

ALFRED McALPINE HOMES LIMITED

ACCOUNTS

YEAR ENDED 31st OCTOBER 1985

Touche Ross & Co.



ALFRED McALPINE HOMES LIMITED

ACCOUNTS

YEAR ENDED 31st OCTOBER 1985

ALFRED McALPINE HOMES LIMITED

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ALFRED McALPINE HOMES LIMITED

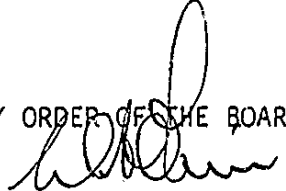
30 Thornton Road
Thornton Heath,
Surrey,
CR4 6BA

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the tenth Annual General Meeting will be held at Hooton, South Wirral, Cheshire, on 26th March 1986.

1. To receive and consider the directors' report and the statement of accounts for the year ended 31st October 1985.
2. To re-elect one director.
3. To re-appoint Touche Ross & Co as auditors of the company and to authorise the directors to fix their remuneration.
4. To transact any other ordinary business.

BY ORDER OF THE BOARD


W. OLIVER

SECRETARY

25TH FEBRUARY 1986

ALFRED McALPINE HOMES LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report and the audited accounts for the year ended 31st October 1985.

1. PRINCIPAL ACTIVITIES

The principal activity is that of managing subsidiary companies engaged in housing development.

2. DIRECTORS

Results

The results for the year are set out on page 5 of the accounts.

Dividends

The company has paid a dividend of £817,000 and proposes a final dividend of £550,000.

Financial review

The company achieved a profit on ordinary activities before taxation amounting to £1,643,126. The results do not reflect the profit generated by the company's subsidiaries.

3. DIRECTORS

(a) Members of the Board

R.J. McAlpine
D.G. Coombs
P.J. Davies
G.F. Dyson - resigned 31st December 1985
I.M. Douglas
G.C. Loudon
E.J. McAlpine
T.J. Gunner
R.M. Scott
W. Esplen - resigned 31st May 1985
M.F. Sanderson - resigned 31st March 1985

The director retiring by rotation is P.J. Davies and, being eligible, offers himself for re-election.

(b) Interests in Contracts

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

ALFRED McALPINE HOMES LIMITED

REPORT OF THE DIRECTORS (continued)

4. FUTURE PROSPECTS

The outlook for the company remains good. Its subsidiaries are concentrating on developing homes in the middle to upper price ranges in the more prosperous areas of the U.K. the sales of which are proving more bouyant and less susceptible to short term changes in interest rates and the depressed economy. Reflecting this policy, some excellent land purchases have been made which have greatly improved their future resources.

5. CHARITIBLE AND POLITICAL CONTRIBUTIONS

Charitable	£1,221
Political	£Nil

6. 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 OLIVER

SECRETARY

24TH FEBRUARY 1986

Touche Ross & Co.

Chartered Accountants

Hill House
1 Little New Street
London EC4A 3TR

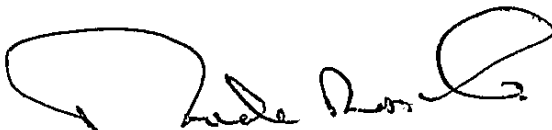
REPORT OF THE AUDITORS TO THE MEMBERS OF

ALFRED McALPINE HOMES LIMITED

We have audited the accounts and notes on pages 5 to 13 in accordance with approved Auditing Standards.

In our opinion the accounts and notes give a true and fair view of the state of the company's affairs at 31st October 1985 and of its profit for the year then ended and comply 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, for the reason given in the accounting policies.



