

# **McLean Homes North London Limited**

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

**For the year ended 31 December 1994**

Registered number 1160327



# McLean Homes North London Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Reconciliation of movements in shareholders' funds	8
Notes	9-15

# McLean Homes North London 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 house building.

### Business review

Despite a fall in turnover of over 14% or £11.7 million the reduction in profit before interest was restricted to approximately £0.5 million or 5%. Administrative costs for the year benefitted from a reduction in the staff levels of 41 people. Overall tight financial controls on the business ensured a satisfactory result.

### Transfer to reserves

The profit for the year retained in the company is £9,147,220 (1993: £9,659,279).

### 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 satisfactory margins.

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

### Research and development

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

### Tangible fixed assets

Movements in tangible fixed assets are shown in note 9 to the financial statements.

### 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.

# McLean Homes North London Limited

## Directors' report *(continued)*

### 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)  
CJ Hatch  
L Fraquelli  
PJ Geere  
PT Stone

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

	Ordinary shares of 50p each	
	1994	1993
PJ Geere	<u>5,673</u>	<u>5,673</u>

	Ordinary shares of 50p each under option			
	31 December 1994	Options granted during year	Options exercised during year	31 December 1993
CJ Hatch	179,795	41,259	-	138,536
L Fraquelli	21,166	6,295	-	14,871
PJ Geere	<u>13,889</u>	<u>3,777</u>	<u>-</u>	<u>10,112</u>

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. Mr PT Stone had no interests in the shareholdings of group companies.

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

# McLean Homes North London Limited

## Directors' report *(continued)*

### Employees

Information relating to employees is given in notes 4 and 5. It is company policy to communicate with and involve employees on matters affecting their interests at work and to inform them of the performance of the business. This is complemented by the group newspaper "Tarmac World", which is published five times a year.

It is company policy to treat all employees and potential employees equally and to give full consideration to suitable applications for employment from disabled persons where they have the necessary abilities and skills for the position and wherever possible to retrain employees who become disabled, so that they can continue in their employment in another position.

### 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.

# McLean Homes North London 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 reappointment 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



2 Cornwall Street  
Birmingham B3 2DL

## Auditors' report to the members of McLean Homes North London Limited

We have audited the financial statements on pages 6 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 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 London Limited

## Profit and loss account

for the year ended 31 December 1994

	<i>Note</i>	<b>1994</b> £	<b>1993</b> £
<b>Turnover</b>	<b>1,2</b>	<b>70,115,867</b>	<b>81,802,519</b>
<b>Cost of sales</b>		<b>(51,390,385)</b>	<b>(62,699,215)</b>
<b>Gross profit</b>		<b>18,725,482</b>	<b>19,103,304</b>
<b>Administrative expenses</b>		<b>(6,541,651)</b>	<b>(6,645,847)</b>
<b>Other operating income</b>		<b>1,690,236</b>	<b>1,944,063</b>
<b>Operating profit</b>		<b>13,874,067</b>	<b>14,401,520</b>
<b>Other interest receivable and similar income</b>	<b>6</b>	<b>1,073</b>	<b>109,571</b>
<b>Interest payable and similar charges</b>	<b>7</b>	<b>(351,340)</b>	<b>(216,980)</b>
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>13,523,800</b>	<b>14,294,111</b>
<b>Tax on profit on ordinary activities</b>	<b>8</b>	<b>(4,376,580)</b>	<b>(4,634,832)</b>
<b>Profit for the financial year</b>		<b>9,147,220</b>	<b>9,659,279</b>
<b>Dividends paid and proposed</b>		<b>-</b>	<b>-</b>
<b>Retained profit for the financial year</b>	<b>16</b>	<b>9,147,220</b>	<b>9,659,279</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 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.



