

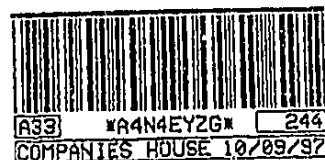
15 - 09 - 97

McLean Homes Ridings Limited
(FORMERLY TARMAC HOMES YORKSHIRE LIMITED)

Directors' report and accounts

31 December 1996

Registration 911591



Directors' Report

Directors:	Appointed /(Resigned)
K. M. Cushen	01.03.96
S. Butler	
T. B. McGuire	28.10.96
A. Reaney	
F. Tanser	
S. M. Lambert	
R. J. Harrison	(01.03.96)
R. L. Lidster	(18.10.96)

The directors present their report and the accounts for the year ended 31 December 1996.

Principal activities and business review

The principal activity of the Company during the year was that of house building. It is anticipated that these same activities will continue in 1997.

The Company was acquired by George Wimpey Plc on 1st March 1996 as a result of the exchange of certain of its businesses for the private sector housing business of Tarmac Plc, which included this Company.

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 the ultimate parent company in the shares of the ultimate parent company at 31 December 1996 and 1 January 1996 or date of appointment were:

	Ordinary Shares		
	George Wimpey Plc		Tarmac Plc
	31 Dec 1996	1 Mar 1996 (or date of appointment if later)	31 Dec 1995
S. Butler	-	-	1,322
A. Reaney	-	-	4,711
F. Tanser	-	-	3,584

	Options over ordinary shares			
	George Wimpey Plc			Tarmac Plc
	31 Dec 1996	Options granted during year	Options exercised during year	1 Mar 1996 (or date of appointment if later)
S. Butler	3,317	3,317	-	8,968
A. Reaney	6,634	6,634	-	8,465
F. Tanser	6,634	6,634	-	4,401
S. M. Lambert	-	-	-	15,333

All the interests were held beneficially.

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

Interests of the directors who are directors of the ultimate parent company are shown in that company's financial statements.

The remaining directors who are not directors of the ultimate parent company did not hold or have options over shares of the ultimate parent company at either dates.

No director was materially interested during the year in any contract which was significant in relation to the business of the company.

Directors' Report

Research & development

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

Creditors Payment Policy

Our policy is to agree the terms and conditions for business transactions with suppliers and sub-contractors. Payment is generally made on this basis, subject to the terms and conditions being met by the suppliers and sub-contractors.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements 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 for that period. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial statements 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.

Auditors

During the year KPMG resigned as auditors and Coopers and Lybrand were appointed in their place.

A resolution to appoint Coopers and Lybrand will be proposed at the forthcoming Annual General Meeting in accordance with Section 384 of the Companies Act 1985.

By order of the board



S. E. Bort
Secretary

21st February, 1997

Auditors' Report

To the members of McLean Homes Ridings Limited

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

As described on page 2 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.

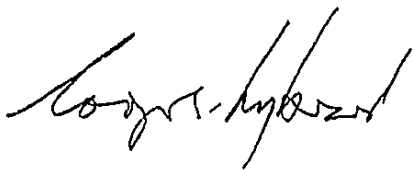
Basis of opinion

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 1986 and of its profit, total recognised gains ~~and losses~~ for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers and Lybrand

Chartered Accountants and Registered Auditors
London

21st February 1997

Profit and Loss Account
For the year ended 31 December 1996


	Note	1996 £	1995 £
Turnover	2	27,224,654	27,051,878
Cost of sales		(22,462,162)	(21,992,134)
Gross Profit		4,762,492	5,059,744
Administrative expenses:			
Excluding exceptional item		(3,075,049)	(3,368,436)
Exceptional item			(726,070)
Administrative expenses		(3,075,049)	(4,094,506)
Operating Profit	3	1,687,443	965,238
Interest - net payable	4	(107,576)	(118,071)
Profit on ordinary activities before taxation		1,579,867	847,167
Taxation charge	5	(512,700)	(307,560)
Retained profit for the year		1,067,167	539,607

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

Balance Sheet
At 31 December 1996

	Note	1996 £	1995 £
Fixed assets			
Tangible assets	8	538,062	501,625
Current assets			
Work in progress and stock	9	13,865,202	16,736,924
Debtors receivable within one year	10	5,109,813	834,874
Cash at bank and in hand		9,583	9,735
		18,984,378	17,581,533
Creditors falling due within one year	11	(8,932,538)	(9,507,551)
Net current assets		10,051,839	8,073,982
Total assets less current liabilities*		10,589,901	8,575,607
Creditors due after more than one year	12	(912,205)	-
Equity shareholders' funds		9,677,696	8,575,607
Represented by:			
Capital and reserves			
Called-up share capital	14	8,000,000	8,000,000
Property revaluation reserve	15	68,882	34,980
Profit and loss account	15	1,608,814	540,627
		9,677,696	8,575,607

