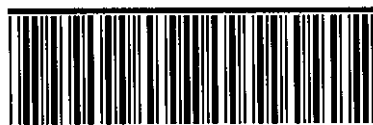


**HASSALL HOMES GROUP LIMITED**  
**(REGISTERED NUMBER 1641046)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE EIGHTEEN MONTHS ENDED**  
**31 DECEMBER 1997**



**BIR** \*B9KXRALN\* **344**  
**COMPANIES HOUSE 20/10/98**

## **HASSALL HOMES GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE EIGHTEEN MONTHS ENDED 31 DECEMBER 1997**

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the eighteen months ended 31 December 1997.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

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

The loss for the period of £8,808,000 (year ended 30 June 1996 - profit of £254,000) has been transferred from reserves.

On 13 June 1997, Raine plc, the company's former ultimate parent undertaking was acquired by Alfred McAlpine PLC. On 29 December 1997, Raine plc's interest in the company was transferred to Alfred McAlpine Homes Limited, a wholly-owned subsidiary of Alfred McAlpine PLC.

#### **DIVIDENDS**

Dividends paid during the period amounted to £671,000 (year ended 30 June 1996 - £2,000,000).

#### **DIRECTORS AND THEIR INTERESTS**

The directors of the Company who served during the year were:

DS Vincent	(resigned 22 December 1997)
GAH Thorpe	(resigned 10 June 1997)
JW Barr	(resigned 31 July 1997)
A Reynolds	(resigned 7 October 1997)
TC Edmondson	(resigned 22 December 1997)
N Fitzsimmons	(resigned 27 June 1997)
IM White	(appointed 16 June 1997)
SG Mills	(appointed 16 June 1997)

IM White and SG Mills are directors of Alfred McAlpine Homes Limited. Their interests in the share capital of Alfred McAlpine PLC are shown in the financial statements of that company.

## **HASSALL HOMES GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE EIGHTEEN MONTHS ENDED 31 DECEMBER 1997 (CONTINUED)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period 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.

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.

#### **AUDITORS**

KPMG Audit plc have resigned from office and Price Waterhouse were appointed in their stead. Price Waterhouse have indicated their willingness to be re-appointed in accordance with Section 385 Companies Act 1985.

By Order of the Board



IM WHITE  
Secretary

29 May 1998

*Price Waterhouse*



## **AUDITORS' REPORT TO THE MEMBERS OF HASSALL HOMES GROUP LIMITED**

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

### **Respective responsibilities of directors and auditors**

As described on page 2, 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 the company's affairs as at 31 December 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

**PRICE WATERHOUSE**  
**Chartered Accountants**  
**and Registered Auditors**

29 May 1998

# HASSALL HOMES GROUP LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE EIGHTEEN MONTHS ENDED 31 DECEMBER 1997

	<u>Notes</u>	18 months ended 31 December 1997 £'000	12 months ended 30 June 1998 £'000
Administrative expenses		<u>(1,242)</u>	<u>(622)</u>
<b>OPERATING LOSS</b>		(1,242)	(622)
Interest receivable		31	-
Income from shares in subsidiary undertakings		1,129	2,293
Interest payable	2	(474)	(32)
Amounts written off investments	3	<u>(7,671)</u>	<u>399</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	(8,227)	2,038
Tax on (loss)/profit on ordinary activities	5	<u>90</u>	<u>216</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(8,137)	2,254
Dividends	6	<u>(671)</u>	<u>(2,000)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>	12	<u>(8,808)</u>	<u>254</u>

Movements on reserves during the period are shown in note 12 to the financial statements.

The notes on pages 7 to 13 form part of these financial statements.

The results for the period arise solely from continuing activities and include all recognised gains and losses in the period. There is no material difference between the results as disclosed in the profit and loss account and the result on an unmodified historical basis.

