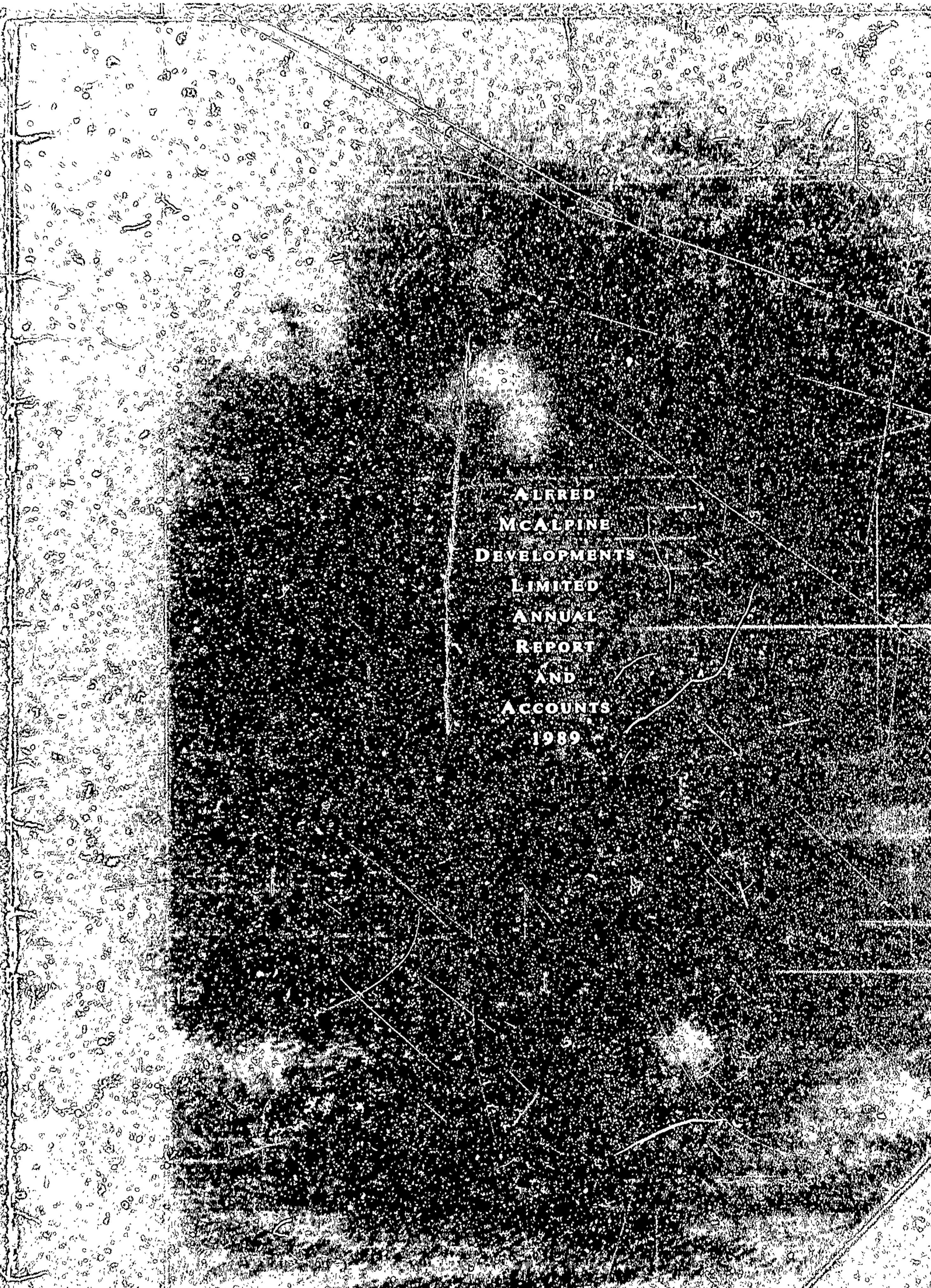
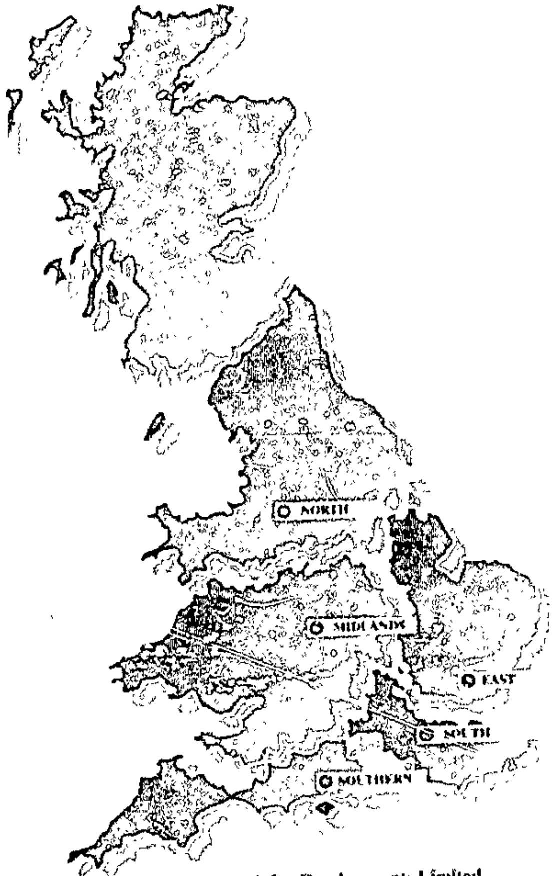
Alfred McAlpine Developments Limited

