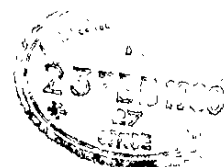


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WILKINSON & HOUGHTON LIMITED
(A wholly-owned subsidiary of
William Leech (Builders), Limited)

28 February 1979



WILKINSON & HOUGHTON LIMITED
(A wholly-owned subsidiary of William Leech (Builders), Limited)

DIRECTORS

JR Adamson (Chairman)
PM Milburn
J Livingston
RA Wilkinson
JD Houghton

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 28 FEBRUARY 1979

ACTIVITIES

The company continues to carry on business as builders and estate developers.

RESULTS

The results for the year are set out in the attached profit and loss account. The directors recommend that no dividend should be paid on the ordinary shares.

The preference shareholders have waived their rights to dividend for the year.

EXPORTS

There were no exports by the company during the year.

DIRECTORS

The directors who served during the year are as detailed above.

The Articles of Association do not require the directors to retire by rotation.

DIRECTORS' INTERESTS

JR Adamson, PM Milburn and J Livingston are directors of William Leech (Builders), Limited and their interests in the share capital of that company are shown in its directors' report. JD Houghton held 1,000 shares in William Leech (Builders), Limited at 28 February 1979 (1978 - 1,000).

AUDITORS

The auditors, Price Waterhouse & Co, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By Order of the Board

BT REDBURN

Secretary

Newcastle upon Tyne

19 June 1979

AUDITORS' REPORT TO THE MEMBERS OF
WILKINSON & HOUGHTON LIMITED

In our opinion the accounts on pages 3 to 9 which have been prepared under the historical cost convention give, under that convention, a true and fair view of the state of the company's affairs at 28 February 1979 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 and 1967.

PRICE WATERHOUSE & CO

Chartered Accountants

19 June 1979

WILKINSON & HOUGHTON LIMITED
(A wholly-owned subsidiary of William Leech (Builders), Limited)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
28 FEBRUARY 1979

	<u>Note</u>	<u>1979</u>	<u>1978</u>
TURNOVER	1	<u>£443,523</u>	<u>£737,980</u>
OPERATING PROFIT	2	27,988	80,825
FINANCE CHARGES	4	<u>25,033</u>	<u>22,555</u>
PROFIT BEFORE TAXATION		2,955	58,270
TAXATION	5	<u>(263)</u>	<u>9,359</u>
PROFIT FOR THE YEAR AFTER TAXATION		3,218	48,911
PROPOSED DIVIDEND		<u>-</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR	9	<u>£3,218</u>	<u>£48,911</u>

WILKINSON & HOUGHTON LIMITED
(A wholly-owned subsidiary of William Leech (Builders), Limited)

BALANCE SHEET - 28 FEBRUARY 1979

	Note	1979	1978
FIXED ASSETS	6	17,588	117,579
INVESTMENT PROPERTY		28,340	28,340
CURRENT ASSETS			
Land for development		75,954	122,277
Work in progress		132,325	57,383
Stocks		-	46,937
		208,279	226,597
Less: Amounts received and receivable on account of work in progress		66,649	37,047
		141,630	189,550
Debtors		95,607	144,868
Amounts owing by fellow subsidiaries		398,690	784,574
Cash in hand		76	857
		636,003	1,119,849
CURRENT LIABILITIES			
Creditors		40,944	83,272
Amount owing to holding company		1,159	12,286
Bank overdraft	7	35,131	568,731
		77,234	664,289
NET CURRENT ASSETS		558,769	455,560
		£604,697	£601,479
Representing:			
SHARE CAPITAL	8	190,875	190,875
RESERVES	9	413,822	410,604
		£604,697	£601,479

DIRECTORS

JR Adamson
PM Milburn

J.R. Adamson
PM Milburn

WILKINSON & HOUGHTON LIMITED
(A wholly-owned subsidiary of William Leech (Builders), Limited)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR
THE YEAR ENDED 28 FEBRUARY 1979

	<u>1979</u>	<u>1978</u>
SOURCE OF FUNDS		
Profit before taxation	2,955	58,270
Adjustment for items not involving the movement of funds:		
Depreciation	<u>4,249</u>	<u>28,725</u>
TOTAL GENERATED FROM OPERATIONS	<u>7,204</u>	<u>86,995</u>
FUNDS FROM OTHER SOURCES		
Sales of fixed assets	<u>98,186</u>	<u>18,233</u>
	<u>105,390</u>	<u>105,228</u>
APPLICATION OF FUNDS		
Purchases of fixed assets	2,444	67,577
INCREASE/(DECREASE) IN WORKING CAPITAL		
Land for development, work in progress and stocks	(47,920)	(43,752)
Debtors	(49,261)	21,672
Balances with group companies (excluding group relief)		
- holding company	11,127	(1,993)
- fellow subsidiaries	(386,147)	187,404
Creditors	<u>42,328</u>	<u>134,638</u>
	<u>(429,873)</u>	<u>297,969</u>
	<u>(427,429)</u>	<u>365,546</u>
INCREASE/(DECREASE) IN NET LIQUID FUNDS	<u>£532,819</u>	<u>£(260,318)</u>

WILKINSON & HOUGHTON LIMITED

(A wholly-owned subsidiary of William Leech (Builders), Limited)

NOTES TO THE ACCOUNTS - 28 FEBRUARY 1979

1 ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the accounts are as follows:

(1) Turnover

Turnover represents the sales value of projects completed during the year.