# HASSALL HOMES GROUP LIMITED

## BALANCE SHEET - 31 DECEMBER 1997

	<u>Notes</u>	31 December 1997 £'000	30 June 1996 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	1	38
Investments in group undertakings	8	<u>41,698</u>	<u>49,369</u>
		41,699	49,407
<b>CURRENT ASSETS</b>			
Debtors	9	21,016	21,942
Cash at bank		<u>5</u>	<u>187</u>
		21,021	22,129
<b>CREDITORS: (amounts falling due within one year)</b>	10	<u>(19,830)</u>	<u>(19,838)</u>
<b>NET CURRENT ASSETS</b>		1,191	2,291
		<u>          </u>	<u>          </u>
<b>NET ASSETS</b>		42,890	51,698
		<u>          </u>	<u>          </u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	48,325	48,325
Share premium account	12	2,001	2,001
Profit and loss account	12	<u>(7,436)</u>	<u>1,372</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	42,890	51,698
		<u>          </u>	<u>          </u>

Shareholders' funds include £200,000 of non-equity interests as shown in note 11.

The notes on pages 7 to 13 form part of these financial statements.

These accounts were approved by the Board on 29 May 1998 and signed on its behalf by

  
IM WHITE  
DIRECTOR

# HASSALL HOMES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1997

### 1 ACCOUNTING POLICIES

#### (1) Basis of preparation

The accounts have been prepared using the historical cost convention in accordance with applicable accounting standards.

#### (2) 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.

#### (3) 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.

#### (4) Depreciation

Depreciation is calculated on a straight line basis to write off the cost less the estimated residual value of tangible assets over the lower of, the period of the finance lease if applicable, or their expected useful lives:

Motor vehicles	25% per annum
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#### (5) Pension schemes

Contributions were made to the defined benefit pension schemes operated by Raine plc 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.

#### (6) Cash flow statement

The cash flows for the period 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.

# HASSALL HOMES GROUP LIMITED

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

### 1 ACCOUNTING POLICIES (CONTINUED)

#### (7) 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 INTEREST PAYABLE

	18 months ended 31 December <u>1997</u> £'000	12 months ended 30 June <u>1996</u> £'000
On bank overdrafts	-	2
Other interest	<u>474</u>	<u>30</u>
	<u>474</u>	<u>32</u>

### 3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	18 months ended 31 December <u>1997</u> £'000	12 months ended 30 June <u>1996</u> £'000
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation	31	28
Directors' remuneration (note 4)		433
Auditors' remuneration	-	10
Operating lease rentals - plant and machinery	4	7
Profit on disposal of fixed assets	8	-
Amounts written off fixed asset investments as a result of a permanent diminution in value	7,671	(399)

Auditors' remuneration in the period ended 31 December 1997 is borne by Alfred McAlpine Homes Limited.



# HASSALL HOMES GROUP LIMITED

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

### 4 DIRECTORS AND EMPLOYEES

	18 months ended 31 December 1997 £'000	12 months ended 30 June 1996 £'000
Directors' emoluments	387	393
Pension contributions	39	40
Compensation for loss of office	80	-
	506	433
	==	==
Highest paid director (now resigned)	166	157
	==	==
Employee costs during the period including directors:		
Wages and salaries	568	435
Social security costs	46	44
Other pension costs	39	45
	653	524
	==	==
	1997 Number	1996 Number
Average number of employees during the period including directors:		
Administration	7	7
	=	=

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	18 months ended 31 December 1997 £'000	12 months ended 30 June 1996 £'000
Corporation tax credit at 32%	97	226
Prior year adjustment	4	-
Deferred taxation	(11)	(10)
	90	216
	==	==

# HASSALL HOMES GROUP LIMITED

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

### 6 DIVIDENDS

	18 months ended 31 December 1997 £'000	12 months ended 30 June 1996 £'000
Dividend paid to parent undertaking	671	2,000

### 7 TANGIBLE ASSETS

	Plant and equipment £'000
<b><u>Cost</u></b>	
At 1 July 1996	165
Additions	28
Disposals	(128)
At 31 December 1997	65
<b><u>Depreciation</u></b>	
At 1 July 1996	(127)
Charge for year	(31)
Disposals	94
At 31 December 1997	(64)
<b><u>Net book value</u></b>	
At 31 December 1997	1
At 30 June 1996	38