Annual Report and Accounts 1989





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Alfred McAlpine Homes South Limited
Brook House, Cricket Green, Mitcham, Surrey CR4 4LB
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Alfred McAlpine Homes North Limited
St Ann's House, Parsonage Green, Wilmslow, Cheshire SK9 1HG
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Alfred McAlpine Homes East Limited
4 The Limes, Ingatestone, Essex CM4 0BL
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Alfred McAlpine Homes Midlands Limited
Arden House, Oakenshaw Road, Shirley, Solihull, West Midlands B90 4QY
Telephone 021 744 6100 Fax 021 744 5705

Alfred McAlpine Homes Southern Limited
National Westminster House
3 Hampshire Corporate Park, Templars Way, Chandlers Ford, Eastleigh, Hants SO5 3RY
Telephone 0703 255288 Fax 0703 251344

Alfred McAlpine Projects Limited
Mitcham Court, Cricket Green, Mitcham, Surrey CR4 4LB
Telephone 081 685 9955 Fax 081 6[illegible] 5153

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THE GROUP IN BRIEF

Alfred McAlpine Developments Limited is the Group's Holding Company which conducts its housebuilding operations through five regional centres, based in Surrey, Cheshire, Essex, Hampshire and the West Midlands.

A sixth company, Alfred McAlpine Projects Limited, is specifically dedicated to long-term planning issues and strategic land acquisition in the residential field, together with commercial ventures and mixed urban developments. It was in recognition of this diversity that Alfred McAlpine Homes Holdings Limited was renamed Alfred McAlpine Developments Limited.

CONTENTS

During the year, the integration of the two Canberra companies with Alfred McAlpine Homes was completed, with the renamed Homes Midlands making a significant contribution to our results. The Scottish subsidiary was disposed of, however, for more than £3m which, together with the additional dividend and loan repayments, improved the Company's liquidity, releasing nearly £10m of capital for investment elsewhere.

The Company performed well with turnover increasing slightly from 1100 completions. The operating profit before tax fell but compares very favourably with the pre-merged businesses given the severe downturn which the industry has suffered from autumn 1988. The broad geographic spread of our development sites at a time of wide regional variation in demand cushioned us from the worst effects of the market downturn. Equally important has been the adaptation of our house-type mix to shifting patterns of demand, and our conservative policy of forward land acquisition that has broadly enabled the Company to avoid competing for sites at peak price levels and remain selective in new purchases. Currently, our land bank with planning permission represents more than three times the planned output for 1989/90 and existing options add a further three years' supply.

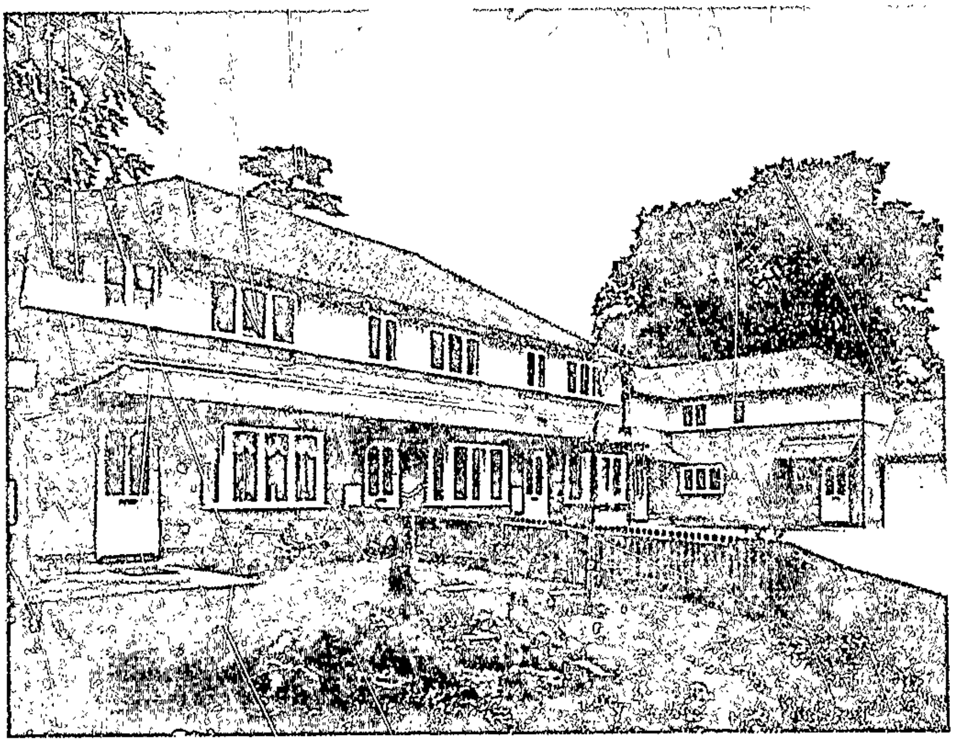
The present depressed trading climate will continue until interest rates soften, and in any case until well into 1990. Measures have been taken, however, to conserve cash with containment of borrowings and the reduction of unsold work in progress to minimum levels our prime objectives.

