

HASSALL HOMES GROUP LIMITED
(REGISTERED NUMBER 1641046)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1999



HASSALL HOMES GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

With effect from 3 July 1999 the company transferred its business and assets to Alfred McAlpine Homes Holdings Limited and became dormant. Its previous principal activity was that of an intermediate parent company for a group of companies engaged in private housekeeping.

RESULTS

The results for the year are set out on page 4 of the financial statements.

DIRECTORS

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

IM White
SG Mills
GJ Forster
GO Whitehead

DIRECTORS' INTERESTS

None of the directors had an interest in the share capital of this company.

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

GO Whitehead is a director of Alfred McAlpine PLC. His interests in the share capital of Alfred McAlpine PLC are shown in the financial statements of that company. GJ Forster is a director of Raine Financial Services Limited. His 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 YEAR ENDED 31 DECEMBER 1999 (CONTINUED)

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.

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 Holdings Limited, the immediate parent undertaking, using their financial systems. Details of their Year 2000 and Single European Currency programmes are disclosed within their financial statements.

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



IM WHITE
Secretary

16 March 2000

PricewaterhouseCoopers
Temple Court
35 Bull Street
Birmingham B4 6JT
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AUDITORS' REPORT TO THE MEMBERS OF HASSALL HOMES GROUP LIMITED

We have audited the financial statements on pages 4 to 11 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 Annual Report. As described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom 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 United Kingdom 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 Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies 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 1999 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**

16 March 2000

HASSALL HOMES GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	<u>Notes</u>	<u>1999</u> £'000	<u>1998</u> £'000
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	-
Tax on loss on ordinary activities	4	-	(3)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	10	-	(3)
		=	=

Movements in shareholder's funds is shown in note 10 to the financial statements.

The notes on pages 6 to 10 form part of these financial statements.

The results for the year 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 1999

	<u>Notes</u>	<u>1999</u> £'000	<u>1998</u> £'000
FIXED ASSETS			
Investments in group undertakings	5	—	<u>41,698</u>
		-	41,698
CURRENT ASSETS			
Debtors	6	<u>42,887</u>	<u>7,944</u>
		42,887	7,944
CREDITORS: (amounts falling due within one year)	7	<u>-</u>	<u>(6,755)</u>
NET CURRENT ASSETS		<u>42,887</u>	<u>1,189</u>
NET ASSETS		<u>42,887</u>	<u>42,887</u>
CAPITAL AND RESERVES			
Called up share capital	8	48,325	48,325
Share premium account	9	2,001	2,001
Profit and loss account	9	<u>(7,439)</u>	<u>(7,439)</u>
SHAREHOLDER'S FUNDS	10	<u>42,887</u>	<u>42,887</u>

Shareholder's funds include £200,000 of non-equity interests as shown in note 8.

The notes on pages 6 to 10 form part of these financial statements.

These accounts were approved by the Board on 16 March 2000 and signed on its behalf by


IM White

DIRECTOR

16 MAR 2000

HASSALL HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999

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) 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.

(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.

HASSALL HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (CONTINUED)

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration in the year ended 31 December 1999 and for the year ended 31 December 1998 is borne by Alfred McAlpine Homes Holdings Limited.

3 DIRECTORS AND EMPLOYEES

None of the directors received any emoluments from the company during the year (1998 - £Nil). The company had no other employees during the year (1998 - Nil).

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1999</u> £'000	<u>1998</u> £'000
Corporation tax credit at 31% (1998 - 32%)	-	-
Prior year adjustment	-	-
Deferred taxation	<u>-</u>	<u>(3)</u>
	-	(3)
	<u>==</u>	<u>==</u>

5 INVESTMENTS IN GROUP UNDERTAKINGS

Shares in subsidiary undertakings at cost:

	£'000
At 1 January 1999	51,633
Amounts transferred to group undertakings	<u>(51,653)</u>
At 31 December 1999	-
	<u>==</u>
At 1 January 1999	9,935
Provided during the year	-
Amounts transferred to group undertakings	<u>(9,935)</u>
At 31 December 1999	-
	<u>==</u>
Net book value at 31 December 1999	-
	<u>==</u>
Net book value at 31 December 1998	41,698
	<u>==</u>

HASSALL HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (CONTINUED)

6 DEBTORS

	<u>1999</u> £'000	<u>1998</u> £'000
Amounts owed by group undertakings	<u>42,887</u>	<u>7,944</u>
	<u>42,887</u>	<u>7,944</u>

Deferred taxation

		£'000
At 1 January 1999 and 31 December 1999		-
		=

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

	<u>1999</u> £'000	<u>1998</u> £'000
Accelerated capital allowances	-	-
	=	=

7 CREDITORS (amounts falling due within one year)

	<u>1999</u> £'000	<u>1998</u> £'000
Amounts owed to group undertaking	-	6,755
	=	=

HASSALL HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (CONTINUED)

8 SHARE CAPITAL

	At 31 December 1999 and 31 December 1998	
	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>
	50,000	50,000
	<u>=====</u>	<u>=====</u>
Allotted, called up and fully paid Ordinary shares of £1 each	48,325	48,325
	<u>=====</u>	<u>=====</u>

9 RESERVES

	Share premium account £'000	Profit and loss account £'000
At 1 January 1999 and 31 December 1999	2,001	(7,439)
	<u>=====</u>	<u>=====</u>

10 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	1999 £'000	1998 £'000
Loss for the financial period	-	(3)
Dividends	<u>-</u>	<u>-</u>
Net reduction of shareholder's funds		(3)
Opening shareholder's funds	42,887	42,890
Closing shareholder's funds	42,887	42,887
	<u>=====</u>	<u>=====</u>

HASSALL HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1999 (CONTINUED)

11 TRANSFER OF THE ASSETS AND TRADE TO ALFRED MCALPINE HOMES HOLDINGS LIMITED

With effect from 3 July 1999, the company agreed to transfer its business to Alfred McAlpine Homes Holdings Limited. On this date the company transferred its assets and liabilities for consideration equal to their book value. The consideration has been recorded via an intercompany loan receivable from Alfred McAlpine Homes Holdings Limited.

12 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Alfred McAlpine Homes Holdings 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.