

HASSALL HOMES GROUP LIMITED

COMPANY NO. 1641046

REGISTERED IN ENGLAND

DIRECTORS REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1995



HASSALL HOMES GROUP LIMITED**DIRECTORS REPORT****FOR THE YEAR ENDED 30TH JUNE 1995**

The directors present their annual report on the affairs of the company together with the accounts and auditors' report for the year ended 30th June 1995.

Principal activities and business review

The principal activity of the company throughout the year was that of a holding company for a group of companies engaged in private housebuilding.

The company has traded satisfactorily throughout the year.

The retained loss for the financial year of £72,788 (1994- profit of £1,718), after provision for dividends as set out below, has been transferred to reserves.

Dividends

Dividends payable during the year amounted to £17,999,107. (1994- £5,303,227).

Directors and their interests

The directors of the company who served during the year and to the date of this report were :

D.S.Vincent
P.W.Parkin (resigned April 10th 1995)
J.H.Bancroft
G.A.H.Thorpe
J.G.Peacock (resigned August 9th 1995)
K.W.Broughton (resigned August 11th 1994)
J.W.Barr
T.C.Edmondson (appointed October 1st 1994)
N.Fitzsimmons

The directors had no beneficial interest in the shares of the company as it is a wholly owned subsidiary undertaking of Raine plc.

The directors had the following interests (including family interests) in the shares of Raine plc. according to the register kept under Section 325, Companies Act 1985.

	<u>At 30th June 1994</u>			<u>At 30th June 1995</u>			
	<u>or later date of</u>			<u>or later date of</u>			
	<u>appointment</u>		Options	<u>appointment</u>		Exercise	Exercise
	Shares	Options	granted	Shares	Options	price	dates
J.G.Peacock	-	20,446	-	-	20,446	94.90p	Before Dec 1999
J.G.Peacock	-	24,279	-	-	24,279	140.37p	Before Nov 2001
J.W.Barr	-	28,113	-	-	28,113	94.90p	Before Dec 1999
J.W.Barr	-	10,223	-	-	10,223	140.37p	Before Nov 2001
T.C.Edmondson	12,667	20,000	-	12,667	20,000	75.50p	Nov96-Nov 2003
T.C.Edmondson	-	-	20,000	-	20,000	45.50p	Dec97-Dec 2004

An option over 206,346 shares which was held by Mr. K.W.Broughton lapsed on his resignation. No other options lapsed during the year. The year end share price was 30p and the price ranged from 23p to 76p during the year.

HASSALL HOMES GROUP LIMITED**DIRECTORS REPORT (continued)****FOR THE YEAR ENDED 30TH JUNE 1995**

Mr. D S Vincent, Mr. J H Bancroft , Mr N Fitzsimmons and Mr.G.A.H.Thorpe are directors of Raine plc and their interests in the shares of Raine plc are disclosed in the directors report for that company.

No director had any interest in a contract with the company or any other fellow subsidiary company of Raine plc in the course of the year.

A Directors and Officers liability insurance policy has been effected in favour of the company together with its officers. The premium attaching to the liability of the directors and officers covered has been met by the individuals concerned.

Fixed assets

Details of the movements in fixed assets are contained in note 7 to the accounts.

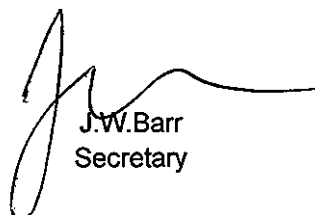
The " Elective Regime "

At the Annual General Meeting held on 15th November 1990, the company adopted a resolution under the terms of section 379A, Companies Act 1985 (as amended) to take advantage of the range of procedural relaxations permitted by that provision. Accordingly, no Annual General Meeting is to be held and the accounts will not be laid before the Members and the auditors, KPMG, will continue to hold office without the necessity to seek re-election.

On the 6 February 1995, our auditors changed the name under which they practise to KPMG and accordingly have signed their audit report in their new name.

This report was approved by the directors on 14 November 1995.

By Order of the Board



J.W.Barr
Secretary

HASSALL HOMES GROUP LIMITED**STATEMENT OF DIRECTORS RESPONSIBILITIES**

The directors are required by law to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the result for the period.