Homes Midlands had an excellent year, rising above the surrounding market in such areas as Bradley Stoke, Bristol and Witney in Oxfordshire. New developments were under way at the beginning of 1990 at Rhiwderin, Moreton-in-Marsh, Rushden, Newport Pagnell, Market Harborough and Northampton. In addition, the Company's management team is selectively being expanded to allow for an additional operating base to be opened in the Bristol area when the market improves.

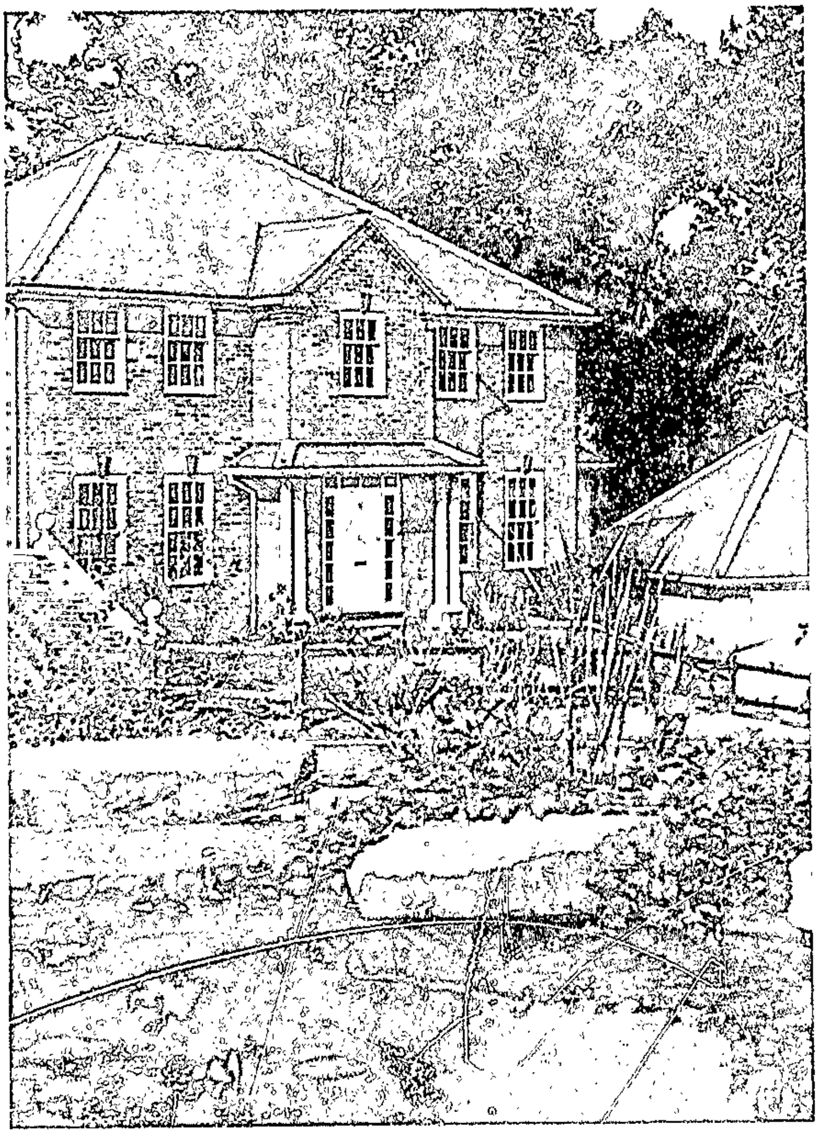
Homes North was not affected by the hardening market until the second half of the period and the programme of forward selling ensured a healthy contribution. Operations were extended into Yorkshire, and Helme Lodge, a Georgian manor house in the Lake District, was opened, having been redeveloped with private leisure facilities. In the current year, new developments will be under way in York, Blackburn, Bury, Greater Manchester and Middlewich.

By contrast, exceptionally difficult market conditions prevailed throughout the year at Homes East but new sites were commenced in Grays, Wix and Hornchurch. The Bishops Park development at Bishops Stortford was commenced with Bovis and the first units will be completed early in 1990. The Group's association with the Co-operative Wholesale Society through the Whatco joint company, and the partnership with Allied Lyons, together provided 40 legal completions in Norfolk, and at Mundford show homes were opened at a scheme being developed jointly with the Vestey Corporation.

In Homes South we had several successful developments in what was generally a very poor trading year. Allen House Park at Woking provided 15 completions at prices in excess of a quarter of a million pounds each, with Cedar Ridge in Watford and Silvermere in Binfield jointly contributing an additional 100 units.



Park Hall Mews in the Vale of
Evesham built by Alfred McAlpine
Homes Midlands in the grounds of
[illegible]



Homes Southern started the year with only two operational developments but new sites have been acquired in Hampshire and Sussex and it is anticipated that substantial growth will be achieved in this region in 1990.

The entire workforce of our Homes operation has given dedicated service in the most testing of times, and I would like to record my thanks and appreciation of their efforts. I know that they will continue to demonstrate skill and loyalty.

The Company is confident that the five housing subsidiaries, together with the expanding Alfred McAlpine Projects, are well adjusted to meeting the challenge of the present market.

However, profit margins will remain under pressure so long as interest rates remain high and the current economic climate prevails.

