

DIRECTORS' REPORTDIRECTORS:

H. W. A. Francis  
 E. J. Pountain  
 R. B. King  
 J. G. Mottram  
 S. F. Pickstock  
 A. W. Roberts

The directors submit their report and the accounts of the company for the year ended 31 December 1976.

1. RESULTS

The results for the year and the proposed dividend are shown in the profit and loss account on page 3.

2. PRINCIPAL ACTIVITY

The company is the holding company for a group of companies. The activities of its subsidiaries are shown in note 11 on page 8.

3. DIRECTORS

Mr. J. G. Mottram resigned as a director of the company on 22 February 1977. The director retiring by rotation is Mr. S.F.Pickstock who being eligible offers himself for re-election.

The directors of the company at 31 December 1976 were as noted above. The notifiable interests of the directors in the share capital of the ultimate holding company at that date and at 31 December 1975 were as follows :-

	Ordinary Shares of 50p each	
	31 December 1976	31 December 1975
E. J. Pountain	81,273	81,273
R. B. King	16,342	16,342
J. G. Mottram	NIL	NIL
S. F. Pickstock	1,500	1,500
A. W. Roberts	NIL	NIL

4. EXPORTS

The company did not make any exports from the United Kingdom during the year.

5. CLOSE COMPANY

The company is not a close company within the meaning of taxation law.

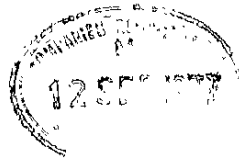
6. AUDITORS

The auditors, Price Waterhouse & Co., will continue in office under the provisions of Section 159 of the Companies Act 1948.

By order of the Board :

R. G. M. Tupper  
 Secretary.

14 March 1977



AUDITORS' REPORT

TO THE MEMBERS OF JOHN McLEAN AND SONS LIMITED

We have examined the accounts and notes on pages 3 to 9 which have been prepared under the historical cost convention as modified by the revaluation of the freehold property in 1974. In our opinion these accounts give, under the convention stated above, a true and fair view of the state of the company's affairs at 31 December 1976 and of its profits for the year then ended and comply with the Companies Acts 1948 and 1967. The accounts do not contain a statement of source and application of funds as required by Statement of Standard Accounting Practice No. 10.

Livery House,  
169 Edmund Street,  
Birmingham B3 2JB.

Price Waterhouse & Co.,  
Chartered Accountants.

14 March 1977

JOHN McLEAN AND SONS LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 DECEMBER 1976

	<u>Note</u>	<u>1976</u> <u>£</u>	<u>1975</u> <u>£</u>
<u>TRADING PROFIT</u>	2	22,204	20,427
Company's proportion of the profits of its associated company		-	6,692
		<u>22,204</u>	<u>27,119</u>
Taxation	5	(21,941)	(19,694)
		<u>263</u>	<u>7,425</u>
Dividends receivable from Subsidiary Companies		1,575,720	1,501,155
		<u>1,575,983</u>	<u>1,508,580</u>
Provision for losses of Subsidiary Companies		<u>(44,357)</u>	<u>(87,920)</u>
<u>PROFIT FOR YEAR BEFORE EXTRAORDINARY ITEMS</u>		1,531,626	1,420,660
Extraordinary items		-	142,315
		<u>1,531,626</u>	<u>1,278,345</u>
Dividend payable		1,573,988	1,350,000
		<u>(42,362)</u>	<u>(71,655)</u>
Retained profit brought forward	357,734		
Less associated company's profits transferred to a subsidiary 1 January 1976 (Note 10)	(3,864)	353,870	429,389
<u>RETAINED PROFIT CARRIED FORWARD</u>			
John McLean & Sons Limited		311,508	353,870
Associated company		-	3,864
		<u>£ 311,508</u>	<u>£ 357,734</u>

JOHN McLEAN AND SONS LIMITED  
BALANCE SHEET - 31 DECEMBER 1976

	Note	1976	1975
		£	£
<u>CAPITAL EMPLOYED</u>			
Share Capital	6	1,398,180	1,398,180
Reserves	7	418,934	465,160
		<u>£ 1,817,114</u>	<u>£ 1,863,340</u>
<u>EMPLOYMENT OF CAPITAL</u>			
Fixed Assets	8	110,018	108,430
Investments	9	40,700	43,500
Associated Company	10	-	3,914
Interest in Subsidiaries	11	13,025,027	7,300,257
		<u>13,175,745</u>	<u>7,456,101</u>
Current Assets:			
Land held for development		2,106	15,293
Debtors		360,637	25,707
Amount due from fellow subsidiaries		486,955	23,623
Cash at bankers and in hand		93,714	81,178
Taxation recoverable		14,038	14,821
		<u>957,450</u>	<u>160,622</u>
Current liabilities			
Creditors	12	354,106	350,678
Amount due to holding company		10,468,955	4,180,961
Amount due to fellow subsidiaries		22,132	118
Proposed dividend		1,573,988	1,350,000
		<u>12,419,181</u>	<u>5,881,757</u>
Net current liabilities		(11,461,731)	(5,721,135)
		<u>1,714,014</u>	<u>1,734,966</u>
Deferred Taxation Relief	13	103,100	128,374
		<u>£ 1,817,114</u>	<u>£ 1,863,340</u>