# HASSALL HOMES GROUP LIMITED

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

### 8 INVESTMENTS IN GROUP UNDERTAKINGS

Shares in subsidiary undertakings at cost:

	<u>£'000</u>
At 1 July 1996 and 31 December 1997	51,633
Provision for diminution in value	
At 1 July 1996	2,264
Provided during the year	<u>7,671</u>
At 31 December 1997	9,935
Net book value at 31 December 1997	<u>41,698</u>
Net book value at 30 June 1996	<u>49,369</u>

The principal subsidiary undertakings of the company at 31 December 1997 were:

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

All subsidiary undertakings, whose principal activity is housing development, are wholly owned subsidiaries and are registered in England.

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

# HASSALL HOMES GROUP LIMITED

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

### 9 DEBTORS

	31 December 1997 £'000	30 June 1996 £'000
Amounts owed by group undertakings	20,913	21,696
Corporation tax	97	220
Deferred tax	3	14
Other debtors	<u>3</u>	<u>12</u>
	21,016	21,942
	<u><u>          </u></u>	<u><u>          </u></u>

#### Deferred taxation

	£'000
At 1 July 1996	14
Profit and loss account	(10)
Prior year adjustment	<u>(1)</u>
At 31 December 1997	<u>3</u>
	<u><u>          </u></u>

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

	31 December 1997 £'000	30 June 1996 £'000
Accelerated capital allowances	3	14
	<u><u>          </u></u>	<u><u>          </u></u>

# HASSALL HOMES GROUP LIMITED

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

### 10 CREDITORS (amounts falling due within one year)

	31 December 1997 £'000	30 June 1996 £'000
Amounts owed to group undertaking	19,830	19,807
Accruals and deferred income	-	31
	<u>19,830</u>	<u>19,838</u>

### 11 SHARE CAPITAL

	At 31 December 1997 and 30 June 1996	
	Number	£'000
Authorised		
Ordinary shares of £1 each	49,800	49,800
8.5% Cumulative preference shares of £1 each	<u>200</u>	<u>200</u>
	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>48,325</u>	<u>48,325</u>

### 12 RESERVES

	Share premium account £'000	Profit and loss account £'000
At 1 July 1996	2,001	1,372
Retained loss for the period	-	<u>(8,808)</u>
At 31 December 1997	<u>2,001</u>	<u>(7,436)</u>

## HASSALL HOMES GROUP LIMITED

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

#### 13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 December 1997 £'000	30 June 1996 £'000
Loss for the financial period	(8,137)	2,254
Dividends	<u>(671)</u>	<u>(2,000)</u>
Net reduction of shareholders' funds	(8,808)	254
Opening shareholders' funds	<u>51,698</u>	<u>51,444</u>
Closing shareholders' funds	<u>42,890</u>	<u>51,698</u>

#### 14 COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments.

The company has a contingent liability in respect of guarantees given to support borrowings and performance bonds of its ultimate parent company, fellow subsidiaries and subsidiary undertakings amounting to £Nil (30 June 1996 - £75,429,790).

#### 15 PENSION COSTS

Hassall Homes Group Limited is a member of the defined benefit pension schemes operated by the former ultimate parent undertaking, Raine plc. Contributions paid are in accordance with the recommendations of independent actuaries, based on the regular cost of providing benefits across the group as a whole. Details of this scheme are provided in the notes to the financial statements of Raine plc.

#### 16 ULTIMATE PARENT UNDERTAKING

For the period until 13 June 1997, the ultimate parent undertaking was Raine plc. On this date, Raine plc was acquired by Alfred McAlpine plc. On 29 December 1997, the interest in Hassall Group Limited was transferred to Alfred McAlpine Homes Limited.

The immediate parent undertaking is Alfred McAlpine Homes Limited, a company registered in England. A copy of the financial statements of the immediate parent undertaking may be obtained from the Company Secretary, Alfred McAlpine Homes Holdings Limited, Stratford Court, Cranmore Boulevard, Shirley, Solihull, West Midlands, B90 4QT.

The ultimate parent undertaking is Alfred McAlpine PLC, a company 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.