(2) Profit taking

Profits are brought into account when projects have been completed.

(3) Interest payable

All interest is charged to profit and loss account as incurred.

(4) Fixed assets

Fixed assets are stated at cost except for loose tools, scaffolding and site offices which are revalued annually by company officials. Depreciation of other fixed assets is calculated at rates varying from 10% to 20% which are estimated to write off their cost in equal annual instalments over their useful lives.

(5) Land for development, work in progress and stocks

These assets are stated at the lower of cost and estimated net realisable value, cost in the case of work in progress including an appropriate proportion of production and administrative overheads.

(6) Deferred taxation

Provision is made on the liability basis if the deferred taxation liability on stock appreciation relief, accelerated capital allowances and other timing differences is likely to become payable in the foreseeable future.

(7) Investment properties

Investment properties are stated at cost. No depreciation is provided on such properties.

2 OPERATING PROFIT

The operating profit is stated after charging:

	<u>1979</u>	<u>1978</u>
	£	£
Depreciation	4,249	28,725
Hire of plant	7,163	42,683
Directors' emoluments (Note 3)	5,065	26,458
Auditors' remuneration	<u>1,250</u>	<u>1,950</u>

NOTES TO THE ACCOUNTS (continued)

3 DIRECTORS' EMOLUMENTS

Directors' emoluments excluding pension contributions were:

	<u>1979</u>	<u>1978</u>
Chairman	<u>Nil</u>	<u>Nil</u>
Highest paid director	<u>£4,643</u>	<u>£9,073</u>
Other directors		
Nil - £2,500	3	2
£2,501 - £5,000	-	2
£5,001 - £7,500	-	1

4 FINANCE CHARGES

	<u>1979</u>	<u>1978</u>
Bank interest payable	31,166	28,909
Less: Interest receivable	<u>6,133</u>	<u>6,354</u>
	<u>£25,033</u>	<u>£22,555</u>

5 TAXATION

The taxation charge is made up as follows:

	<u>1979</u>	<u>1978</u>
Current year		
Group relief at 52%	-	11,059
Prior year		
Group relief overprovided	<u>(263)</u>	<u>(1,700)</u>
	<u>£(263)</u>	<u>£9,359</u>

The taxation charge for the year has been reduced by approximately £1,600 (1978 - £19,000) in respect of deferred taxation not provided in accordance with the accounting policy described in Note 1(6).

NOTES TO THE ACCOUNTS (continued)

6 FIXED ASSETS

	Plant, equipment and vehicles	Loose tools, scaffolding, and site offices	Total
Cost or valuation			
At 1 March 1978	245,881	36,895	282,776
Additions	2,444	-	2,444
Inter-company transfers	(131,639)	(29,018)	(160,657)
Disposals	(1,623)	-	(1,623)
At 28 February 1979	115,063	7,877	122,940
Depreciation	105,352	-	105,352
Net book amounts			
At 28 February 1979	£9,711	£7,877	£17,588
At 28 February 1978	£80,684	£36,895	£117,579

Loose tools, scaffolding and site offices are revalued annually by company officials.

7 BANK OVERDRAFT

The bank overdraft is guaranteed by William Leech (Builders), Limited and by a fellow subsidiary company and is also secured on various assets of the company.

8 SHARE CAPITAL

	1979		1978	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
6½% free of tax cumulative preference shares of £1	12,000	7,875	12,000	7,875
Ordinary shares of £1	183,000	183,000	183,000	183,000
	£195,000	£190,875	£195,000	£190,875

9 RESERVES

	1979	1978
Reserves brought forward	410,604	361,693
Retained profit for the year	3,218	48,911
Reserves carried forward	£413,822	£410,604

NOTES TO THE ACCOUNTS (continued)

10 DEFERRED TAXATION

The potential liability for deferred taxation not provided in the accounts since the liability is unlikely to become payable in the foreseeable future is as follows:

	<u>1979</u>	<u>1978</u>
Taxation deferred in respect of capital allowances and adjustments for other timing differences	<u>£7,000</u>	<u>£56,000</u>

Taxation losses of approximately £1,300 (1978 - £Nil) are available for relief against future taxable profits and have been taken into account in arriving at the potential liability noted above.

11 ULTIMATE HOLDING COMPANY

The company's ultimate holding company is William Leech (Builders), Limited, a company incorporated in England.