Signed on behalf of the Board

F. J. Pountain }  
R. B. King } Directors

JOHN McLEAN AND SONS LIMITEDNOTES ON THE ACCOUNTS1. ACCOUNTING POLICIESLand held for Development

Land held for development is stated at the lower of cost and net realisable value.

Depreciation

Depreciation of fixed assets is on a straight line basis calculated at annual rates estimated to write off each asset over the term of its useful life. No depreciation is provided on freehold land.

Deferred Taxation

Deferred taxation is based on the excess of the net book amount of those fixed assets which qualify for capital allowances over the written down amount for taxation purposes and on other timing differences including stock appreciation relief. It is calculated at the rate of taxation in force at the Balance Sheet date.

Investments

Ground rents at eight years' purchase of annual ground rent.  
Garages at five years' purchase of annual rent, less amounts written off.

Source and Application of Funds

It is considered that no useful purpose would be served by incorporating a statement of source and application of funds in the accounts since the company is a wholly owned subsidiary and is financed by the ultimate holding company.

2. TRADING PROFIT

	<u>Year ended</u> <u>31 December 1976</u>	<u>Year ended</u> <u>31 December 1975.</u>
Stated after charging :		
Interest payable (Note 3)	81,019	4,127
Directors' emoluments (Note 4)		
Fees	-	-
Management remuneration	87,318	56,490
Depreciation (including losses on sale of fixed assets £ 132 1975 - Profits £330)	7,834	7,136
Auditors' remuneration	4,000	4,000
	<u>          </u>	<u>          </u>

JOHN McLEAN AND SONS LIMITEDNOTES ON THE ACCOUNTS (continued)

	Year ended 31 December 1976 £	Year ended 31 December 1975 £
<b>3. <u>INTEREST PAYABLE</u></b>		
Contribution towards interest payable by ultimate holding company	69,777	-
Mortgage interest	-	3,302
To subsidiary companies	11,242	825
	<u>£ 81,019</u>	<u>£ 4,127</u>
<b>4. <u>DIRECTORS' EMOLUMENTS</u></b>		
(excluding pension scheme contributions)		
The Chairman	£ <u>NIL</u>	£ <u>NIL</u>
The highest paid director	£ <u>24,391</u>	£ <u>20,854</u>
Other directors	Number	Number
£7,501 to £10,000	1	-
£10,001 to £12,500	1	-
£12,501 to £15,000	-	1
£15,001 to £17,500	<u>2</u>	<u>1</u>
	4	2
	-	-
<b>5. <u>TAXATION</u></b>		
Corporation tax based on the trading profit of the year at 52% (1975 52%):		
Group Relief Receivable	(5,500)	(8,060)
Deferred (Note 13):		
Reduction in stock appreciation relief	(2,300)	206
Transfer in respect of extraordinary items representing payments in 1976	26,900	24,029
	<u>19,100</u>	<u>16,175</u>
Adjustments in respect of prior years		
Deferred (Note 13)	674	691
Payable	<u>2,167</u>	-
	<u>21,941</u>	<u>16,866</u>
Proportion of taxation charge of associated company	-	2,828
	<u>£ 21,941</u>	<u>£ 19,694</u>

JOHN McLEAN AND SONS LIMITEDNOTES ON THE ACCOUNTS (continued)

	1976	1975	
	£	£	
6. <u>SHARE CAPITAL</u>			
Ordinary shares of 20p each:			
Authorised - 10,000,000	£ 2,000,000	£ 2,000,000	
Issued and Fully Paid - 6,990,900	£ 1,398,180	£ 1,398,180	
7. <u>RESERVES</u>			
Share premium arising on Incentive Scheme			
Shares converted into Ordinary Shares	63,426	63,426	
Surplus arising on revaluation of freehold property	44,000	44,000	
Retained profits	311,508	357,734	
	£ 418,934	£ 465,160	
8. <u>FIXED ASSETS</u>			
	Freehold Property	Vehicles and Office Equipment	Total
	£	£	£
Cost or valuation			
At 31 December 1975	100,000	30,424	130,424
Additions	-	8,142	8,142
Disposals		(3,348)	(3,348)
Inter-company transfers		2,834	2,834
At 31 December 1976	100,000	38,052	138,052
Valuation 1974	100,000	-	100,000
Cost	-	38,052	38,052
	100,000	38,052	138,052
DEPRECIATION			
At 31 December 1975	1,700	20,294	21,994
Charge for the year	1,700	6,002	7,702
Eliminated in respect of disposals		(2,016)	(2,016)
Inter-company transfers		354	354
At 31 December 1976	3,400	24,634	28,034
NET BOOK AMOUNT			
At 31 December 1976	£ 96,600	£ 13,418	£ 110,018
At 31 December 1975	£ 98,300	£ 10,130	£ 108,430

