on ordinary activities before taxation is stated after charging:

	1994 £	1993 £
Auditors' remuneration	9,000	9,000
Depreciation	68,938	136,089
Hire of plant and machinery - rental payable under operating leases	266,062	244,593

4 Directors' remuneration

The emoluments, excluding pension contributions, of the chairman were £Nil (1993: £Nil) and those of the highest paid director were £74,955 (1993: £67,424).

The aggregate directors emoluments, including pension contributions, were £280,473 (1993: £218,426).

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
£35,001 - £40,000	1	1
£40,001 - £45,000	2	2
£45,001 - £50,000	1	-
£65,001 - £70,000	-	1
£70,001 - £75,000	1	-

Tarmac Homes Yorkshire 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	112	115
Administrative	60	57
	<u>172</u>	<u>172</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	2,407,641	2,208,306
Social security costs	207,559	221,900
Other pension costs	142,698	93,864
	<u>2,757,898</u>	<u>2,524,070</u>

6 Interest

	1994	1993
	£	£
Interest receivable	(12,840)	-
Interest payable to group undertakings	<u>129,005</u>	<u>35,208</u>
	<u>116,165</u>	<u>35,208</u>

Tarmac Homes Yorkshire 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 %)	1,174,600	1,231,800
Deferred taxation	5,400	31,500
	<hr/>	<hr/>
Adjustments in respect of prior years	1,180,000 (28,104)	1,263,300 61,674
	<hr/>	<hr/>
	1,151,896	1,324,974
	<hr/>	<hr/>

8 Tangible fixed assets

	Freehold land and buildings £	Fixtures, fittings, tools and equipment £	Total £
<i>Cost or valuation</i>			
At beginning of year	333,808	650,939	984,747
Group transfers	-	126,396	126,396
Additions	26,842	80,906	107,748
Disposals	-	(98,717)	(98,717)
	<hr/>	<hr/>	<hr/>
At end of year	360,650	759,524	1,120,174
	<hr/>	<hr/>	<hr/>
At cost	265,650	759,524	1,025,174
At valuation 1985	95,000	-	95,000
	<hr/>	<hr/>	<hr/>
At end of year	360,650	759,524	1,120,174
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	26,930	563,002	589,932
Group transfers	-	125,787	125,787
Charge for year	6,006	62,932	68,938
Disposals	-	(98,717)	(98,717)
	<hr/>	<hr/>	<hr/>
At end of year	32,936	653,004	685,940
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 1994	327,714	106,520	434,234
	<hr/>	<hr/>	<hr/>
At 31 December 1993	306,878	87,937	394,815
	<hr/>	<hr/>	<hr/>

Tarmac Homes Yorkshire Limited

Notes (continued)

8 Tangible assets (continued)

Freehold land and buildings at valuation on a depreciated replacement cost basis would have appeared as follows under the historical cost convention:

	1994 £	1993 £
Cost	325,650	298,808
Accumulated depreciation	(33,936)	(28,950)
	<u>291,714</u>	<u>269,858</u>

9 Stocks

	1994 £	1993 £
Raw materials and consumables	195,223	206,676
Land and work in progress	14,379,890	13,469,863
Ground rents and showhouse stocks	123,280	100,380
	<u>14,698,393</u>	<u>13,776,919</u>

10 (a) Debtors: Amounts falling due within one year

	1994 £	1993 £
Trade debtors	189,405	25,939
Amounts owed by immediate parent undertaking	-	8,344,491
Other debtors	221,265	1,155,663
Prepayments and accrued income	160,087	28,084
Deferred tax asset (note 12)	3,100	8,500
	<u>573,857</u>	<u>9,562,677</u>

(b) Amounts falling due after more than one year

Amounts owed by immediate parent undertaking	<u>12,216,211</u>	-
Total debtors	<u>12,790,068</u>	<u>9,562,677</u>

Tarmac Homes Yorkshire Limited

Notes (continued)

11 Creditors: amounts falling due within one year

	1994 £	1993 £
Payments received on account	50,171	23,555
Trade creditors	4,447,420	4,131,816
Amounts owed to group undertakings:		
Immediate parent undertaking	147,307	132,594
Fellow subsidiary undertakings	4,270,047	2,890,823
Group relief payable	1,162,295	1,293,218
Other creditors including taxation and social security:		
Taxation and social security	67,401	43,518
Other creditors	284,987	203,843
Accruals and deferred income	34,000	39,150
Dividend payable	9,427,081	2,940,281
	<u>19,890,709</u>	<u>11,698,798</u>

12 Deferred taxation

The amounts provided for deferred taxation and the amounts unprovided are set out below:

	1994		1993	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowances	-	(47,500)	-	(94,700)
Other timing differences	(3,100)	(20,500)	(8,500)	(22,000)
	<u>(3,100)</u>	<u>(68,000)</u>	<u>(8,500)</u>	<u>(116,700)</u>

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

Tarmac Homes Yorkshire Limited

Notes (continued)

13 Share capital

	1994 £	1993 £
<i>Authorised, allotted and fully paid:</i>		
Ordinary shares of £1 each	<u>8,000,000</u>	<u>8,000,000</u>

14 Reserves

	Profit and loss account £	Revaluation reserve £
At beginning of year	4,009,567	37,020
Loss for the year	(4,010,587)	-
Transfer in respect of realisation	<u>1,020</u>	<u>(1,020)</u>
At end of year	<u>-</u>	<u>36,000</u>

15 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>166,000</u>	<u>101,000</u>

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

	1994 £	1993 £
<i>Operating leases which expire:</i>		
Within one year	17,997	38,096
In second to fifth year inclusive	<u>100,235</u>	<u>100,384</u>
	<u>118,232</u>	<u>138,480</u>

Tarmac Homes Yorkshire Limited

Notes *(continued)*

16 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 prepared consolidated accounts which include the accounts of the company.

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