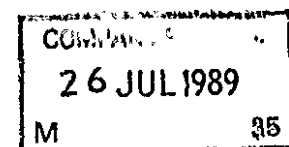


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LAING RETIREMENT HOMES LIMITED

ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1988



DIRECTORS' REPORT

THE DIRECTORS submit their report and financial statements for the year ended 31 December 1988.

REVIEW OF THE YEAR

The company commenced trading on 1 January 1988.

The profit for the period before taxation was £5,099,746 and after provision for taxation of £3,171,062, the revenue surplus was £1,928,684.

The principal activity of the company is the construction and sale of retirement homes.

ACTIVITIES

Through its three decentralised activities - East Area, West Area and Special Projects, the Company achieved in its first year of trading 610 conveyances and laid the ground for its continued expansion.

DIRECTORS

The directors at any time during the year were:

P.D. Holliday	- resigned 31 October 1988
J.F. Horne	
P. Boys	
P.R. Williams	
W.T. Dennison	- appointed 29 February 1988
I.H.D. Jones	- appointed 1 July 1988
A. Thomson	- appointed 1 July 1988
W.E. Patrickson	- appointed 1 July 1988
J.D. Bottom	- appointed 20 December 1988
P.O. Mulligan	- appointed 20 December 1988

DIRECTORS' SHAREHOLDINGS

The directors' interests in the shares of John Laing plc, including family and non-beneficial interests as required by the Companies Act 1985, were:

	On 1 January 1988 or later date of appointment		On 31 December 1988	
	Ordinary 25p.	Ordinary A 25p.	Ordinary 25p.	Ordinary A 25p.
P. Boys	-	-	3,000	500
P.R. Williams	-	-	-	-
W.T. Dennison	-	-	-	-
W.E. Patrickson	-	-	-	-

The interests of the remaining directors, being also directors of the company's immediate parent company, Laing Homes Limited, are recorded in the register maintained by that company.

LAING RETIREMENT HOMES LIMITEDDIRECTORS' REPORT (Cont'd.)**EMPLOYEES**

It is the policy of the Company to employ and train disabled people whenever their skills and qualifications allow and when suitable vacancies are available. If existing employees become disabled, every effort is made to find them appropriate work, and training is provided if necessary.

The Company has always encouraged employees to feel involved both in their local activities and in the Group's overall operations. This is achieved through formal and informal meetings, periodic attitude surveys and the wide distribution of a range of company publications. The Group's monthly newspaper "Team Spirit" welcomes contributions from employees. A financial report for employees is produced each year.

AUDITORS

The auditors, Peat Marwick McLintock, are willing to continue in office and a resolution concerning their reappointment and remuneration will be submitted to the Annual General Meeting.

On behalf of the board



J.D. BOTTOM
CHAIRMAN

17 MARCH 1989

LAING RETIREMENT HOMES LIMITED

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PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1988

	<u>Notes</u>	<u>1988</u>	<u>1987</u>
		£	£
TURNOVER	1	34,215,478 =====	- =====
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,099,746	-
Taxation on ordinary activities	5	(3,171,062)	-
RETAINED PROFIT FOR THE YEAR	10	1,928,684 =====	- =====

LAING RETIREMENT HOMES LIMITEDBALANCE SHEETAT 31 DECEMBER 1988

	Notes	1988	1987
		£	£
CURRENT ASSETS			
Stocks and work in progress	6	16,335,850	-
Debtors	7	603,617	1,000
Cash in hand		6,922	-
		<u>16,946,389</u>	<u>1,000</u>
CREDITORS: amounts falling due within one year			
	8	15,016,705	-
		<u>1,929,684</u>	<u>1,000</u>
CAPITAL AND RESERVES			
Called up share capital			
Authorised, allotted, called up and paid 1,000 shares of £1 each		1,000	1,000
Profit and loss account	10	1,928,684	-
		<u>1,929,684</u>	<u>1,000</u>

J.D. Bottom


J.D. BOTTOM)
)
) DIRECTORS
)
 P.O. MULLIGAN)

17 MARCH 1989

NOTES(forming part of the financial statements)

1. ACCOUNTING POLICIES

(a) Turnover

Turnover represents the value of house and land sales, and of long term contracts.

Profit on house and land sales is recognised at the point of legal completion. In the case of long term contracts profit is only taken at a stage near enough to completion for that profit to be reasonably certain.