The directors are responsible for ensuring that the accounts are prepared using suitable accounting policies, which are consistently applied and judgements and estimates which are reasonable and prudent.

The directors are also responsible for maintaining proper accounting records to enable them to ensure that the accounts comply with the Companies Act 1985 and applicable accounting standards, for safeguarding the assets of the company and for taking reasonable steps for prevention and detection of fraud and other irregularities.

The directors confirm that the accounts on pages 5 to 12 comply with those requirements and are prepared on the going concern basis.

REPORT OF THE AUDITORS, KPMGTO THE MEMBERS OF HASSALL HOMES GROUP LIMITED

We have audited the accounts on pages 5 to 12.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 June 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BIRMINGHAM

14 NOVEMBER 1995

KPMG

KPMG

CHARTERED ACCOUNTANTS

REGISTERED AUDITORS

HASSALL HOMES GROUP LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30TH JUNE 1995**

	Note	1995 £	1994 £
Administrative expenses		(1,267,295)	(1,284,803)
Operating loss		<u>(1,267,295)</u>	<u>(1,284,803)</u>
Income from shares in subsidiary undertakings		21,440,976	6,168,784
Interest payable	1	(3,717)	(8,754)
Amounts written off investments		(2,662,814)	-
Profit on ordinary activities before taxation	2	<u>17,507,150</u>	<u>4,875,227</u>
Tax on profit on ordinary activities	5	419,169	429,718
Profit for the financial year		<u>17,926,319</u>	<u>5,304,945</u>
Dividends		(17,999,107)	(5,303,227)
Retained (loss)/profit for the year		<u><u>(72,788)</u></u>	<u><u>1,718</u></u>

Movements on reserves are set out in note 12 to the accounts.

The company has no recognised gains or losses other than the profit for the year.

All amounts relate to continuing activities.

HASSALL HOMES GROUP LIMITED**BALANCE SHEET****AS AT 30TH JUNE 1995**

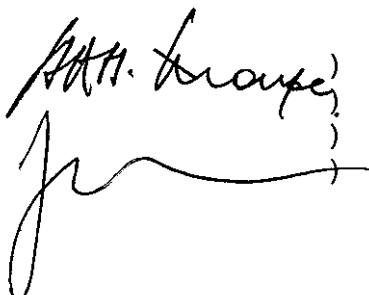
	Note	1995 £	1994 £
Fixed assets			
Tangible assets	7	62,778	89,594
Investments in group undertakings	8	48,970,529	51,633,343
		<u>49,033,307</u>	<u>51,722,937</u>
Current assets			
Debtors	9	21,536,721	14,819,885
Cash at bank		200,597	-
		<u>21,737,318</u>	<u>14,819,885</u>
Creditors: amounts falling due within one year			
Borrowings	10	-	(81,797)
Other	10	(19,327,139)	(22,944,751)
		<u>(19,327,139)</u>	<u>(23,026,548)</u>
Net current assets/(liabilities)		2,410,179	(8,206,663)
Net assets		<u>51,443,486</u>	<u>43,516,274</u>
Capital and reserves			
Called up share capital	11	48,325,000	40,325,000
Share premium account	12	2,000,926	2,000,926
Profit and loss account	12	1,117,560	1,190,348
Equity shareholders' funds		<u>51,443,486</u>	<u>43,516,274</u>

Shareholders funds include non-equity interests.

These accounts were approved by the Board on 14 November 1995 and signed on its behalf by:

G.A.H.Thorpe

J.W.Barr



Director

HASSALL HOMES GROUP LIMITED**ACCOUNTING POLICIES****Basis of preparation**

The accounts have been prepared using the historical cost convention and in accordance with applicable Accounting Standards. The accounts present information about the company as an individual company and not about its group.

Depreciation

Depreciation is calculated on a straight line basis to write off the cost or valuation less the estimated residual value of tangible fixed assets over their expected useful lives as follows:

Motor vehicles - 25 per cent per annum

Investment in subsidiary undertakings

The Company's cost of investment in subsidiary undertakings is stated at the aggregate of :

- i) the cash or loans payable by way of consideration:
- ii) the nominal value of the company's shares issued as consideration where Sections 131 and 133 of the Companies Act 1985 ('the merger relief provisions) apply and no share premium account arises, or the market value of the Company's shares on the date they were issued as consideration in cases where the merger relief provisions do not apply.
- iii) the costs of acquisition: and
- iv) provisions for diminution in value.