P. J. Davies
Managing Director

DIRECTORS AND OFFICERS

CHAIRMAN
T. Scurr

DIRECTORS
E. W. Grove *Deputy Chairman*
P. J. Davies B.Sc. *Managing Director*
R. J. McAlpine FCIOB
T. F. Wilson FRICS*

SECRETARY
W. A. Oliver B.Sc., ACA

REGISTERED OFFICE
Mitcham Court
Cricket Green
Mitcham
Surrey CR4 4LB

AUDITORS
Touche Ross & Co.
Hill House
1 Little New Street
London EC4A 3TR

BANKERS
Bank of Scotland
The Royal Bank of Scotland PLC

**Non Executive Director*
T. F. (Tom) Wilson FRICS, who is the Senior Partner of St. Quintin, Chartered Surveyors, joined the Board on 2nd March 1989 and brings with him extensive knowledge and experience of the property industry.

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and the audited accounts for the year ended 31st October 1989.

PRINCIPAL ACTIVITIES

Alfred McAlpine Homes Holdings Limited changed its name on 20th February 1990 to Alfred McAlpine Developments Limited. The principal activity of the group of companies is housing development within the United Kingdom.

OPERATIONAL REVIEW

The outlook for the Group remains good, its prospects being enhanced by a merger with the Canberra Property Group. On 30th November 1988 all of the issued share capital of Canberra Property Group Limited was acquired in exchange for 40% of the issued share capital of Alfred McAlpine Homes Holdings Limited (now Alfred McAlpine Developments Limited). The transaction has provided the enlarged Group with a firm platform from which to develop.

On 31st July 1989 the Group sold all of the issued share capital of Alfred McAlpine Homes Scotland Limited for £3,125,000.

PROFIT AND DIVIDENDS

The accounts and notes for the year ended 31st October 1989 have been prepared in accordance with merger accounting principles as set out in the Statement of Standard Accounting Practice No. 23. The comparative figures in the profit and loss account and balance sheet have been restated to include Canberra Property Group Limited for the year ended 31st October 1988.

The results for the year are set out on page 8 of the accounts and show a profit on ordinary activities before taxation of £18,633,000 (1988 — £21,534,000).

The directors recommend the payment of a final dividend of £3,200,000 which together with the interim dividend paid of £3,000,000 gives a total dividend for the year of £6,200,000 (1988 — £12,175,000).

DIRECTORS

The present members of the Board are shown on page 6. Messrs. F. W. Grove and R. J. McAlpine were appointed directors of the Company on 30th November 1988 and 7th December 1988 respectively.

Following the merger with the Canberra Property Group, a new intermediary holding company Alfred McAlpine Homes Limited was established to provide the operational Management Board. As a consequence of which the following directors resigned from Alfred McAlpine Homes Holdings Limited on 7th December 1988 and were appointed as directors elsewhere in the Group: I. M. Douglas, P. Gilchrist, T. J. Gunner, G. C. Loudon, G. R. McCallum, W. A. Oliver, P. D. Phipps and D. P. Wood.

None of the directors had a beneficial interest in any contract or arrangement of significance to which the Company or any of its subsidiaries was a party during the year.

FIXED ASSETS

The movements on fixed assets are shown in notes 11 and 12 to the accounts on pages 14 and 15.

DONATIONS

Charitable donations made during the year amounted to £15,000. No political donations were made.

EMPLOYEES

The Group continues with its policy of providing employees with appropriate information in a systematic way so as to encourage their active interest in the success of the business and to stimulate their personal job satisfaction.

Applications for employment by disabled persons are considered where they have the necessary abilities and skills for the position. If an employee becomes disabled during employment with the Group, every effort is made to retain that employee for a position appropriate to his or her abilities.

AUDITORS

Touche Ross & Co. have confirmed their willingness to accept re-appointment for a further term in accordance with the provisions of the Companies Act 1985.

By Order of the Board

W. A. Oliver
Secretary
27th February 1990

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st October 1989

	Notes	1989 £000's	1988 £000's
Turnover	1	146,471	144,173
Gross Profit		30,795	31,102
Operating costs	2	8,536	7,202
Operating Profit		22,259	23,900
Interest receivable	3	575	617
Interest payable	4	(4,201)	(2,983)
Profit on Ordinary Activities before Taxation	5	18,633	21,534
Taxation on profit on ordinary activities	6	6,763	8,039
Profit on Ordinary Activities after Taxation		11,870	13,495
Minority interest		56	(131)
Extraordinary items	7	2,351	
Profit for the financial year		14,277	13,364
Dividends	9	6,200	12,175
Profit Transferred to Reserves	20	8,077	1,189

CONSOLIDATED BALANCE SHEET

at 31st October 1989

	Notes	1989 £000's	1989 £000's	1988 £000's	1988 £000's
Fixed Assets					
Tangible assets	11	2,111		2,629	
Investments	12	[illegible]		452	
			2,156		3,081
Current Assets					
Stocks	13	112,442		98,999	
Debtors	14	11,[illegible]		12,179	
Investments	15	19[illegible]		223	
Cash at bank and in hand		8,371		13,920	
		132,919		125,321	
Creditors: Amounts falling due within one year	16	76,312		75,813	
Net Current Assets			56,60[illegible]		49,508
Total Assets Less Current Liabilities			58,763		52,589
Creditors: Amounts falling due after more than one year	17		1,968		2,233
Provisions for Liabilities and Charges	18				148
Minority interest			28		81
			56,773		50,127
Capital and Reserves					
Called up share capital	19		13,542		13,542
Share premium account	20		23,657		23,657
Profit and loss account	20		19,[illegible]		12,928
			56,773		50,127

These accounts and notes were approved by the Board of Directors on 27th February 1990.

