

McLean Homes Holdings Limited

Annual Report

31 December 2000

Registration 3289847



McLean Homes Holdings Limited
Directors' Report

Directors: K M Cushen
M J O'Sullivan
M B Tanner

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal activities and business review

The principal activity of the company during the year was that of housebuilding. Both the level of business and the year end financial position are satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future. The profit and loss account is set out on page 5.

Results and Dividends

The Company's profit for the year is £ 48,571,000 (1999: £32,931,000). An interim dividend of 14.7p per share totalling £22,000,000 was paid during the year (1999: nil). The directors do not recommend the payment of a final dividend (1999 £ Nil).

Directors

The board of directors is shown above.

D.G.Brant resigned as a director on 16th October 2000.

Interests of the directors, who are not directors of the parent company, George Wimpey PLC, in the shares of that company at 31 December 2000 and at 1 January 2000, were:

	Ordinary Shares		31 Dec 2000	Options over Ordinary Shares			1 Jan 2000
	31 Dec 2000	1 Jan 2000		Granted	Exercised	Lapsed	
M J O'Sullivan	10,821	5,490	78,801	62,215	-	-	16,586
M B Tanner	11,106	5,775	78,801	62,215	-	-	16,586

All the interests were held beneficially.

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

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

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

McLean Homes Holdings Limited

Directors' Report

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 and loss 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 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.

Research and Development

The company has continued to be active in researching new practices favourable both to the industry and the environment.

Contribution to charities

The company made contributions of £3,547 (1999: £2,187) to charities during the year.

Employee Involvement

It is Wimpey Group Policy that there should be effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in decisions that affect their current jobs or future prospects. This is achieved through normal face to face discussion at the work place, a Group house journal, the use of notice boards and other means including bulletins or newsletters. Consultation processes extend beyond day to day manager-employee relationships to briefing sessions in small groups and local consultative committees, as well as membership of appropriate employers' organisations through which consultation takes place with operatives' representatives. Annually, the Wimpey Group publishes a written Employee Report which explains the overall financial and general business situation. This is supplemented by line management reviews at local level.

Employment of disabled persons

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Guidance notes have been issued to managers and recruiters. Efforts are made to enable any employees who become disabled during employment to continue their careers with the Group. Training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees who are not disabled.

Creditor Payments Policy

Our policy and practice is to agree the terms and conditions for business transactions with suppliers and sub-contractors. Payment is generally made on this basis subject to terms and conditions being met by the suppliers and sub-contractors. The number of creditor days at 31 December 2000 was 57 days (1999: 49 days).

McLean Homes Holdings Limited
Directors' Report

Auditors

The company's auditors are PricewaterhouseCoopers. 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

A handwritten signature in black ink, consisting of several overlapping, slanted strokes, likely representing the name S E Bort.

S E Bort
Secretary
19 February 2001

McLean Homes Holdings Limited
Auditors' Report

To the members of McLean Homes Holdings Limited

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

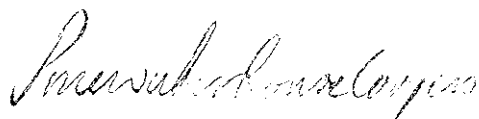
Basis of audit opinion

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 at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
16 February 2001

McLean Homes Holdings Limited
Profit and Loss Account
For the year ended 31 December 2000

	Note	2000 £'000	1999 £'000
Turnover	3	667,607	607,487
Cost of sales		(549,083)	(516,603)
Gross profit		118,524	90,884
Administrative expenses		(34,290)	(30,903)
Other operating (expenses) / income		(307)	159
Operating Profit	4	83,927	60,140
Net interest payable	5	(14,463)	(12,774)
Profit on ordinary activities before taxation		69,464	47,366
Tax on profit on ordinary activities	6	(20,893)	(14,435)
Profit on ordinary activities after taxation		48,571	32,931
Dividends	8	(22,000)	-
Retained profit for the year transferred to Reserves	18	26,571	32,931

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


There are no recognised gains and losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

McLean Homes Holdings Limited
Balance Sheet
As at 31 December 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	11	6,537	5,684
Current assets			
Stock	12	538,575	446,345
Debtors receivable after more than one year	13	4,093	36
Debtors receivable within one year	13	21,924	20,317
Cash at bank and in hand		1	596
		<u>564,593</u>	<u>467,294</u>
Creditors: amounts falling due within one year	14	<u>(329,389)</u>	<u>(254,191)</u>
Net current assets		235,204	213,103
Total assets less current liabilities		241,741	218,787
Creditors: amounts falling due after more than one year	15	(5,061)	(8,678)
Net assets		<u>236,680</u>	<u>210,109</u>
Represented by:			
Capital and reserves			
Called-up share capital	17	150,000	150,000
Profit and loss account	18	86,680	60,109
Equity shareholders' funds		<u>236,680</u>	<u>210,109</u>