The accounts appearing on pages 4 to 12 were approved by the board on 21st February, 1997 and signed on their behalf by:


Director

T. B. McGuire

Statement of Total Recognised Gains and Losses For the year ended 31 December 1996	1996 £	1995 £
Profit attributable to ordinary shareholders	1,067,167	539,607
Unrealised surplus on revaluation of properties	34,922	-
Total recognised gains relating to the year	1,102,089	539,607
 Note of Historical Cost Profits and Losses For the year ended 31 December 1996	 1996 £	 1995 £
Profit on ordinary activities before taxation	1,579,867	847,167
Realisation of property revaluation gains of prior years		
Difference between historical cost depreciation charge and the actual Depreciation charge for the year calculated on the revalued amount	1,020	1,020
Historical cost profit on ordinary activities before taxation	1,580,887	848,187
Historical cost profit for the year retained after taxation and dividends	1,068,187	540,627
 Reconciliation of Movements in Shareholders' Funds For the year ended 31 December 1996	 1996 £	 1995 £
Profits attributable to ordinary shareholders	1,067,167	539,607
Unrealised surplus on revaluation of properties	34,922	-
Net increases in shareholders' funds	1,102,089	539,607
1 January - shareholders' funds	8,575,607	8,036,000
31 December - shareholders' funds	9,677,696	8,575,607

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.

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

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

Profit

Operating profit comprises the results of private housing development and land sales.

Research and development

Research and development expenditure is charged to revenue in the year in which it is incurred.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life as follows:-

Freehold buildings
Plant and equipment

Over 50 years
Over the expected useful life of the assets
ranging from 3 to 5 years

Fixed assets

Fixed assets transferred from fellow Group undertakings are included in the accounts at their original cost or revalued amounts 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 is valued at the lower of cost and net realisable value. Other stock comprises materials, equipment and goods for resale valued at the lower of cost and net realisable value.

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.

Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term.

Notes on the Accounts

1. Parent Company

The company's ultimate parent company is George Wimpey PLC which is incorporated in Great Britain. Accounts of George Wimpey PLC may be obtained from the Company Secretary at 3 Shortlands, London, W6 8EZ.

2. Turnover

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

3. Operating Profit

	1996 £	1995 £
Operating profit is stated after charging:		
- hire of plant and equipment	235,546	266,707
- auditors' remuneration and expenses	7,500	9,000
- depreciation	79,804	67,868
- exceptional item	-	726,070

The exceptional charge in 1995 relates to a special bonus payable to employees.

4. Interest - Net Payable

	1996 £	1995 £
Interest receivable		
Group undertakings	44,875	-
Other sources	7,694	-
	52,569	-
Interest payable		
Group undertakings	(160,145)	(118,071)
	(107,576)	(118,071)

5. Taxation Charge

	1996 £	1995 £
United Kingdom		
Corporation Tax	510,800	255,800
Deferred Tax	1,900	1,600
	512,700	257,400
Prior years' adjustments		
United Kingdom - corporation tax	-	50,560
- deferred tax	-	(400)
	512,700	307,560

Corporation tax is provided at 33% (1995 33%) on taxable profit for the year. United Kingdom deferred tax is provided at 33% (1995 33%) on taxable profit, where a liability is likely to crystallise in the foreseeable future.

Notes on the Accounts

6. 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 of 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 6 April 1993 using the projected unit method.

The pension costs of £150,815 (1995 £165,169) 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.

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.

7. Employees and Directors

Staff Costs (including directors) comprise:	1996 £	1995 £
Salaries and wages	2,508,870	3,218,337
Social security costs	195,865	273,020
Pension contributions	150,815	165,169
	2,855,550	3,656,526

Average number of persons (including directors) employed by the company during the year was: NUMBER OF EMPLOYEES

United Kingdom	161	170
----------------	-----	-----

Of the above, 61 persons (1995 62) with total staff costs of £1,284,760 (1995 £1,414,169) worked for, and their staff costs were ultimately borne by, the company although they had contracts of employment with other Wimpey Group companies.

Directors' emoluments comprise:	£	£
Salaries including benefits in kind	480,704	271,204

Emoluments disclosed above (excluding pension contributions) include amount paid to:

The Chairman	-	-
Highest paid director	134,437	69,279

The emoluments of the directors (excluding pension contributions), whose duties were discharged wholly or mainly in the United Kingdom, were in the bands listed below.