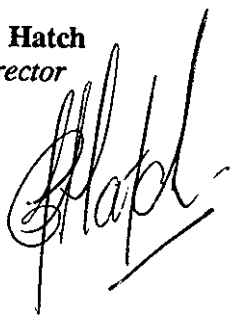
# McLean Homes North London Limited

## Balance sheet at 31 December 1994

	Note	1994	1993
		£	£
<b>Fixed assets</b>			
Tangible assets	9	331,608	442,169
<b>Current assets</b>			
Stocks	10	53,195,421	39,403,546
Debtors	11	1,958,322	30,257,229
Cash at bank and in hand		5,542	5,053
		<u>55,159,285</u>	<u>69,665,828</u>
<b>Creditors: Amounts falling due within one year</b>	12	(18,933,961)	(21,846,399)
<b>Net current assets</b>		<u>36,225,324</u>	<u>47,819,429</u>
<b>Total assets less current liabilities</b>		<u>36,556,932</u>	<u>48,261,598</u>
<b>Creditors: Amounts falling due after more than one year</b>	13	(29,694,208)	(50,546,094)
		<u>6,862,724</u>	<u>(2,284,496)</u>
<b>Capital and reserves</b>			
Called up share capital	15	10,000,000	10,000,000
Revaluation reserve		40,630	40,630
Profit and loss account	16	(3,177,906)	(12,325,126)
<b>Equity shareholders funds</b>		<u>6,862,724</u>	<u>(2,284,496)</u>

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

CJ Hatch  
Director



# McLean Homes North London Limited

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

	1994 £	1993 £
Profit for the financial year	9,147,220	9,659,279
Transfer of revaluation reserve from fellow subsidiary	-	41,253
Net addition to shareholders' funds	9,147,220	9,700,532
Opening shareholders' funds	(2,284,496)	(11,985,028)
Closing shareholders' funds	6,862,724	(2,284,496)

# McLean Homes North London 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.

#### *Turnover*

Turnover represents legally completed and cash completed house sales and land sales and amounts invoiced for other income.

#### *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
Plant and machinery	- 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.

#### *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 London 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 after charging</i>		
Auditors' remuneration	18,000	18,000
Depreciation	109,395	287,235
Hire of plant and machinery:		
Rentals payable under operating leases	1,265,860	1,237,052
Hire of other assets:		
Operating leases	132,240	117,850

### 4 Directors' remuneration

The emoluments, excluding pension contributions, of the chairman were £Nil (1993: £Nil) and those of the highest paid director were £92,365 (1993: £70,169).

The aggregate directors emoluments, including pension contributions, were £278,923 (1993: 348,677); including compensation for loss of office of £Nil (1993: £103,865).

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
£ 5,001	- £10,000	-	1
£10,001	- £15,000	-	1
£25,001	- £30,000	-	1
£30,001	- £35,000	-	2
£45,001	- £50,000	2	-
£50,001	- £55,000	1	-
£70,001	- £75,000	-	1
£90,001	- £95,000	1	-

# McLean Homes North London 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	186	216
Administrative	118	129
	<u>304</u>	<u>345</u>

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

The aggregate payroll costs of these persons were as follows:

	1994 £	1993 £
Wages and salaries	4,217,031	4,930,122
Social security costs	365,510	294,945
Other pension costs	269,325	400,454
	<u>4,851,866</u>	<u>5,625,521</u>

### 6 Other interest receivable and similar income

	1994 £	1993 £
Other interest receivable	<u>1,073</u>	<u>109,571</u>

### 7 Interest payable and similar charges

	1994 £	1993 £
Interest payable to group undertakings	351,338	216,863
Other interest payable	<u>2</u>	<u>117</u>
	<u>351,340</u>	<u>216,980</u>

# McLean Homes North London Limited

## Notes (continued)

### 8 Tax on profit on ordinary activities

	1994 £	1993 £
Based on the results for the year:		
Group relief at 33 % (1993: 33 %)	4,381,800	4,072,800
Deferred taxation	(2,900)	554,900
	<u>4,378,900</u>	<u>4,627,700</u>
Adjustments in respect of prior years:		
Group relief	(2,545,220)	7,132
Deferred taxation	2,542,900	-
	<u>4,376,580</u>	<u>4,634,832</u>