T. Scurr
E. W. Grove

Directors

COMPANY BALANCE SHEET

at 31st October 1989

	Notes	1989 £000's	1989 £000's	1988 £000's	1988 £000's
Fixed Assets					
Tangible assets	11			322	
Investments	12	1		8,554	
			1		8,876
Current Assets					
Debtors	14	41,393		32,892	
		41,393		32,892	
Creditors: Amounts falling due within one year	16	3,200		3,485	
Net Current Assets			38,193		29,407
Total Assets Less Current Liabilities			38,194		38,283
Creditors: Amounts falling due after more than one year	17				
Provisions for Liabilities and Charges	18				
			38,194		38,283
Capital and Reserves					
Called up share capital	19		13,542		13,542
Share premium account	20		23,657		23,657
Profit and loss account	20		[illegible]		1,084
			38,194		38,283

T. Scurr
E. W. Grove
Directors

Tony Scurr

E W Grove

(a) Basis of consolidation

The Group accounts are prepared on the historical cost convention and include the accounts of the Holding Company, its subsidiaries and the Group's share of the results of related companies. Related companies are those in which the Group holds at least 20% but not more than 50% of the equity share capital and actively participates in policy decisions.

As noted in the Directors' report on page 7, the balance sheet and profit and loss account of Canberra Property Group Limited have been consolidated with the balance sheet and profit and loss account of Alfred McAlpine Homes Holdings Limited (now Alfred McAlpine Developments Limited) as though the companies had been combined for the years ended 31st October 1989 and 31st October 1988. The effective date of completion of the merger was 30th November 1988.

(b) Goodwill

Goodwill arising on acquisitions is charged directly to reserves.

(c) Depreciation

No depreciation is provided on freehold land. All other fixed assets are depreciated in equal annual instalments over their expected useful lives using the following annual rates.

Motor vehicles	25%
Office furniture & fittings	10%
Office machinery	20%
Leasehold premises	Over term of lease
Computer equipment	25%
Freehold property	2%

(d) Stocks

Stocks representing land held for, and in the course of, development and work in progress have been valued at the lower of cost and net realisable value. The cost of land represents the original cost of acquisition, the cost of work in progress thereon represents the cost of labour, materials, development costs and site overheads. All interest on land and work in progress is expensed directly to the Profit and Loss account, and is therefore not included in the value of stock in the balance sheet.

(e) Turnover

Turnover represents the value of legally completed house and land sales. It includes the proportion of turnover of related companies attributable to the Group.

(f) Land options

Option payments made to secure future land purchase opportunities are written off on a straight line basis over the length of the option period. All options are reviewed annually by the directors to establish whether or not any further amortisation needs to be provided.

(g) Deferred taxation

Deferred taxation is provided on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future. Provision is made at the tax rates applicable to the period when it is anticipated that the timing differences will reverse.

(h) Investments

Investments held as current assets are stated at the lower of cost and net realisable value.

NOTES TO THE ACCOUNTS

for the year ended 31st October 1989

1. Turnover

All turnover and operating profits are derived from housebuilding and land sales in the United Kingdom. Turnover includes the Group's proportionate share of turnover of related companies amounting to £6,312,000 (1988 £5,404,000).

2. Operating Costs

	1989	1988
	£000s	£000s
Administration costs	[illegible]	8,118
Other operating income	[illegible]	(916)
	[illegible]	7,202

3. Interest Receivable

Interest from banks	[illegible]	470
Other	[illegible]	147
	[illegible]	617

4. Interest Payable

Bank loans and overdrafts repayable within five years	[illegible]	1,082
Fellow subsidiary	[illegible]	1,520
Other	[illegible]	381
	[illegible]	2,983

5. Profit on Ordinary Activities Before Taxation

is after charging

Directors' emoluments (note 8)	[illegible]	573
Depreciation of tangible fixed assets	[illegible]	593
Auditors' remuneration	[illegible]	147
Hire of plant and machinery	[illegible]	384
Loss (profit) on disposal of tangible fixed assets	[illegible]	(487)
Share of losses (profits) of related companies	[illegible]	(809)

6. Taxation on Profit on Ordinary Activities

Corporation tax at 35% (1988 35%)	[illegible]	7,697
Related companies	[illegible]	282
Deferred taxation	[illegible]	(19)
Prior years' adjustments	[illegible]	(121)
	[illegible]	8,039

7. Extraordinary Item

Surplus on disposal of subsidiary after taxation of £572,000 (1988 £Nil)	[illegible]	

8. Directors and Employees

(a) Directors' emoluments

	1989 £000's	1988 £000's
Executive remuneration	[illegible]	531
Pension contribution	[illegible]	42
	[illegible]	573
Emoluments excluding pension contributions		
Chairman		—
Highest paid director	[illegible]	98