Pension schemes

Contributions are made to the defined benefit pension schemes operated by the Group in accordance with the recommendations of independent actuaries.

Pension contributions are charged to profit and loss account so as to spread the cost of pensions over the expected average remaining service lives of the scheme members.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will become payable in the foreseeable future.

Cash flow statement

The ultimate parent undertaking, Raine plc, has adopted Financial Reporting Standard No. 1, thus exempting the company from the requirement to prepare a cash flow statement.

HASSALL HOMES GROUP LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 30TH JUNE 1995**

	1995 £	1994 £
1 <u>Interest</u>		
Payable:		
On bank overdrafts	<u>3,717</u>	<u>8,754</u>
2 <u>Profit on ordinary activities before taxation</u>		
Attributable to the following activities :	£	£
Housebuilding	17,507,150	4,875,227.
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation	40,498	48,545
Directors remuneration (note 3)	559,606	505,759
Auditors remuneration	10,217	9,630
Operating lease rentals-Plant and machinery	7,406	7,123
Profit on disposal of fixed assets	(2,931)	(12,690)
	<u></u>	<u></u>
3 <u>Directors' remuneration</u>		
	£	£
Emoluments	438,638	457,459
Pension contributions	54,676	51,300
Compensation for loss of office	66,292	-
	<u>559,606</u>	<u>508,759</u>
Emoluments, excluding pension contributions, of the Chairman and the highest paid director were :		
Chairman	-	-
Highest paid director	<u>150,492</u>	<u>79,891</u>
The emoluments of the directors, excluding pension contributions, were within the following ranges:	Number	Number
£0-£5,000	4	3
£35,001-£40,000	-	1
£60,001-£65,000	-	1
£70,001-£75,000	1	-
£75,001-£80,000	1	-
£90,001-£95,000	-	1
£95,001-£100,000	1	-
£100,001-£105,000	-	1
£105,001-£110,000	1	-
£150,001-£155,000	<u>1</u>	<u>1</u>

HASSALL HOMES GROUP LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 30TH JUNE 1995

	1995	1994
4 <u>Employees</u>		
The average number of employees, including directors, during the year was		
Administration	<u>8</u>	<u>8</u>
The associated employment costs were :	£	£
Wages and salaries	557,372	517,682
Social security costs	49,915	46,307
Other pension costs	62,614	55,305
	<u>669,901</u>	<u>619,294</u>
5 <u>Tax on profit on ordinary activities</u>	£	£
Group relief receivable	421,826	428,881
Deferred taxation	(2,657)	(2,051)
Adjustment in respect of prior year	-	2,888
	<u>419,169</u>	<u>429,718</u>
6 <u>Dividends</u>	£	£
Payable to parent undertaking	<u>17,999,107</u>	<u>5,303,227</u>
7 <u>Tangible assets</u>		Plant and equipment
Cost :		£
At 1st July 1994		195,464
Additions		-
Disposals		(52,553)
Transfer to group undertakings		26,600
At 30th June 1995		<u>169,511</u>
Depreciation :		
At 1st July 1994		(105,870)
Charge for year		(40,498)
Disposals		46,283
Transfer to group undertakings		(6,648)
At 30th June 1995		<u>(106,733)</u>
Net book value:		
At 30th June 1995		<u>62,778</u>
At 30th June 1994		<u>89,594</u>

HASSALL HOMES GROUP LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 30TH JUNE 1995****8 Investments in group undertakings**

	£
Shares in subsidiary undertakings at cost :	
At 1st July 1994	51,633,343
Additions	-
At 30th June 1995	<u>51,633,343</u>
Provision for diminution in value	
At 1st July 1994	-
Charge for year	2,662,814
At 30th June 1995	<u>2,662,814</u>
Net book value at 30th June 1995	<u>48,970,529</u>
Net book value at 30th June 1994	<u>51,633,343</u>

9 Debtors

	1995 £	1994 £
Amounts owed by subsidiary undertakings	21,080,407	14,385,384
Amounts owed by fellow subsidiary undertakings	3,094	3,094
Corporation tax	421,287	407,884
Deferred tax	18,392	21,049
Other debtors	13,541	2,024
	<u>21,536,721</u>	<u>14,819,435</u>