TOUCHE ROSS & CO
Chartered Accountants
Abbey House
74 Mosley Street
Manchester M60 2AT

24TH FEBRUARY 1986

ALFRED McALPINE HOMES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st OCTOBER 1985

	Notes	Year ended 31st October 1985 £	Year ended 31st October 1984 £
TURNOVER		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Operating (costs)/income	2	(421,328)	71,725
OPERATING (LOSS)/PROFIT		(421,328)	71,725
INCOME FROM SHARES IN SUBSIDIARY COMPANIES		1,367,500	1,444,479
Interest receivable	3	3,287,209	1,104,756
Interest payable	4	(2,590,255)	(1,504,597)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,643,126	1,116,363
Taxation charge/(credit) on ordinary activities	6	68,274	(146,930)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,574,852	1,263,293
Dividends	8	1,367,000	618,000
PROFIT TRANSFERRED TO PROFIT AND LOSS ACCOUNT	15	207,852	645,293

ALFRED McALPINE HOMES LIMITED

BALANCE SHEET

31st OCTOBER 1985

	Note	£	1985	£	£	1984	£
FIXED ASSETS							
Tangible assets	9	117,582			119,227		
Investments	10	<u>2,778,162</u>	<u>2,895,744</u>		<u>2,777,212</u>	<u>2,896,439</u>	
CURRENT ASSETS							
Stocks		1,860,185			-		
Debtors	11	20,501,783			19,292,033		
Cash at bank and in hand		<u>2,478</u>			<u>336,652</u>		
		22,364,446			19,628,685		
CURRENT LIABILITIES							
CREDITORS: Amounts falling due within one year	12	<u>19,049,763</u>			<u>16,525,895</u>		
NET CURRENT ASSETS		<u>3,314,683</u>			<u>3,102,790</u>		
TOTAL ASSETS LESS CURRENT LIABILITIES			6,210,427			5,999,229	
PROVISIONS FOR LIABILITIES AND CHARGES	13		<u>5,114</u>			<u>1,768</u>	
			<u>6,205,313</u>			<u>5,997,461</u>	
CAPITAL AND RESERVES							
Called up share capital	14		3,148,229			3,148,229	
Share premium account	15		1,758,718			1,758,718	
Profit and loss account	15		<u>1,298,366</u>			<u>1,090,514</u>	
			<u>6,205,313</u>			<u>5,997,461</u>	

These accounts were approved by the Board of Directors on 24th February 1986.

P.J. DAVIES

T.J. GUNNER

)
) Directors
)

ALFRED McALPINE HOMES LIMITED

ACCOUNTING POLICIES

31st OCTOBER 1985

(a) Accounting convention

The accounts have been prepared under the historical cost convention as adjusted by the valuation of investment properties.

(b) Depreciation

Depreciation is not provided on investment property. Other fixed assets are depreciated by equal annual instalments over their expected useful lives using the following annual rates;

Motor vehicles	- 25 per cent
Office equipment	- 20 per cent

(c) Deferred taxation

Provision is made at appropriate rates for taxation deferred as a result of accelerated capital allowances and short term timing differences except where there is a reasonable probability of the taxation not becoming payable in the foreseeable future.

(d) Investments

Investments in subsidiaries are stated at cost less provision for any permanent diminution in value.

(e) Stock

Stock, representing land held for, and in the course of, development and work in progress, has been valued at the lower of cost and net realisable value. The cost of land represents the original costs of acquisition, the cost of work in progress there on represents the cost of labour, materials, development costs and site overheads only.

(f) Statement of source and application of funds

In view of the close financial arrangements which exist between the company and its holding company, it is not thought appropriate to include a separate statement of source and application of funds.

ALFRED McALPINE HOMES LIMITED

NOTES TO THE ACCOUNTS

1. PROFITS

Year ended 31st October 1985	Year ended 31st October 1984
£	£

Analysis of profits/(losses):
Management activities

1,643,126	1,116,363
=====	=====

2. OPERATING (COSTS)/INCOME

Administration costs
Other operating income

(421,328)	(400,082)
-	471,807
(421,328)	71,725
=====	=====

3. INTEREST RECEIVABLE

Interest from banks
Group companies
Other interest

4,522	10,379
3,282,398	1,094,033
289	344
3,287,209	1,104,756
=====	=====

4. INTEREST PAYABLE

Bank loans and overdrafts repayable
within five years
Group companies

19,667	16,096
2,570,588	1,488,501
2,590,255	1,504,597
=====	=====

5. PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION

is after charging;

