

Tarmac Homes Yorkshire Limited

Directors' report and financial statements

For the year ended 31 December 1995

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 1995.

Principal activity

The principal activity of the company during the year was that of house building.

Business review

From January to April sales volume gave indications that the year would provide a strong market. From May onwards the market weakened considerably, making volume sales difficult to achieve. The final result reflected poor market conditions, with 380 units being brought to profit completion giving a profit before tax of £847,167.

Transfer to reserves

The profit for the year retained in the company is £539,607 (1994: loss of £4,010,587).

Subsequent events and future developments

On 15 November 1995 Tarmac PLC announced that it had reached agreement in principle with George Wimpey PLC to exchange certain businesses of that company for the private sector housing business of Tarmac PLC, including this company. A contract to that effect was signed on 9 February 1996. Completion is subject to shareholders' consents and certain regulatory clearances.

It is expected that the company will continue its current activities in the ownership of George Wimpey PLC.

Dividends

The directors propose a final dividend of £Nil (1994: £6,486,800).

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	(Chairman)
S Butler	
RL Lidster	
A Reaney	
F Tanser	
SM Lambert	

Tarmac Homes Yorkshire Limited

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The directors who held interests in the shares of the company's ultimate parent undertaking were as follows:

	Ordinary shares of 50p each	
	31 December 1995	31 December 1994
A Reaney	4,711	4,433
F Tanser	3,584	3,264
S Butler	1,322	1,250

	31 December 1995	Ordinary shares of 50p each under option		31 December 1994
		Options granted during year	Options exercised during year	
RL Lidster	98,154	47,666	-	50,488
F Tanser	4,401	-	-	4,401
A Reaney	8,465	-	-	8,465
S Butler	8,968	3,021	-	5,947
SM Lambert	15,333	15,333	-	-

RJ Harrison's interests in the share capital of group companies is disclosed in the financial statements of the ultimate holding company.

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

No director is beneficially interested in the share capital of any subsidiary company.

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.

Research and development

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

Tarmac Homes Yorkshire 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.

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.

Auditors

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

171 FEB 1993

Crestwood House
Birches Rise
Willenhall
West Midlands
WV13 2DD



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 5 to 15.

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 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 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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

11 FEB 1996

KPMG

KPMG

Chartered Accountants

Registered Auditors



Tarmac Homes Yorkshire Limited

Profit and loss account for the year ended 31 December 1995

	Note	1995 £	1994 £
Turnover	2	27,051,878	30,744,506
Cost of sales		(21,992,134)	(24,432,519)
Gross profit		5,059,744	6,311,987
Administrative expenses:			
Excluding exceptional item		(3,368,436)	(2,567,713)
Exceptional item	3	(726,070)	-
		(4,094,506)	(2,567,713)
Operating profit		965,238	3,744,274
Interest payable and similar charges	6	(118,071)	(116,165)
Profit on ordinary activities before taxation	3	847,167	3,628,109
Tax on profit on ordinary activities	7	(307,560)	(1,151,896)
Profit for the financial year		539,607	2,476,213
Dividends paid and proposed		-	(6,486,800)
Retained profit/(loss) for the financial year	14	539,607	(4,010,587)

Movement in reserves are set out in note 14.

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 profit reported in the profit and loss account and the 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.

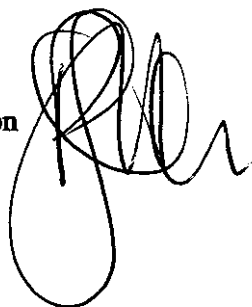
Tarmac Homes Yorkshire Limited

Balance sheet at 31 December 1995

	Note	1995 £	1994 £
Fixed assets			
Tangible assets	8	501,625	434,234
Current assets			
Stocks	9	16,736,924	14,698,393
Debtors:			
Within one year	10	692,892	573,857
After one year	10	141,982	12,216,211
Cash at bank and in hand		9,735	4,014
		<u>17,581,533</u>	<u>27,492,475</u>
Creditors: Amounts falling due within one year	11	<u>(9,507,551)</u>	<u>(19,890,709)</u>
Net current assets		<u>8,073,982</u>	<u>7,601,766</u>
Net assets		<u>8,575,607</u>	<u>8,036,000</u>
Capital and reserves			
Called up share capital	13	8,000,000	8,000,000
Revaluation reserve	14	34,980	36,000
Profit and loss account	14	540,627	-
Equity shareholders' funds		<u>8,575,607</u>	<u>8,036,000</u>

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

RJ Harrison
Director



Tarmac Homes Yorkshire Limited

Reconciliation of movements in shareholders funds for the year ended 31 December 1995

	1995 £	1994 £
Profit on ordinary activities after taxation	539,607	2,476,213
Dividends	-	(6,486,800)
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	539,607	(4,010,587)
Opening shareholders' funds	8,036,000	12,046,587
	<hr/>	<hr/>
Closing shareholders' funds	8,575,607	8,036,000
	<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.

Turnover

Sales of newly constructed private houses are included in turnover on legal completion.

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:

	1995 £	1994 £
Auditors' remuneration	9,000	9,000
Depreciation	67,868	68,938
Rental payable under operating leases		
Hire of plant and machinery	266,707	266,062
Exceptional item	726,070	-
	<hr/>	<hr/>

The exceptional charge relates to a special bonus payable to employees.