The financial statements appearing on pages 5 to 15 were approved by the board on 19th February 2001 and signed on its behalf by:


 K M Cushen
 Director

McLean Homes Holdings Limited

**Reconciliation of Movements in Shareholders' Funds
For the year ended 31 December 2000**

	Note	2000 £'000	1999 £'000
Profit attributable to ordinary shareholders		48,571	32,931
Dividends	8	(22,000)	-
Net increase in shareholders' funds	18	26,571	32,931
Shareholders' funds as at 1 January		210,109	177,178
Shareholders' funds as at 31 December		236,680	210,109

McLean Homes Holdings Limited
Notes on the Financial Statements

1. Accounting Policies

Basis of preparation

The financial statements are prepared on the historical cost basis of accounting and have been drawn up in accordance with applicable accounting standards in the United Kingdom.

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 1 (Revised) from publishing a cash flow statement.

Turnover

Turnover comprises the value of new houses and land sales legally completed during the year. Turnover excludes value added tax.

Profit

Operating profit is derived wholly from the sales of 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 of each asset less its residual value on a straight-line basis over its expected useful life as follows:

Plant & Equipment	4 years
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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.

McLean Homes Holdings Limited
Notes on the Financial Statements

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 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.

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.

2. Parent company

The company's ultimate parent company and controlling party is George Wimpey PLC, which is incorporated in England and Wales.

Financial Statements 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

Operating profit is stated after charging:

- hire of plant and equipment
- other operating lease rentals
- auditors' remuneration
- depreciation

2000 £'000	1999 £'000
8,420	9,013
1,471	1,160
90	80
2,755	2,926

McLean Homes Holdings Limited
Notes on the Financial Statements

5. Net interest payable

	2000	1999
	£'000	£'000
Interest receivable		
Group undertakings	17,329	15,237
Other interest	81	386
	17410	15623
Interest payable		
Group undertakings	(31,775)	(28,395)
Other interest	(98)	(2)
	(31,873)	(28,397)
Net Interest payable	(14,463)	(12,774)

6. Tax on profit on ordinary activities

	2000	1999
	£'000	£'000
U.K Corporation tax	20,893	14,435

Corporation tax is provided at 30% (1999: 30.25%) on taxable profit for the year. Deferred tax is provided at 30% (1999: 30%), where a liability is likely to crystallise in the foreseeable future.

7. Fixed asset investments

Name of undertaking	Description of shares and proportion of normal value of that class held	Proportion of Voting rights held	Accounting year end
Weaver Developments (Woodfield Plantation) Limited	100 B class ordinary shares of £1 each (100% held)	50%	31 December

The principal activities of Weaver Developments (Woodfield Plantation) Limited is the acquisition and sale of land at Woodfield Plantation, Doncaster. The company's registered office is 28 Kenwood Park Road, Sheffield, S7 1NG. Details of transactions with this company are set out in note 21.

McLean Homes Holdings Limited
Notes on the Financial Statements

8. Dividends

The following dividends on equity shares have been paid:

	Pence per share	2000 £'000	Pence per share	1999 £'000
Ordinary dividend paid	14.7	22,000	-	-

9. Pension Arrangements

The company is a participating employer of the Wimpey Staff Pension Scheme (the Wimpey Scheme) which is a funded 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 April 1999, using the projected unit method.

Full details relating to the actuarial valuation of the scheme can be found in the financial statements of the parent company, George Wimpey PLC.

The pension costs of £2,666,000 (1999: £2,437,000) 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.

10. Employees and Directors

	2000 £'000	1999 £'000
Staff costs (including directors) comprise:		
Salaries and wages	42,002	38,099
Social security costs	3,414	3,184
Pension contributions (note 9)	2,666	2,437
	48,082	43,720

Number of Employees

Average monthly number of persons (including directors) employed by the company during the year was:	2,148	2,191
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All of the above persons worked for, and their staff costs identified above were borne by, the company although they had contracts of employment with other Wimpey Group companies.

The aggregate amount of directors' emoluments was £649,852 (1999: £522,508).

The aggregate of pension contributions to money purchase schemes for directors was £Nil (1999: £Nil).