Deferred taxation

Full provision has been made for deferred tax asset analysed as follows :

	£	£
Tax written down value in excess of net book value	11,792	7,849
Other timing differences	6,600	13,200
	<u>18,392</u>	<u>21,049</u>

10 Creditors: amounts falling due within one year

	£	£
Borrowings :		
Bank loans and overdrafts	-	81,797
Other :		
Trade creditors	8,646	2,172
Amounts owed to parent undertaking	18,779,211	22,709,700
Amounts owed to subsidiary undertakings	308,488	-
Amounts owed to fellow subsidiary undertakings	23,963	-
Accruals and deferred income	206,831	232,879
	<u>19,327,139</u>	<u>22,944,751</u>

HASSALL HOMES GROUP LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 30TH JUNE 1995**

11	<u>Share capital</u>	1995 Number	1995 £	1994 Number	1994 £
	Authorised				
	Ordinary shares of £1 each	49,800,000	49,800,000	44,800,000	44,800,000
	8.5% Cumulative preference shares of £1 each	200,000	200,000	200,000	200,000
		<u>50,000,000</u>	<u>50,000,000</u>	<u>45,000,000</u>	<u>45,000,000</u>
	Allotted, called up and fully paid				
	Ordinary shares of £1 each	<u>48,325,000</u>	<u>48,325,000</u>	<u>40,325,000</u>	<u>40,325,000</u>
	8,000,000 Ordinary shares were issued during the year and the proceeds used to repay a loan from the parent undertaking.				
12	<u>Reserves</u>			Share premium account £	Profit and loss account £
	At 1 July 1994			2,000,926	1,190,348
	Retained profit for year			-	(72,788)
	At 30 June 1995			<u>2,000,926</u>	<u>1,117,560</u>
13	<u>Reconciliation of movements in shareholders funds</u>			1995 £	1994 £
	Profit for the financial year			17,926,319	5,304,945
	Dividends			(17,999,107)	(5,303,227)
				(72,788)	1,718
	Issue of ordinary shares			8,000,000	-
	Net addition to shareholders funds			<u>7,927,212</u>	<u>1,718</u>
	Opening shareholders funds			43,516,274	43,514,556
	Closing shareholders funds			<u>51,443,486</u>	<u>43,516,274</u>
14	<u>Commitments and contingent liabilities</u>				
	There were no capital commitments.				

The company has a contingent liability of £925,000 (1994-£925,000) in respect of guarantees given to support borrowings and performance bonds of fellow subsidiary undertakings and subsidiaries.

HASSALL HOMES GROUP LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 30TH JUNE 1995

- 15 The company is a member of the defined benefit pension schemes operated by the ultimate parent undertaking, Raine plc. Contributions are paid in accordance with the recommendations of independent actuaries, based on the regular cost of providing benefits across the group as a whole, without any recognition of fund surpluses or deficits which are dealt with by Raine plc. Particulars of the latest actuarial valuation of the principal schemes are given in the accounts of Raine plc.
- 16 Ultimate parent undertaking
The ultimate parent undertaking is Raine plc, a company registered in England. Copies of the accounts of Raine plc can be obtained from Raine House, Ashbourne Road, Mackworth, Derby, DE22 4NB.

18 Subsidiary undertakings

The principal subsidiary undertakings of the company at 30th June 1995 were :

	<u>Class of Share</u>	<u>Holding</u>
Hassall Homes (Cheshire) Limited	Preference	100%
Hassall Homes (Cheshire) Limited	Ordinary	100%
Hassall Homes (Cumbria) Limited	Ordinary	100%
Hassall Homes (Mercia) Limited	Ordinary	100%
Hassall Homes (Northumbria) Limited	Ordinary	100%
Hassall Homes (Southern) Limited	Ordinary	100%
Hassall Homes (Southern) Limited	Deferred Ordinary	100%
Hassall Homes (Wessex) Limited	Ordinary	100%
Hassall Homes (Yorkshire) Limited	Ordinary	100%

These are wholly owned subsidiaries and are registered in England.

All companies are involved in the housebuilding industry.

Consolidated accounts have not been prepared for the company and its subsidiaries as it is a wholly owned subsidiary of Raine plc.

In the opinion of the directors, the values of the investments are not less than that included in the balance sheet.