### 9 Tangible fixed assets

	Land and buildings £	Plant, machinery and equipment £	Total £
<b>Cost</b>			
At beginning of year	319,394	1,112,473	1,431,867
Additions	-	20,192	20,192
Disposals	-	(116,858)	(116,858)
	<u>319,394</u>	<u>1,015,807</u>	<u>1,335,201</u>
<b>At end of year</b>	<b>319,394</b>	<b>1,015,807</b>	<b>1,335,201</b>
<b>Depreciation</b>			
At beginning of year	90,429	899,269	989,698
Charge for year	2,883	106,512	109,395
On disposals	-	(95,500)	(95,500)
	<u>93,312</u>	<u>910,281</u>	<u>1,003,593</u>
<b>At end of year</b>	<b>93,312</b>	<b>910,281</b>	<b>1,003,593</b>
<b>Net book value</b>			
At 31 December 1994	<u>226,082</u>	<u>105,526</u>	<u>331,608</u>
At 31 December 1993	<u>228,965</u>	<u>213,204</u>	<u>442,169</u>

The value of land included in the above figures which is not depreciated is £143,415 (1993: £143,415).

# McLean Homes North London Limited

## Notes (continued)

### 10 Stocks

	1994 £	1993 £
Raw materials and consumables	179,343	213,539
Land and work in progress	52,233,180	38,043,841
Other stocks	782,898	1,146,166
	<u>53,195,421</u>	<u>39,403,546</u>

### 11 Debtors

	1994 £	1993 £
Trade debtors	524,515	274,429
Amounts owed by group undertakings:		
Fellow subsidiary	-	15,562,086
Group taxation relief	-	10,176,459
Other debtors	1,035,422	1,296,228
Prepayments and accrued income	133,285	142,927
Deferred tax asset (note 14)	265,100	2,805,100
	<u>1,958,322</u>	<u>30,257,229</u>

### 12 Creditors: Amounts falling due within one year

	1994 £	1993 £
Payments received on account	96,126	196,194
Trade creditors	9,776,775	17,712,011
Amounts owed to group undertakings	5,934,523	2,907,882
Other creditors including taxation and social security:		
Taxation and social security	2,245,512	95,581
Other creditors	574,712	669,702
Accruals and deferred income	306,313	265,029
	<u>18,933,961</u>	<u>21,846,399</u>

# McLean Homes North London Limited

## Notes (continued)

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

	1994 £	1993 £
Trade creditors	81,458	136,458
Amounts owed to immediate parent undertaking	29,612,750	50,409,636
	<u>29,694,208</u>	<u>50,546,094</u>

### 14 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	-	(125,800)	-	(254,700)
Other timing differences	(265,100)	(14,200)	(2,805,100)	(38,400)
	<u>(265,100)</u>	<u>(140,000)</u>	<u>(2,805,100)</u>	<u>(293,100)</u>

The deferred tax asset has been included within debtors (note 11).

### 15 Called up share capital

	1994 £	1993 £
<i>Authorised, allotted and fully paid:</i>		
Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>

### 16 Reserves

	Profit and loss account £
At beginning of year	(12,325,126)
Profit for the year	<u>9,147,220</u>
At end of year	<u>(3,177,906)</u>



# McLean Homes North London Limited

## Notes (continued)

### 17 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>46,000</u>	<u>93,000</u>

(b) Annual commitments under non-cancellable operating leases

	1994		1993	
	Land and buildings £	Plant and machinery £	Land and buildings £	Plant and machinery £
Operating leases which expire:				
Within one year	-	-	-	181,360
In second to fifth year inclusive	-	231,510	-	88,062
Over five years	<u>224,000</u>	-	<u>224,000</u>	-
	<u>224,000</u>	<u>231,510</u>	<u>224,000</u>	<u>269,422</u>

### 18 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.

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.