4 Directors' remuneration

The emoluments, excluding pension contributions, of the chairman were £Nil (1994: £Nil) and those of the highest paid director were £69,279 (1994: £74,955).

The aggregate directors emoluments, including pension contributions, were £271,204 (1994: £280,473).

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

	Number of directors	
	1995	1994
£0 - £ 5,000	1	2
£35,001 - £40,000	-	1
£40,001 - £45,000	4	2
£45,001 - £50,000	-	1
£65,001 - £70,000	1	-
£70,001 - £75,000	-	1
	<hr/>	<hr/>

In addition to the emoluments disclosed above the directors are entitled, under the terms of a special arrangement, to receive bonuses which are contingent on future events. The estimated amount payable in respect of these bonuses, for which provision has been made in these accounts, is £225,000.

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	
	1995	1994
Productive	111	112
Administrative	59	60
	<u>170</u>	<u>172</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	3,218,337	2,407,714
Social security costs	273,020	207,559
Other pension costs	165,169	142,698
	<u>3,656,526</u>	<u>2,757,971</u>

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

6 Interest

	1995 £	1994 £
Interest receivable	-	(12,840)
Interest payable to group undertakings	<u>118,071</u>	<u>129,005</u>
	<u>118,071</u>	<u>116,165</u>

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Notes (continued)

7 Tax on profit on ordinary activities

	1995 £	1994 £
Based on the results for the year:		
Group relief payable at 33% (1994: 33%)	255,800	1,174,600
Deferred taxation	1,600	5,400
	<u>257,400</u>	<u>1,180,000</u>
Adjustments in respect of prior years	50,160	(28,104)
	<u>307,560</u>	<u>1,151,896</u>

8 Tangible fixed assets

	Freehold land and buildings £	Fixtures, fittings, tools and equipment £	Total £
Cost or valuation			
At beginning of year	360,650	759,524	1,120,174
Additions	-	135,259	135,259
	<u>360,650</u>	<u>894,783</u>	<u>1,255,433</u>
At end of year	360,650	894,783	1,255,433
At cost	265,650	894,783	1,160,433
At valuation	95,000	-	95,000
	<u>360,650</u>	<u>894,783</u>	<u>1,255,433</u>
At end of year	360,650	894,783	1,255,433
Depreciation			
At beginning of year	32,936	653,004	685,940
Charge for year	6,333	61,535	67,868
	<u>39,269</u>	<u>714,539</u>	<u>753,808</u>
At end of year	39,269	714,539	753,808
Net book value			
At 31 December 1995	321,381	180,244	501,625
At 31 December 1994	327,714	106,520	434,234

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:

	1995 £	1994 £
Cost	325,650	325,650
Accumulated depreciation	(39,249)	(33,936)
Net book value	<u>286,401</u>	<u>291,714</u>

9 Stocks

	1995 £	1994 £
Raw materials	41,476	70,071
Land and work in progress	16,485,019	14,379,890
Ground rents and showhouse stocks	210,429	248,432
	<u>16,736,924</u>	<u>14,698,393</u>

10 Debtors

(a) Amounts falling due within one year

	1995 £	1994 £
Trade debtors	54,405	189,405
Other debtors	533,755	221,265
Prepayments and accrued income	102,832	160,087
Deferred tax asset (note 12)	1,900	3,100
	<u>692,892</u>	<u>573,857</u>

(b) Amounts falling due after more than one year

Amounts owed by immediate parent undertaking	<u>141,982</u>	<u>12,216,211</u>
Total debtors	<u>834,874</u>	<u>12,790,068</u>

Tarmac Homes Yorkshire Limited

Notes (continued)

11 Creditors: amounts falling due within one year

	1995 £	1994 £
Payments received on account	9,420	50,171
Trade creditors	3,858,069	4,447,420
Amounts owed to group undertakings:		
Immediate parent undertaking	284,350	147,307
Fellow subsidiary undertakings	3,969,255	4,270,047
Group relief payable	255,799	1,162,295
Other creditors including taxation and social security:		
Taxation and social security	56,637	67,401
Other creditors	1,055,763	284,987
Accruals and deferred income	18,258	34,000
Dividend payable	-	9,427,081
	<u>9,507,551</u>	<u>19,890,709</u>

12 Deferred taxation

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

	1995		1994	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowances	-	(74,800)	-	(47,500)
Other timing differences	(1,900)	(24,100)	(3,100)	(23,600)
	<u>(1,900)</u>	<u>(98,900)</u>	<u>(3,100)</u>	<u>(71,100)</u>

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

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Notes (continued)

13 Share capital

	1995 £	1994 £
<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	-	36,000
Profit for the year	539,607	-
Transfer in respect of realisation	<u>1,020</u>	<u>(1,020)</u>
At end of year	<u>540,627</u>	<u>34,980</u>

15 Commitments

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

	1995 £	1994 £
Authorised but not contracted	<u>154,000</u>	<u>166,000</u>

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

	1995 £	1994 £
<i>Operating leases which expire:</i>		
Within one year	54,780	17,997
In second to fifth year inclusive	<u>149,220</u>	<u>100,235</u>
	<u>204,000</u>	<u>118,232</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.

Both Tarmac PLC (the largest) and John McLean & Sons Limited (the smallest) have 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.

Copies of the financial statements of John McLean & Sons Limited may be obtained from the Company Secretary, John McLean & Sons Limited, Crestwood House, Birches Rise, Willenhall, West Midlands, WV13 2DD.