Directors' emoluments (note 7)
Depreciation of tangible assets
Auditors' remuneration
Exceptional charge on disposal of
leasehold property

105,840	82,662
24,502	19,704
9,325	24,540
62,672	-
=====	=====

ALFRED McALPINE HOMES LIMITED

NOTES TO THE ACCOUNTS (continued)

6. TAXATION ON ORDINARY ACTIVITIES

	Year ended 31st October 1985	Year ended 31st October 1984
	£	£
Corporation tax charge/(credit) at 42% (1984 47%)	65,230	(148,698)
Deferred taxation	<u>3,044</u>	<u>1,768</u>
	68,274	(146,930)
	=====	=====

The provision for taxation does not bear a normal relationship to the profit on ordinary activities before taxation because the profit includes dividends received from subsidiary companies of £1,367,500 which are not subject to corporation tax.

7. DIRECTORS AND EMPLOYEES

(a) Directors' emoluments

Fees	125	300
Executive remuneration	93,030	73,060
Pension contributions	<u>12,685</u>	<u>9,302</u>
	105,840	82,662
	=====	=====

Emoluments excluding pension contributions

Chairman	<u>29,377</u>	<u>73,360</u>
	=====	=====
Highest paid director	<u>48,170</u>	<u>73,360</u>
	=====	=====

Number of other directors in the scale	Number	Number
£ 0 - £5,000	8	7
£15,001 - £20,000	<u>1</u>	<u>-</u>
	===	===

(b) Employee costs during the year,
including directors

Wages and salaries	165,872	123,261
Social security costs	7,392	5,990
Other pension costs	<u>15,903</u>	<u>11,695</u>
	189,167	140,946
	=====	=====

Average number employed during the
year, including directors

	Number	Number
Administration and services	<u>10</u>	<u>7</u>
	=====	=====

ALFRED McALPINE HOMES LIMITED

NOTES TO THE ACCOUNTS (continued)

7. DIRECTORS AND EMPLOYEES (continued)

(c) Directors' interests in share capital

The shareholdings of R.J. McAlpine in Alfred McAlpine PLC are shown in the notes to the accounts of that company. The other directors' shareholdings are as follows:-

	31st October 1985	31st October 1984
D.G. Coombs	19,483	20,183
P.J. Davies	19,483	20,183
I.M. Douglas	400	-
G.F. Dyson	19,483	20,183
E.J. McAlpine	37,000	-
G.C. Loudon	-	-
T.J. Gunner	-	-
R.M. Scott	-	-

8. DIVIDENDS

	Year ended 31st October 1985	Year ended 31st October 1984
	£	£
Inter group dividend	1,367,000	618,000

9. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant, equipment and transport £	Total £
Cost or valuation			
At 1st November 1984	44,531	122,158	166,689
Additions	-	117,893	117,893
Disposals	(7,531)	(97,511)	(105,042)
At 31st October 1985	<u>37,000</u>	<u>142,540</u>	<u>179,540</u>
Depreciation			
At 1st November 1984	1,280	46,182	47,462
Provided during the year	-	24,502	24,502
Disposals	(1,280)	(22,265)	(23,545)
Intergroup transfer	-	13,539	13,539
At 31st October 1985	<u>-</u>	<u>61,958</u>	<u>61,958</u>
Net book value at 31st October 1985	<u>37,000</u>	<u>80,582</u>	<u>117,582</u>
Net book value at 31st October 1984	<u>43,251</u>	<u>75,976</u>	<u>119,227</u>

Investment properties at directors' valuation, having a net book value of £37,000 are included in land and buildings.