(b) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost for this purpose includes all overheads other than those relating to the general administration of the business.

Long term contracting work in progress also includes attributable profit less foreseeable losses, and is stated after deduction of amounts received and receivable.

2. PROFIT BEFORE TAXATION

	<u>1988</u>	<u>1987</u>
	£	£
Turnover	34,215,478	-
Variation in stock of finished goods and non-contracting work in progress	16,335,850	-
Operating costs (note 3)	(45,451,582)	-
<u>Profit on ordinary activities before taxation</u>	<u>5,099,746</u>	<u>-</u>

3. ITEMS IN PROFIT AND LOSS ACCOUNT

	<u>1988</u>	<u>1987</u>
	£	£
Auditors' remuneration and expenses were	5,350	-
Hire of plant and machinery relating mainly to short term hire of equipment used on construction sites amounted to	498,311	-
Operating costs, comprised:		
Raw materials and consumables	19,727,069	-
Other external charges	23,676,209	-
Employee costs		
Wages and salaries	1,774,400	-
Social security costs	119,062	-
Other pension costs	154,842	-
	<u>45,451,582</u>	<u>-</u>
Average number of employees	131	-

NOTES (Cont'd.)

4. EMOLUMENTS OF DIRECTORS AND EMPLOYEES

Directors of this company who are also directors of John Laing plc are remunerated by that company. The remuneration of the other directors was:

	<u>1988</u>	<u>1987</u>
Directors' emoluments, including contributions to pension schemes, amounted to	<u>£42,222</u> =====	<u>£ Nil</u> =====

Emoluments, excluding pension contributions and those whose duties were discharged mainly outside the United Kingdom, were:

The remuneration of the chairman was	£ Nil	£ Nil
The remuneration of the highest paid director was	£38,755	£ Nil

The number of other directors and employees who received remuneration within the following ranges was:

Directors:	£0 - £5,000	8	-
Employees:	£35,001 - £40,000	1	-
	£40,001 - £45,000	1	-

5. TAXATION

The taxation charge comprises:	<u>1988</u>	<u>1987</u>
	£	£
Group relief	<u>3,171,062</u> =====	<u>-</u> =====

6. STOCKS AND WORK IN PROGRESS

	<u>31 December 1988</u>	<u>31 December 1987</u>
Land and buildings held for or in course of development at cost	<u>£</u> <u>16,335,850</u> =====	<u>£</u> <u>-</u> =====

NOTES (Cont'd.)

7. DEBTORS

	31 December 1988	31 December 1987
	£	£
Trade debtors	603,617	-
Amount owed by Group companies	-	1,000
	<u>603,617</u>	<u>1,000</u>
	=====	=====

8. CREDITORS

	31 December 1988	31 December 1987
	£	£
Due within one year:		
Trade creditors	548,527	-
Taxation	-	-
Accruals and deferred income	1,528,318	-
Amounts owed to group companies	12,939,860	-
	<u>15,016,705</u>	<u>-</u>
	=====	=====

9. GUARANTEES

The company has given guarantees of a normal trading nature, including performance bonds, and is also party with seven other group companies to cross guarantees of each other's borrowings. At 31 December 1988 there were no net borrowings.

10. PROFIT AND LOSS ACCOUNT

	1988
	£
Balance at 1 January	-
Retained profit of the year	1,928,684
	<u>1,928,684</u>
Balance at 31 December	=====

The distributable reserves of the company are £1,928,684.

11. ULTIMATE HOLDING COMPANY

The company is a member of the John Laing group of companies, its ultimate holding company being John Laing plc, a company incorporated in England.

12. SOURCE AND APPLICATION OF FUNDS STATEMENT

A statement of source and application of funds has not been produced. The directors consider such a statement might be misleading as the company is a wholly owned subsidiary of John Laing plc and its funds are therefore managed as part of the John Laing group funds. A group statement of source and application of funds is included in the accounts of John Laing plc.

AUDITORS' REPORT

To the members of Laing Retirement Homes Limited

We have audited the financial statements on pages 3 to 7 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1988 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Without qualifying our opinion above, we draw attention to the fact that the financial statements do not include a statement of source and application of funds and thus do not comply with Statement of Standard Accounting Practice No. 10 for the reason given in note 12.

LONDON
17 MARCH 1989

Peat Marwick McLintock

PEAT MARWICK McLINTOCK
CHARTERED ACCOUNTANTS