The highest paid director's emoluments were £252,619 (1999: £186,319) with accrued pension under the Group's defined benefit scheme of £75,429 (1999: £56,862).

No director exercised share options in the year. Retirement benefits are accruing to three directors (1999: four directors) under the Group's defined benefit scheme.

McLean Homes Holdings Limited
Notes on the Financial Statements

11. Tangible Fixed Assets

	Plant and Equipment and Total £'000
Cost	
1 January 2000	14,321
Additions	1,769
Transfers from fellow group companies	2,426
Disposals	(1,424)
Transfers to fellow group undertakings	(89)
31 December 2000	17,003
Accumulated depreciation	
1 January 2000	8,637
Charge for the year	2,755
Transfers from fellow group companies	29
Disposals	(909)
Transfers to fellow group undertakings	(46)
31 December 2000	10,466
Net book value	
31 December 2000	6,537
1 January 2000	5,684

12. Stock

	2000 £'000	1999 £'000
Land held for development	423,481	334,277
Construction work in progress	106,355	104,028
Other stock	8,739	8,040
	538,575	446,345

McLean Homes Holdings Limited
Notes on the Financial Statements

13. Debtors

	2000	1999
	£'000	£'000
Receivable within one year:		
- trade debtors	15,817	9,241
- amounts owed by group undertakings	92	56
- corporate taxation	6	5
- other	4,285	8,477
- prepayments and accrued income	1,724	2,538
	<u>21,924</u>	<u>20,317</u>
Receivable after more than one year:		
- other	<u>4,093</u>	<u>36</u>

14. Creditors Falling Due Within One Year

	2000	1999
	£'000	£'000
Bank Overdraft	1,502	2,704
Trade creditors	122,717	68,790
Amounts owed to parent undertaking	140,720	136,293
Amounts owed to group undertakings	2,837	2,463
Corporate taxation	20,892	14,438
Other creditors including other taxation and social security	2,419	2,531
Accruals and deferred income	38,302	26,972
	<u>329,389</u>	<u>254,191</u>

15. Creditors Due After More Than One Year

	2000	1999
	£'000	£'000
Trade creditors	<u>5,061</u>	<u>8,678</u>

16. Deferred Taxation

	Amount Provided			Unprovided potential Asset/(liability)	
	2000	Movement	1999	2000	1999
	£	£	£	£	£
Deferred taxation provided in the accounts, and the potential asset/liability including the amounts for which provision has been made, are as follows:					
Shortfall of capital allowances over depreciation	-	-	-	774	912

McLean Homes Holdings Limited
Notes on the Financial Statements

17. Share Capital

	Number of Shares		£'000	
	2000	1999	2000	1999
Ordinary shares of 100p each				
Authorised	150,000,000	150,000,000	150,000	150,000
Allotted, called-up and fully paid	150,000,000	150,000,000	150,000	150,000

18. Reserves

	Profit and Loss Account £'000
1 January 2000	60,109
Profit for the year	26,571
31 December 2000	86,680

19. 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.

During the year ended 31 December 1998, McLean Homes Holdings Limited purchased the assets, liabilities and businesses of a number of subsidiaries of McLean Homes Holdings Limited.

These companies are acting as undisclosed agents for the Company, being fellow subsidiaries of George Wimpey PLC Group.

As a result of this transaction, the Company has given an indemnity to these companies under which it is meeting all past, present and future liabilities which may arise.

The directors do not anticipate any loss in relation to these matters.

McLean Homes Holdings Limited
Notes on the Financial Statements

20. Commitments

	2000	1999
	£'000	£'000
Capital Expenditure		
Contracted but not provided for in these accounts	5	12
Operating Leases		
Annual commitments under operating leases expiring:		
- within one year	6	278
- within two to five years	290	276
- after five years	1,318	1,192
	<u>1,614</u>	<u>1,746</u>
Of which:		
- land and buildings	1,596	1,461
- other	18	285
	<u>1,614</u>	<u>1,746</u>

21. Related Party Transactions

Weaver Developments (Woodfield Plantation) Limited

Details of the Company's relationship with Weaver Developments (Woodfield Plantation) Limited are set out in Note 7.

The Company's trading activities with Weaver Developments (Woodfield Plantation) Limited consist of payments amounting to £61,200 (1999: £nil) to cover professional expenses and building costs paid on behalf of the Company by Weaver Developments (Woodfield Plantation) Limited.

The balance outstanding at the year-end was a debtor of £1,449 (1999: creditor of £40,847).