A professional valuation of the freehold property of the company was made at 31 December 1974. No provision has been made for any taxation which may arise in the event of this asset being realised at the revaluation figure since it is held for the purpose of the company's business.

JOHN MCLEAN & SONS LIMITED  
NOTES ON THE ACCOUNTS (continued)

	<u>1976</u> <u>£</u>	<u>1975</u> <u>£</u>
9. <u>INVESTMENTS</u>		
Ground Rents at Valuation	10,580	10,580
Ground Rents at Cost	11,320	11,320
Garages at Valuation	18,800	21,600
	<u>£ 40,700</u>	<u>£ 43,500</u>
10. <u>ASSOCIATED COMPANY</u>		

During the year, the company disposed of its 50% interest in the associated company, John McLean and Sons Land Limited at the book amount to McLean Homes Midland Limited, a subsidiary company.

11. INTEREST IN SUBSIDIARIES

Shares at cost, less amounts written off	1,334,291	408,395
Amounts due from subsidiary companies	12,157,135	7,418,344
	<u>13,491,426</u>	<u>7,826,739</u>
Amounts due to subsidiary companies	466,399	526,482
	<u>£ 13,025,027</u>	<u>£ 7,300,257</u>

The following is a list of the company's subsidiaries, all being registered and operating in the United Kingdom, and wholly owned with the exception of Island Pools Limited in which there is a 55% holding and Insuwall Limited in which there is a 92% holding. During the year ending 31 December 1976 the company acquired the whole of the issued share capital of Thomas Lowe and Sons Limited for a consideration of £964,052, and the issued shares of West Mercian Property Company Limited, not already held, for a consideration of £6,001.

The company's holding in all cases is represented by ordinary shares with the exception of Midland and General Developments Limited, where the holding is of ordinary and preference shares.

<u>Company</u>	<u>Principal Activity</u>
Tarmac Homes Limited	Estate development
Tarmac Homes North East Limited	Estate development
Tarmac Homes South Yorkshire Limited	Estate development
Tarmac Homes Midlands Limited	Estate development
McLean Homes Midland Limited	Estate development
McLean Homes Southern Limited	Estate development
McLean Homes Northern Limited	Estate development
Midland and General Developments Limited	Estate development
Thomas Lowe and Sons Limited	Estate development and civil engineering
McLean Homes East Midlands Limited	Estate development
McLean Contracts Limited	Contract building
McLean Investments Limited	Property investment and development
Gotheridge and Sanders Limited	Property development
Island Pools Limited	Construction of swimming pools
McLean Small Works Limited	Property extensions
John McLean and Associates Limited	Property investment and development
Groveside Developments Limited	Estate development
Central and McLean Properties Limited	Estate development
West Mercian Property Company Limited	Property investment and development
Insuwall Limited	Cavity wall insulation



JOHN McLEAN AND SONS LIMITED  
NOTES ON THE ACCOUNTS (continued)

12. CREDITORS

Creditors include an amount of £139,812 (1975 £198,296) payable after 31 December 1977.

13. DEFERRED TAXATION RELIEF

	<u>1976</u>
	£
Balance 31 December 1975	(128,374)
Movement for the year	24,600
Adjustments in respect of prior years	674
	<u>£ (103,100)</u>

The above amount represents the tax relief receivable in respect of certain expenditure which does not become due until after 31 December 1976.

14. CAPITAL SANCTIONS AND COMMITMENTS

Capital expenditure sanctioned by the Board and outstanding at 31 December 1976 amounted to £89,000 (1975 £23,000). There were no contracts placed against these sanctions (1975 £NIL).

15. CONTINGENT LIABILITY

The company has given a guarantee on behalf of its ultimate holding company for a bank overdraft of £245,813 (1975 £NIL).

16. HOLDING COMPANY

The company's holding company is Tarmac Limited, incorporated in Great Britain.

17. GROUP ACCOUNTS

The company is a wholly owned subsidiary of another body corporate registered in England and no group accounts are submitted. In the opinion of the directors the value of the company's investment in its subsidiaries, consisting of shares in and amounts due therefrom, is not less than the aggregate of the amounts at which these assets are included in the balance sheet.