ALFRED McALPINE HOMES LIMITED

NOTES TO THE ACCOUNTS (continued)

9. TANGIBLE FIXED ASSETS (continued)

The net book value of land and building comprises:	Land and buildings £
Freehold	18,500
Long leasehold	18,500
	=====

10. FIXED ASSETS - INVESTMENT

	<u>1985</u> £	<u>1984</u> £
Unlisted investments in subsidiaries.		
Shares, at cost less amounts written off		
At 1st November 1984	2,777,212	5,300,175
Acquired during the year	1,050	3,994,735
Sold during the year	(100)	(6,517,698)
	<u>2,778,162</u>	<u>2,777,212</u>
	=====	=====
At 31st October 1985		

The principal subsidiaries are: <u>Name</u>	<u>Country of incorporation</u>	<u>Shareholding %</u>
Alfred McAlpine Homes South Limited	Great Britain	100
Alfred McAlpine Homes North Limited	Great Britain	100
Alfred McAlpine Homes North West Limited	Great Britain	100
Alfred McAlpine Homes West Limited	Great Britain	100
Alfred McAlpine Homes East Limited	Great Britain	100
Alfred McAlpine Homes Scotland Limited	Great Britain	100
Alfred McAlpine Retirement Homes Limited	Great Britain	100

Consolidated accounts have not been prepared as the company is a wholly owned subsidiary of another company incorporated in the United Kingdom.

11. DEBTORS

	<u>1985</u> £	<u>1984</u> £
Amounts falling due within one year		
Amounts owed by subsidiary companies	19,786,793	19,052,411
Amounts owed by group companies	171,658	32,843
Prepayments and accrued income	8,019	41,399
Other debtors	59,084	152,671
Dividends receivable	<u>465,500</u>	<u>-</u>
	20,491,054	19,279,324
Amounts falling due after more than one year		
Other debtors	<u>10,729</u>	<u>12,709</u>
	<u>20,501,783</u>	<u>19,292,033</u>
	=====	=====

ALFRED McALPINE HOMES LIMITED

NOTES TO THE ACCOUNTS (continued)

12. CREDITORS

	<u>1985</u> £	<u>1984</u> £
Amounts falling due within one year		
Bank loans and overdrafts	137,560	-
Amounts owed to group companies	18,130,605	16,395,412
Accruals and deferred income	32,975	78,865
Taxation and social security creditors	143,623	44,710
Other creditors	55,000	6,908
Proposed dividend	<u>550,000</u>	<u>-</u>
	19,049,763	16,525,895
	=====	=====

The bank loans and overdrafts are secured by an ultimate holding company guarantee.

13. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

	<u>1985</u>		<u>1984</u>
	<u>Amount</u> <u>provided</u> £	<u>Total</u> <u>potential</u> £	<u>Amount</u> <u>provided</u> £
			<u>Total</u> <u>potential</u> £
Capital allowances in excess of depreciation	5,114	5,114	1,768
	=====	=====	=====

ALFRED McALPINE HOMES LIMITED

NOTES TO THE ACCOUNTS (continued)

14. CALLED UP SHARE CAPITAL

	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
Authorised		
Ordinary shares of 25p each	3,255,080	-
Deferred shares of 25p each	-	1,820,336
Ordinary shares of 1p each	-	179,664
First cumulative redeemable 11% preference shares of £1 each	-	280,080
Second cumulative redeemable 11% preference shares of £1 each	-	<u>975,000</u>
	<u>3,255,080</u> =====	<u>3,255,080</u> =====
Allotted and fully paid		
Ordinary shares of 25p each	3,148,229	-
Deferred shares of 25p each	-	1,820,336
Ordinary shares of 1p each	-	72,813
First cumulative redeemable 11% preference shares of £1 each	-	280,080
Second cumulative redeemable 11% preference shares of £1 each	-	<u>975,000</u>
	<u>3,148,229</u> =====	<u>3,148,229</u> =====

15. RESERVES

Share premium account		
At 1st November 1984 and at 31st October 1985	<u>1,758,718</u> =====	<u>1,758,718</u> =====
Profit and loss account		
At 1st November 1984	1,090,514	445,221
Profit retained for the year	<u>207,852</u>	<u>645,293</u>
At 31st October 1985	<u>1,298,366</u> =====	<u>1,090,514</u> =====

16. CONTINGENT LIABILITIES

There are contingent liabilities in respect of certain contracts undertaken by subsidiaries.

17. ULTIMATE HOLDING COMPANY

The ultimate holding company is Alfred McAlpine PLC (formerly Marchwiel PLC) which is incorporated in Great Britain.