Number of other directors in the scale:	1989 Number	1988 Number
£ 0 – £ 5,000	[illegible]	2
£ 5,001 – £ 10,000	1	—
£ 35,001 – £ 40,000		1
£ 40,001 – £ 45,000		2
£ 50,001 – £ 55,000		1
£ 55,001 – £ 60,000		1
£ 60,001 – £ 65,000		1
£ 65,001 – £ 70,000		2
£105,001 – £110,000	1	

(b) Employee costs during the year including directors

	1989 £000's	1988 £000's
Wages and salaries	[illegible]	4,441
Social security costs	[illegible]	392
Pension costs	[illegible]	32
	[illegible]	4,865

Average number employed during the year, including directors:	1989 Number	1988 Number
Sales	[illegible]	91
Production	[illegible]	59
Administration	[illegible]	163
	[illegible]	313

(c) *Number of employees earning more than £30,000*

	1989	1988
£ 30,001 – £ 35,000	[illegible]	4
£ 35,001 – £ 40,000	[illegible]	5
£ 40,001 – £ 45,000	1	1
£ 45,001 – £ 50,000	[illegible]	
£ 50,001 – £ 55,000	[illegible]	
£ 55,001 – £ 60,000	[illegible]	
£ 65,001 – £ 70,000	[illegible]	
£ 70,001 – £ 75,000	[illegible]	
£ 80,001 – £ 85,000	[illegible]	
£105,001 – £110,000	[illegible]	

(d) *Directors' Interests*

The interests of the directors and their immediate families in the share capital of the Company were as follows:

E. W. Crowe at date of appointment
and at 31st October 1989 12,566,789 Ordinary 'A' Shares

On 20th November 1989 P. J. Davies was granted options over 270,836 ordinary shares in the Company at a price of 116p per ordinary share.
The shareholdings of R. J. McAlpine, I. Scott and P. J. Davies in the ultimate holding company Alfred McAlpine PLC are shown in the notes to the accounts of that company. No other director had any shareholding in the ordinary share capital of Alfred McAlpine PLC or of the Company during the year or at 31st October 1989.

NOTES TO THE ACCOUNTS
continued

9. Dividends		1989 £000's	1988 £000's
Alfred McAlpine Developments Limited			
interim	Ordinary 'A' Ordinary	[illegible]	
proposed final	Ordinary 'A' Ordinary	[illegible]	1,000
Canberra Property Group		[illegible]	2,500
interim			1,800
proposed final			6,875
		[illegible]	12,175

10. Disposals

During the year the Group disposed of its shareholding in the following subsidiary:
Alfred McAlpine Homes Scotland Limited — 31st July 1989

11. Tangible Fixed Assets

(a) Group	Land and buildings £000's	Plant and equipment £000's	Total £000's
Cost:			
At 1st November 1988	812	2,752	3,564
Additions	-	1,120	1,120
Disposals	(246)	(1,364)	(1,610)
At 31st October 1989	566	2,508	3,074
Depreciation:			
At 1st November 1988	37	898	935
Provided during the year	31	479	510
Disposals	(4)	(478)	(482)
At 31st October 1989	64	899	963
Net book value at 31st October 1989	502	1,609	2,111
Net book value at 31st October 1988	775	1,854	2,629
The net book value of land and building comprises:			
Freehold	165		
Long leasehold	337		
	502		

(b) Company			
Cost			
At 1st November 1988	104	300	404
Inter group transfers	(104)	(300)	(404)
At 31st October 1989			
Depreciation			
At 1st November 1988	4	78	82
Inter group transfers	(4)	(78)	(82)
At 31st October 1989	-		
Net book value at 31st October 1989	-	-	
Net book value at 31st October 1988	100	222	322

12. Fixed Assets - Investments

	Group 1989 £000's	Group 1988 £000's	Company 1989 £000's	Company 1988 £000's
(a) Unlisted investments in subsidiaries			1	8,554
Shares at cost				

The principal subsidiaries are:

Alfred McAlpine Homes South Limited
Alfred McAlpine Homes [illegible] Limited
Alfred McAlpine Homes Midlands Limited
Alfred McAlpine Homes Southern Limited (85%)
Alfred McAlpine Homes North Limited
Alfred McAlpine Projects Limited

All subsidiaries, whose principal activity is housing development, are wholly owned, unless otherwise indicated and incorporated in Great Britain.

As a consequence of the merger the investments in subsidiaries within the group were transferred to an intermediate holding company, Alfred McAlpine Homes Limited which is incorporated in Great Britain

	Group 1989 £000's	Group 1988 £000's	Company 1989 £000's	Company 1988 £000's
(b) Unlisted investments in related companies				
Shares at cost	1			
Net post acquisition reserves	[illegible]	427		
	[illegible]	427		

The principal related companies are McHawk Limited, St. Anne's Village Limited, Bishops Park Limited, Cheanland Developments Limited, Fairpine Limited, Compine Limited and Showpine Limited, companies incorporated in Great Britain whose principal activity is housing development, in which the Group has 50% shareholdings

	Group 1989 £000's	Group 1988 £000's	Company 1989 £000's	Company 1988 £000's
(c) Listed investments at cost	[illegible]	25		
Total investments	[illegible]	452	1	8,554

13. Stocks

	Group 1989 £000's	Group 1988 £000's	Company 1989 £000's	Company 1988 £000's
Housing land and work in progress	[illegible]	98,999		

