

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

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 1998**



## **HASSALL HOMES GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998**

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 1998.

#### **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 year of £3,000 (eighteen months ended 31 December 1997 - loss of £8,808,000) has been transferred from reserves.

#### **DIVIDENDS**

Dividends paid during the period amounted to £Nil (eighteen months ended 31 December 1997 - £671,000).

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

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

IM White	
SG Mills	
GJ Forster	(appointed 23 June 1998)
GO Whitehead	(appointed 23 June 1998)
SD Vincent	(resigned 30 January 1998)

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.

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 1998 (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 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**

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



IM WHITE  
Secretary

18 March 1999

**PricewaterhouseCoopers**  
Cornwall Court  
19 Cornwall Street  
Birmingham B3 2DT  
Telephone +44 (0) 121 200 3000  
Facsimile +44 (0) 121 200 2464

## 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

The directors are responsible for preparing the Directors' Report and Financial Statements, including as described on page 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 loss 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

# HASSALL HOMES GROUP LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

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

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

The notes on pages 6 to 13 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 1998

	<u>Notes</u>	<u>31 December 1998 £'000</u>	<u>31 December 1997 £'000</u>
<b>FIXED ASSETS</b>			
Tangible assets	7	-	1
Investments in group undertakings	8	<u>41,698</u>	<u>41,698</u>
		41,698	41,699
<b>CURRENT ASSETS</b>			
Debtors	9	7,944	21,016
Cash at bank		<u>-</u>	<u>5</u>
		7,944	21,021
<b>CREDITORS: (amounts falling due within one year)</b>	10	<u>(6,755)</u>	<u>(19,830)</u>
<b>NET CURRENT ASSETS</b>		<u>1,189</u>	<u>1,191</u>
<b>NET ASSETS</b>		<u>42,887</u>	<u>42,890</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>(7,439)</u>	<u>(7,436)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	<u>42,887</u>	<u>42,890</u>

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

The notes on pages 6 to 13 form part of these financial statements.

These accounts were approved by the Board on 18 March 1999 and signed on its behalf by



IM WHITE  
DIRECTOR

# HASSALL HOMES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1998

### 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 Limited 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 1998 (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

	Year ended 31 December 1998 £'000	18 months ended 31 December 1997 £'000
Other interest	-	474
	<u>          </u>	<u>          </u>

### 3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 December 1998 £'000	18 months ended 31 December 1997 £'000
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation	-	31
Directors' remuneration (note 4)	-	
Operating lease rentals - plant and machinery	-	4
Profit on disposal of fixed assets	-	8
Amounts written off fixed asset investments as a result of a permanent diminution in value	-	7,671
	<u>          </u>	<u>          </u>

Auditors' remuneration in the year ended 31 December 1998 and for the 18 months ended 31 December 1997 is borne by Alfred McAlpine Homes Limited.



# HASSALL HOMES GROUP LIMITED

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

### 4 DIRECTORS AND EMPLOYEES

	Year ended 31 December <u>1998</u> £'000	18 months ended 31 December <u>1997</u> £'000
Directors' emoluments	-	387
Pension contributions	-	39
Compensation for loss of office	-	80
	-	506
	==	==
Highest paid director	-	166
	==	==
<i>Employee costs during the period including directors:</i>		
Wages and salaries	-	568
Social security costs	-	46
Other pension costs	-	39
	-	653
	==	==
	<u>1998</u> Number	<u>1997</u> Number
<i>Average number of employees during the period including directors:</i>		
Administration	-	7
	==	==

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 December <u>1998</u> £'000	18 months ended 31 December <u>1997</u> £'000
Corporation tax credit at 31% (1997 - 32%)	-	97
Prior year adjustment	-	4
Deferred taxation	(3)	(11)
	(3)	90
	==	==

# HASSALL HOMES GROUP LIMITED

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

### 6 DIVIDENDS

	Year ended 31 December 1998 £'000	18 months ended 31 December 1997 £'000
Dividend paid to parent undertaking	-	671
	<u>          </u>	<u>          </u>

### 7 TANGIBLE ASSETS

	Plant and equipment £'000
<b><u>Cost</u></b>	
At 1 January 1998	65
Disposals	(40)
Amounts transferred to group undertaking	(25)
At 31 December 1998	-
	<u>          </u>
<b><u>Depreciation</u></b>	
At 1 January 1998	(64)
Disposals	40
Amounts transferred to group undertaking	24
At 31 December 1998	-
	<u>          </u>
<b><u>Net book value</u></b>	
At 31 December 1998	-
	<u>          </u>
At 31 December 1997	1
	<u>          </u>

## HASSALL HOMES GROUP LIMITED

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

#### 8 INVESTMENTS IN GROUP UNDERTAKINGS

Shares in subsidiary undertakings at cost:	£'000
At 1 January 1998 and 31 December 1998	51,633
Provision for diminution in value	
At 1 January 1998	9,935
Provided during the year	-
At 31 December 1998	9,935
Net book value at 31 December 1998	41,698
Net book value at 31 December 1997	41,698

The principal subsidiary undertakings of the company at 31 December 1998 were:

	<u>Class of Share</u>	<u>Holding</u>
Hassall Homes (Cheshire) Limited	Preference	100%
Hassall Homes (Cheshire) Limited	Ordinary	100%
Hassall Homes (Mercia) 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%
Alfred McAlpine Homes Cumbria Limited	Ordinary	100%
Alfred McAlpine Homes Northumbria 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 1998 (CONTINUED)

### 9 DEBTORS

	31 December 1998 £'000	31 December 1997 £'000
Amounts owed by group undertakings	7,944	20,913
Corporation tax	-	97
Deferred tax	-	3
Other debtors	-	3
	<u>7,944</u>	<u>21,016</u>

#### Deferred taxation

	£'000
At 1 January 1998	3
Profit and loss account	-
Prior year adjustment	(3)
At 31 December 1998	-

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

	31 December 1998 £'000	31 December 1997 £'000
Accelerated capital allowances	-	3
	<u>-</u>	<u>3</u>

# HASSALL HOMES GROUP LIMITED

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

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

	31 December 1998 £'000	31 December 1997 £'000
Amounts owed to group undertaking	6,755	19,830

### 11 SHARE CAPITAL

	At 31 December 1998 and 31 December 1997	
	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>

### 12 RESERVES

	Share premium account £'000	Profit and loss account £'000
At 31 December 1997	2,001	(7,436)
Retained loss for the period	<u>-</u>	<u>(3)</u>
At 31 December 1998	2,001	(7,439)
	<u>          </u>	<u>          </u>

## HASSALL HOMES GROUP LIMITED

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

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

	31 December <u>1998</u> £'000	31 December <u>1997</u> £'000
Loss for the financial period	(3)	(8,137)
Dividends	<u>-</u>	<u>(671)</u>
Net reduction of shareholders' funds	(3)	(8,808)
Opening shareholders' funds	<u>42,890</u>	<u>51,698</u>
Closing shareholders' funds	<u>42,887</u>	<u>42,890</u>

#### 14 COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities.

#### 15 PENSION COSTS

Hassall Homes Group Limited is a member of the defined benefit pension schemes operated by the former ultimate parent undertaking, Raine Limited. 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 Limited.

#### 16 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.