

ALFRED McALPINE HOMES HOLDINGS LIMITED
(REGISTERED NUMBER 1152419)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31 December 1997



ALFRED McALPINE HOMES HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of an intermediate holding company for a group of companies involved in housing development within the United Kingdom.

The company changed its name from Alfred McAlpine Developments Limited to Alfred McAlpine Homes Holdings Limited on 5 February 1997.

PROFIT AND DIVIDENDS

The company did not trade during the year, hence no profit and loss account is presented. The directors do not propose the payment of a final dividend (1996 - £Nil).

Auditors' remuneration is borne by Alfred McAlpine Homes Limited.

DIRECTORS

GR McCallum	
GO Whitehead	
ND Curry	(appointed 23 January 1998)
T Hough	(appointed 23 January 1998)
SG Mills	(appointed 23 January 1998)
IM White	(appointed 23 January 1998)

The interests of GR McCallum and GO Whitehead in the shares of Alfred McAlpine PLC are shown in the financial statements of that company.

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.

DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Auditor's Report set out on page 3, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by UK company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the financial year then ended. The directors are also responsible for maintaining adequate accounting records and for taking reasonable steps to safeguard the assets of the company and detect irregularities and fraud.

The directors confirm that in preparing the company's financial statements appropriate policies have been consistently applied and applicable accounting standards complied with. Further, in all material respects the financial statements are supported by prudent judgements and estimates made by reference to information available at the time of their preparation.

ALFRED McALPINE HOMES HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

DONATIONS

No charitable or political donations were made during the year (1996 - £Nil).

EMPLOYEES

It is the policy of the Group to communicate with and involve employees on matters affecting their interests at work, and inform them of the performance of the business.

It is also company policy and practice to give full consideration to suitable applications for employment from disabled persons where they have the necessary abilities and skills for the position. Opportunities exist for employees who become disabled to continue in their employment or be retained for another position.

AUDITORS

Price Waterhouse have indicated their willingness to be re-appointed.

By Order of the Board



GR McCALLUM
Director

9 April 1998

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF ALFRED McALPINE HOMES HOLDINGS LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 affairs of the company as at 31 December 1997 and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

9 April 1998


ALFRED McALPINE HOMES HOLDINGS LIMITED

BALANCE SHEET - 31 DECEMBER 1997

	Notes	1997 £'000	1996 £'000
FIXED ASSETS			
Investments	3	1	1
CURRENT ASSETS			
Debtors	4	47,139	47,139
TOTAL ASSETS		47,140	47,140
CREDITORS (amounts falling due after more than one year)	5	(10,000)	(10,000)
NET ASSETS		37,140	37,140
CAPITAL AND RESERVES			
Called up share capital	6	13,542	13,542
Share premium account	7	23,657	23,657
Profit and loss account	7	(59)	(59)
SHAREHOLDERS' FUNDS	8	37,140	37,140

The notes on pages 5 to 8 form part of these financial statements.

Approved by the Board on 9 April 1998



DIRECTOR
GR McCallum

ALFRED McALPINE HOMES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997

1 ACCOUNTING POLICIES

(1) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Basis of consolidation

In accordance with Section 228 of the Companies Act 1985 group financial statements are not presented.

(3) Investments

Investments held as fixed assets are valued at cost unless in the opinion of the directors there is a permanent diminution in value.

(4) Cash flow statement

The cash flows of the company for the year are included within the consolidated cash flow statement disclosed in the financial statements of Alfred McAlpine PLC. Therefore, in accordance with the provisions of Financial Reporting Standard 1 (Revised 1996), no cash flow statement is required in these financial statements.

(5) Related party transactions

The company has taken advantage of the exemption not to disclose related party transactions with other members of the group under FRS 8 (Related Party Disclosures) as it is a wholly owned subsidiary.

2 DIRECTORS AND EMPLOYEES

The directors received no emoluments in the year for services to the company (1996 - £Nil).

ALFRED McALPINE HOMES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997 (CONTINUED)

3 FIXED ASSET INVESTMENTS

	Company	
	1997	1996
	£'000	£'000
Shares in subsidiary undertakings	1	1
	<u> </u>	<u> </u>

The principal subsidiary undertaking is Alfred McAlpine Homes Limited which is an intermediate holding company and holds investments in the following subsidiary undertakings, whose principal activities are housing development:

Alfred McAlpine Homes East Limited
 Alfred McAlpine Homes Midlands Limited
 Alfred McAlpine Homes Southern Limited
 Alfred McAlpine Homes North West Limited
 Alfred McAlpine Homes South West Limited
 Alfred McAlpine Developments Limited
 McHawk Limited
 Ampwyn Developments Limited
 Valentine Park Limited
 Stanhope (Cambridge) Limited
 Cambourne Properties Limited
 Hassall Homes Group Limited
 Hassall Homes (Cheshire) Limited
 Hassall Homes (Mercia) Limited
 Hassall Homes (Southern) Limited
 Alfred McAlpine Homes Cumbria Limited
 Alfred McAlpine Homes Northumbria Limited
 Alfred McAlpine Homes Yorkshire Limited

All subsidiary undertakings, are wholly owned and registered in Great Britain.

4 DEBTORS (amount falling due within one year)

	1997	1996
	£'000	£'000
Amounts owed by subsidiary undertakings	47,139	47,139
	<u> </u>	<u> </u>

ALFRED McALPINE HOMES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997 (CONTINUED)

5 CREDITORS (amounts falling due after more than one year)

	Company	
	1997	1996
	£'000	£'000
Amounts owed to group undertakings (secured)	10,000	10,000

On 31 October 1991 the company entered into a loan agreement with Alfred McAlpine PLC to borrow £10,000,000 at terms subordinated to existing bank facilities, and secured by a charge over the assets of Alfred McAlpine Homes Holdings Limited and its subsidiaries. The loan is interest-bearing and repayable in 2001.

6 CALLED UP SHARE CAPITAL

	1997	1996
	£'000	£'000
Authorised:		
34,333,123 Ordinary shares of 25p each	8,583	8,583
21,666,877 Ordinary 'A' shares of 25p each	<u>5,417</u>	<u>5,417</u>
	14,000	14,000
Allotted, called up and fully paid:		
32,500,315 Ordinary shares of 25p each	8,125	8,125
21,666,877 Ordinary 'A' shares of 25p each	<u>5,417</u>	<u>5,417</u>
	13,542	13,542

7 RESERVES

	£'000
SHARE PREMIUM ACCOUNT	
At 1 January 1997 and 31 December 1997	<u>23,657</u>
PROFIT AND LOSS ACCOUNT	
	£'000
At 1 January 1997 and 31 December 1997	<u>(59)</u>

ALFRED McALPINE HOMES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997 (CONTINUED)

8 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>Company</u> <u>1996</u>
	<u>£'000</u>	<u>£'000</u>
Opening and closing shareholders' funds	37,140	37,140
	<u> </u>	<u> </u>

9 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Alfred McAlpine PLC which is registered in England.

A copy of the group financial statements of the ultimate parent undertaking may be obtained from The Company Secretary, Alfred McAlpine PLC, 8 Suffolk Street, London SW1Y 4HG.