14. Debtors

	Group 1989 £000's	Group 1988 £000's	Company 1989 £000's	Company 1988 £000's
Amounts falling due within one year:				
Trade debtors	[illegible]	2,118		30
Amounts owed by group companies	[illegible]	6,988		4,936
Amounts owed by subsidiaries			[illegible]	23,978
Amounts owed by related companies	[illegible]	977		310
Taxation	[illegible]	527	1	
Prepayments and accrued income	[illegible]	216		14
Other debtors	[illegible]	1,353		349
Dividends receivable			[illegible]	3,275
	[illegible]	12,179	[illegible]	32,892

15. Investments

	Group 1989 £000's	Group 1988 £000's	Company 1989 £000's	Company 1988 £000's
Unlisted investments	[illegible]	223		

16. Creditors

	Group 1989 £000's	Group 1988 £000's	Company 1989 £000's	Company 1988 £000's
Amounts falling due within one year				
Bank loans and overdrafts	[illegible]	19,842		32
Trade creditors	[illegible]	11,514		
Amounts owed to group companies	[illegible]	-		
Amounts owed to subsidiaries				591
Amounts owed to related companies	[illegible]	90		
Accruals and deferred income	[illegible]	4,443		328
Taxation and social security creditors	[illegible]	10,435		8
Other creditors	[illegible]	20,114		26
Proposed dividend	[illegible]	9,375	[illegible]	2,500
	[illegible]	75,813	[illegible]	3,485

Bank borrowings of £2[illegible],547,000 (1988 £19,842,000) and other creditors for land purchases of £22,065,000 (1988 £14,676,000) are secured by fixed or floating charge over the assets of certain subsidiaries.

17. Creditors

	Group		Company	
	[illegible]	1988	[illegible]	1988
	[illegible]	£000's	[illegible]	£000's
Amounts falling due after more than one year:				
Corporation tax	[illegible]	644		–
Other creditors		1,589		–
	[illegible]	2,233		

Included within other creditors there are £NIL (1988 £1,492,000) of land creditors secured on assets of certain subsidiaries

18. Provisions for Liabilities and Charges

Deferred taxation		33
Other provisions		115
		148
Deferred taxation		
Accelerated capital allowances	[illegible]	27
Short term timing differences	[illegible]	6
	[illegible]	33

There is no unprovided liability for deferred taxation	[illegible]	Other provisions
Movement in the year	[illegible]	£000's
At 1st November 1988	33	115
Credit to profit and loss account	[illegible]	(115)
Disposal of subsidiary	[illegible]	
At 31st October 1989	[illegible]	–

19. Called Up Share Capital

	Group and Company £000's
Authorised	
At 1st November 1988, as previously reported	
13,020,320 ordinary shares of 25p each	3,255
Authorised on merger	
19,907,400 ordinary shares of 25p each	4,977
21,666,877 ordinary 'A' shares of 25p each	5,417
As restated, and at 31st October 1989	13,649
Allotted and fully paid	
At 1st November 1988, as previously reported	
12,592,916 ordinary shares of 25p each	3,148
Issued on merger	
19,907,400 ordinary shares of 25p each	4,977
21,666,877 ordinary 'A' shares of 25p each	5,417
As restated, and at 31st October 1989	13,542

On 30th November 1988 the Authorised Share Capital was increased to £13,648,649 by the creation of 19,907,400 ordinary shares of 25p each and 21,666,877 ordinary 'A' shares of 25p each, the Issued Share Capital was also increased at that date to £13,541,798 by way of allotting 19,907,400 ordinary shares of 25p each to Alfred McAlpine Finance Ltd, a wholly owned subsidiary of *Alfred McAlpine PLC, in consideration of £26,875,000,* and by way of allotting 21,666,877 *ordinary 'A' shares of 25p each in consideration* for the acquisition of the entire issued share capital of the Canberra Property Group Limited

The authorised share capital has *subsequently been increased by £351,351 to £14,000,000 to allow for the* introduction of the Executive Share Option Scheme *approved by shareholders on 8th June 1989*

On 28th November 1989 options were granted to directors and employees over 1,092,091 ordinary shares at an exercise price of 116p per ordinary share

The ordinary 'A' shares carry the right to receive a preferential dividend of £3,000,000 in each of the financial years ending 31st October 1989 and 31st October 1990. The ordinary and ordinary 'A' shares rank equally for any further dividend declared

20. Reserves

Share Premium Account

	Group and Company £000's
At 1st November 1988, as previously reported	1,758
Premium arising on issue of ordinary shares	21,899
As restated and at 31st October 1989	23,657

Profit and Loss Account

	Group 1988 £000's	Company 1988 £000's
At 1st November 1988 as previously reported	9,363	707
Reserves of merged companies	7,672	
Excess of par value of shares issued over par value of shares of merged company acquired	(5,279)	
As restated	11,756	707
Expenses of merger		
Retained profit for year	1,189	377
Goodwill on acquisition	(17)	
At 31st October 1989	12,928	1,084

21. Capital Commitments

Contracted for	185
Authorised	

22. Contingent Liabilities

There are contingent liabilities in respect of guarantees of bank loans to and land purchase commitments of certain related companies up to a maximum of £14,378,000. At 31st October 1989 the relevant borrowings of the related companies amounted to £3,767,000 and the land purchase commitment was £9,475,000

23. *Profit of the Parent Company*

As permitted by Section 288(7) of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these accounts. The consolidated profit for the financial year includes a profit of £6,111,000 (1988 £3,877,000) which is dealt with in the accounts of the Parent Company.