	NUMBER OF DIRECTORS	
	1996	1995
£ - £ 5,000	2	1
£ 10,001 - £ 15,000	1	
£ 40,001 - £ 45,000		4
£ 65,001 - £ 70,000		1
£ 70,001 - £ 75,000	1	
£ 75,001 - £ 80,000	3	
£130,001 - £135,000	1	

Loyalty Bonuses

The emoluments disclosed above include bonuses paid under the terms of a special arrangement agreed by Tarmac Plc following the announcement that it was to divest its private sector housing business, which included this Company. The amount paid in respect of these bonuses of £225,000 was fully provided for in the Company's 1995 Accounts.

Notes on the Accounts

8. Tangible Assets

	FREEHOLD LAND AND BUILDINGS £	PLANT AND EQUIPMENT £	TOTAL £
Cost or valuation	360,650	894,783	1,255,433
1 January 1996			
Capital expenditure	-	76,793	76,793
Disposals	-	(44,631)	(44,631)
Transfers from fellow Group undertakings	-	5,300	5,300
Revaluation	(10,650)	-	(10,650)
31 December 1996	350,000	932,245	1,282,245
Accumulated and depreciation			
1 January 1996	39,269	714,539	753,808
Charge for the year	6,303	73,501	79,804
Disposals	-	(44,630)	(44,630)
Transfers from fellow Group undertakings	-	773	773
Revaluation	(45,572)	-	(45,572)
31 December 1996	-	744,183	744,183
Net book value			
31 December 1996	350,000	188,062	538,062
1 January 1996	321,381	180,244	501,625
Comparable amounts determined according to the historical cost convention			
Cost	325,650	932,245	1,257,895
Accumulated depreciation	44,532	744,183	788,715
Net book value			
31 December 1996	281,118	188,062	469,180
1 January 1996	286,401	180,244	466,645

Revaluation of Freehold Property

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

9. Work In Progress and Stock

	1996 £	1995 £
Land for development	9,194,776	11,529,985
Other stock	4,670,426	5,206,939
	13,865,202	16,736,924

Notes on the Accounts

10. Debtors

	1996 £	1995 £
Receivable within one year:		
- trade debtors	91,758	54,405
- prepayment and accrued income	71,837	102,832
- amounts owed by group undertakings	4,510,918	141,982
- deferred taxation asset	-	1,900
- other	435,302	533,755
	5,109,615	834,874

11. Creditors Falling Due Within One Year

	1996 £	1995 £
Trade creditors	3,991,997	3,858,089
Payments received on account	20,451	9,420
Amounts owed to group undertakings	4,129,090	4,253,605
National Insurance, VAT and other taxes	54,619	56,637
Accruals and deferred income	5,081	18,258
Group Relief Payable	510,800	255,799
Other	220,501	1,065,763
	8,932,539	9,507,551

12. Creditors Due After More Than One Year

	1996 £	1995 £
Trade creditors	749,657	-
Amounts owed to group undertakings	162,548	-
	912,205	-

13. Deferred Taxation

	AMOUNT PROVIDED			POTENTIAL ASSET	
	1996 £	Movement £	1995 £	1996 £	1995 £
Deferred taxation provided in the accounts, and the potential asset including the amounts for which provision has been made, are as follows:-					
Excess of capital allowances over depreciation	-	-	-	56,800	74,800
Other	-	(1,900)	1,900	24,200	24,100
Asset	-	(1,900)	1,900	81,000	98,900

Notes on the Accounts

14. Share Capital

	1996 £	1995 £
Authorised 8,000,000 ordinary shares of £1 each	8,000,000	8,000,000
Allotted, called-up and fully paid 8,000,000 ordinary shares of £1 each	8,000,000	8,000,000

15. Reserves

	PROPERTY REVALUATION £	PROFIT AND LOSS £
1 January 1996	34,980	540,627
Movements		
Revaluation	34,922	-
Profit for the year	-	1,067,167
Transfer from revaluation reserve to profit and loss account	(1,020)	1,020
31 December 1996	68,882	1,608,814

16. Commitments

	1996 £	1995 £
Operating Leases		
Annual commitments under operating leases expiring:		
- within one year	79,682	54,780
- within two to five years	167,278	149,220
	186,960	204,000
Of which:		
- land and buildings	-	-
- other	186,960	204,000

17. Transactions with Related Parties

In the period from 1st March 1996 to 31st December 1996 the Company continued to trade with companies in the Tarmac Group in the normal course of business. During that period the Company paid to the Tarmac Group £245,609 for building supplies and materials. The balance owed by the Company to the Tarmac Group was £31,831 at the year end.