

ALFRED McALPINE HOMES WEST LIMITED
(REGISTERED NUMBER 1575459)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1998



ALFRED McALPINE HOMES WEST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and the audited financial statements for the year ended 31 December 1998.

PRINCIPAL ACTIVITY AND REVIEW OF OPERATIONS

The principal activity of property rental was transferred to another group company during the year. The future strategy of the company is under review.

DIRECTORS

The following directors served throughout the year:

GR McCallum
SG Mills
IM White

DIRECTORS' INTERESTS

The interests of GR McCallum in the share capital of Alfred McAlpine PLC are shown in the notes to the financial statements of that company. SG Mills and IM White are directors of Alfred McAlpine Homes Limited and their interests in the share capital 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of that company for the period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

ALFRED McALPINE HOMES WEST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

YEAR 2000 AND THE INTRODUCTION OF THE EURO

The company books and records are administered by Alfred McAlpine Homes Limited, the immediate parent undertaking, using their financial systems. Details of its Year 2000 and Single European Currency programmes are disclosed within their financial statements.

AUDITORS

Following the merger of Price Waterhouse and Coopers & Lybrand, Price Waterhouse resigned as the company's auditors and the directors appointed PricewaterhouseCoopers to fill the casual vacancy in the office of auditors. PricewaterhouseCoopers have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment and authorising the directors to fix their remuneration was passed by the directors.

By Order of the Board



SG Mills
Secretary

18 March 1999

PricewaterhouseCoopers
Cornwall Court
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Birmingham B3 2DT
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AUDITORS' REPORT TO THE MEMBERS OF ALFRED McALPINE HOMES WEST 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 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Directors' Report and Financial Statements, including as described on pages 1 and 2 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Directors' Report and Financial Statements and consider the implications for our report if we become aware of any apparent misstatements with the financial statements.


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 the company's affairs as at 31 December 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors**

18 March 1999

ALFRED McALPINE HOMES WEST LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>Notes</u>	<u>1998</u> £'000	<u>1997</u> £'000
TURNOVER – Discontinued operations	2	-	11
Cost of sales		-	(22)
		—	—
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION – Discontinued operations	3	-	(11)
Taxation on loss on ordinary activities	4	-	(6)
		—	—
LOSS FOR THE FINANCIAL YEAR	8	-	(17)
		==	==

The movement on reserves is set out in note 8 to the financial statements.

The results for the financial year includes all recognised gains and losses in the year. There is no material difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

The notes on pages 6 to 8 form part of these financial statements.

ALFRED McALPINE HOMES WEST LIMITED

BALANCE SHEET - 31 DECEMBER 1998

	<u>Notes</u>	<u>1998</u> £'000	<u>1997</u> £'000
CREDITORS (amounts falling due within one year)	6	(1,001)	(1,001)
		<u> </u>	<u> </u>
NET CURRENT LIABILITIES		(1,001)	(1,001)
		<u> </u>	<u> </u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	(1,101)	(1,101)
		<u> </u>	<u> </u>
SHAREHOLDERS' FUNDS (ADVERSE)	9	(1,001)	(1,001)
		<u> </u>	<u> </u>

The notes on pages 6 to 8 form part of these financial statements.

These financial statements were approved by the Board of Directors on 18 March 1999.



GR McCallum
DIRECTOR

ALFRED McALPINE HOMES WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998

1 ACCOUNTING POLICIES

(1) Basis of preparation

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

(2) Turnover

Turnover represents rent receivable.

(3) Going Concern

The directors of Alfred McAlpine Homes Holdings Limited have indicated that they will continue to support the company to ensure that all external liabilities are met in full.

(4) Cashflow Statement

The cash flows 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 Transactions) as it is a wholly owned subsidiary.

2 TURNOVER

	<u>1998</u> £'000	<u>1997</u> £'000
Analysis of turnover:		
Property rental - UK	-	11
	=	=
Analysis of losses on ordinary activities before tax:		
Property rental - UK	-	(11)
	=	=

ALFRED McALPINE HOMES WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (CONTINUED)

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Is stated after charging:

	<u>1998</u> £'000	<u>1997</u> £'000
Operating lease rentals - other	-	22
	=	=

4 TAXATION ON LOSS ON ORDINARY ACTIVITIES

	<u>1998</u> £'000	<u>1997</u> £'000
Corporation tax at 31% (1997 - 31.5%)	-	-
Prior year adjustment	-	6
Tax charge	-	6
	=	=

5 DIRECTORS AND EMPLOYEES

None of the directors received any emoluments from the company during the year (1997 - £Nil).
The company had no other employees during the year (1997 - Nil).

6 CREDITORS (amounts falling due within one year)

	<u>1998</u> £'000	<u>1997</u> £'000
Amounts owed to group undertakings	999	993
Other creditors	2	2
Corporation tax	-	6
	1,001	1,001
	=	=

7 CALLED UP SHARE CAPITAL

	<u>1998</u> £'000	<u>1997</u> £'000
Authorised, allotted and fully paid: Ordinary shares of £1 each	100	100
	=	=

ALFRED McALPINE HOMES WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998 (CONTINUED)

8 PROFIT AND LOSS ACCOUNT (ADVERSE BALANCE)

	£'000
As at 1 January 1998 and 31 December 1998	(1,101)
	<u> </u>

9 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1998</u> £'000	<u>1997</u> £'000
Opening shareholders' funds (adverse)	(1,001)	(984)
Loss for the financial year	<u>-</u>	<u>(17)</u>
Closing shareholders' funds (adverse)	<u>(1,001)</u>	<u>(1,001)</u>

10 LEASING COMMITMENTS

Annual commitments in respect of non-cancellable operating leases are as follows:

	<u>1998</u> <u>Land and</u> <u>buildings</u> £'000	<u>1997</u> <u>Land and</u> <u>buildings</u> £'000
Operating leases which expire:		
After five years	-	22
	<u> </u>	<u> </u>

11 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Alfred McAlpine Homes Limited, a company registered in England.

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