24. *Pension Costs*

The Group operates a defined Benefit Pension Scheme, The Alfred McAlpine Retirement Benefits Plan (1973) provides benefits based on final pensionable salary for eligible employees. The assets of the Scheme are held separately from the Group and are managed on the Trustees behalf by investment managers, Hill Samuel Investment Management Ltd, Martin Currie Investment Management Ltd and Mercury Asset Management Ltd. The Plan is funded by contributions from the employer and employee, and returns achieved by investments. The contributions of the employer are charged to the Profit and Loss account so as to spread the cost over the employees working lives.

The contributions are determined by a qualified actuary using the projected unit method. The most recent valuation was at 1st June 1989

25. Ultimate Holding Company

The ultimate holding company is Alfred McAlpine PLC which is incorporated in Great Britain.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirteenth Annual General Meeting will be held at 2.30pm at Mitcham Court, Cricket Green, Mitcham, Surrey, on 3rd April 1990.

1. To receive and consider the directors' report and statements of accounts for the year ended 31st October 1989

2. To re appoint Touche Ross & Co. as auditors of the company and to authorise the directors to fix their remuneration.

3. To transact any other ordinary business.

By Order of the Board
W. A. Oliver
Secretary.
27th February 1990

REPORT OF THE AUDITORS

To the Members of Alfred McAlpine Developments Limited

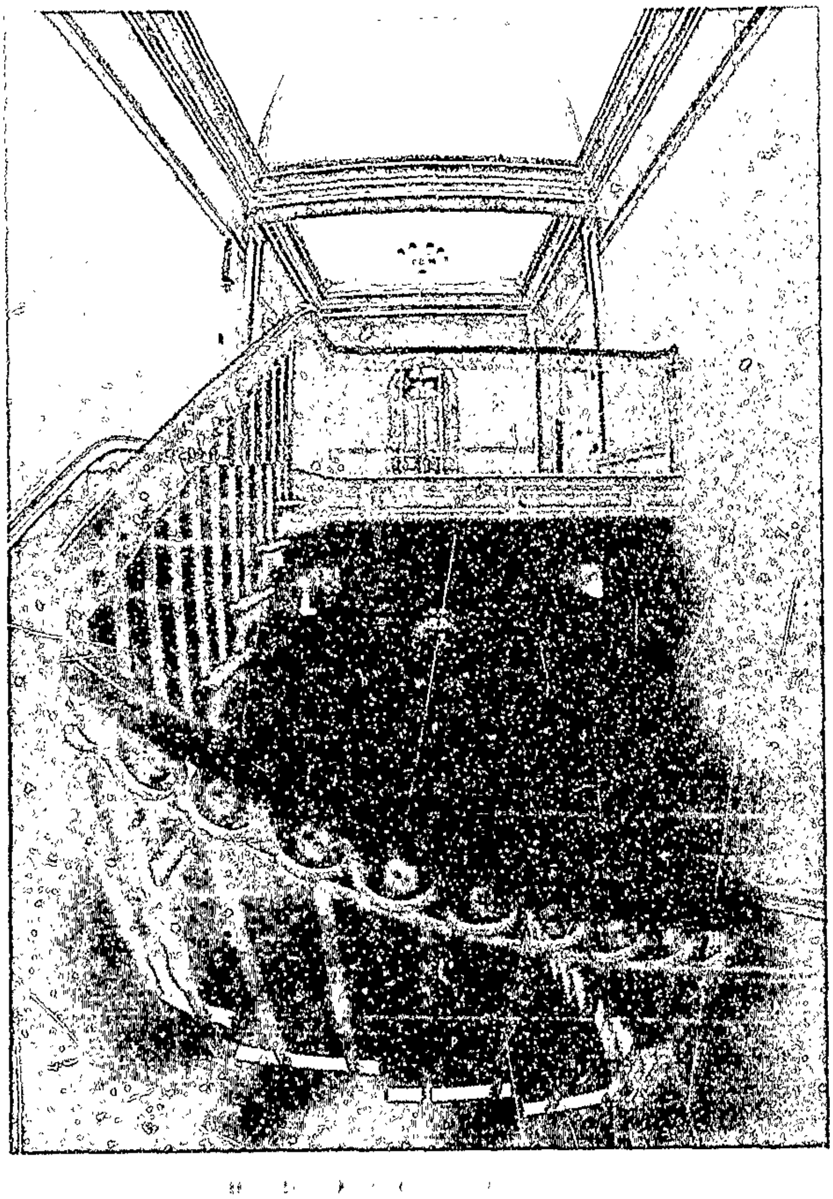
We have audited the accounts and notes on pages 8 to 17 in accordance with Auditing Standards.

In our opinion the accounts and notes give a true and fair view of the state of affairs of the Company and the Group at 31st October 1989 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The accounts do not include a statement of source and application of funds as required by Statement of Standard Accounting Practice No. 10

Touche Ross & Co.
Chartered Accountants
Hill House
1, Little New Street
London
EC4A 3TR

27th February 1990



Alfred McAlpine
Developments