

WHATCO HOLDINGS LIMITED

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
6 JANUARY 1997

REGISTERED NUMBER 89787



WHATCO HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 6 JANUARY 1997

The directors present their annual report and the audited accounts for the year ended 6 January 1997.

ACTIVITIES AND REVIEW OF THE BUSINESS

The profit and loss account is shown on page 4, recording neither a profit nor a loss. The principal activities of the Company have been the development and sale of properties and the holding of the investments in its subsidiary undertakings. During the year the company did not undertake any property development work and the directors are in the process of considering the future strategic development of the business.

DIVIDEND

The directors do not recommend the payment of a dividend (1996 - nil).

DIRECTORS

The directors who held office during the year were as follows:

GR McCallum
GJ Forster

Neither of the directors had a beneficial interest in any contract or arrangement of significance to which the Company was a party during the year.

The director retiring by rotation is Mr GR McCallum who, being eligible, offers himself for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required by UK company law to prepare accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss of the Company for the period then ended. The directors are also responsible for maintaining adequate accounting records and for taking reasonable steps to safeguard the assets of the Company and detect irregularities and fraud. The directors are required to prepare accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that in preparing the Company's accounts, appropriate accounting policies have been consistently applied and applicable accounting standards complied with. Further, in all material respects, the accounts are supported by prudent judgements and estimates made by reference to information and circumstances known at the time of their preparation.

WHATCO HOLDINGS LIMITED

**DIRECTORS' REPORT FOR THE YEAR ENDED
6 JANUARY 1997 (CONTINUED)**

AUDITORS

Price Waterhouse have confirmed their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board on 26 September 1997



GJ FORSTER
Secretary

Registered office:

48 St Vincent Street
Glasgow
G2 5HS

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF WHATCO HOLDINGS LIMITED

We have audited the accounts on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 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 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 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 the 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 the Company's affairs as at 6 January 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants and
Registered Auditors


26 September 1997

WHATCO HOLDINGS LIMITED

BALANCE SHEET AT 6 JANUARY 1997

	£'000	£'000
CREDITORS - Amounts falling due within one year (Note 5)	<u>(559)</u>	<u>(559)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>(559)</u>	<u>(559)</u>
CAPITAL AND RESERVES		
Called up share capital (Note 6)	-	-
Profit and loss account	<u>(559)</u>	<u>(559)</u>
	<u>(559)</u>	<u>(559)</u>

APPROVED BY THE BOARD ON 26 September 1997



GJ Forster

Director

The notes on pages 5 to 7 form part of these accounts.

WHATCO HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 6 JANUARY 1997

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts.

Basis of preparation

These accounts are prepared on the historical cost basis and in accordance with applicable Accounting Standards.

Profit and loss account

During the year the Company did not trade, received no income and incurred no expenditure. Consequently, the Company made neither a profit or loss. None of the directors received any emoluments for their services to the Company.

Going concern

The accounts have been prepared on a going concern basis, notwithstanding the deficiency of net assets, as an assurance has been received from the parent undertaking that financial support will continue to be made available.

Cash flows

A statement of Group Cash Flows has been included in the consolidated accounts presented by the ultimate parent undertaking. Accordingly no statement is presented within these accounts.

2 REMUNERATION OF DIRECTORS

No directors' emoluments were paid or payable in respect of the financial year (1996: £Nil).

The shareholding of GR McCallum in Alfred McAlpine PLC is shown in the notes to the accounts of that company. On 31 March 1994 GJ Forster was granted options to acquire 15,419 shares in Alfred McAlpine PLC, at a price of 270.5p. On 12 April 1995 GJ Forster was granted further options to acquire 30,000 shares in Alfred McAlpine PLC, at a price of 147.0p.

Ordinarily options issued under the terms of the 1991 Executive Share Option scheme are exercisable between three years and ten years from their date of grant.

The market price of ordinary shares at 31 December 1996 was 127.5p, and the range of market prices during the year was 127p to 194p.

The Alfred McAlpine Restricted Share Plan

The Alfred McAlpine Restricted Share Plan (the "Plan") was introduced during the year to encourage an increase in long term comparative total return to shareholders whilst providing competitive remuneration packages to directors and senior executives.

WHATCO HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 6 JANUARY 1997

2 REMUNERATION OF DIRECTORS (CONTINUED)

Under the Plan, the Remuneration Committee of Alfred McAlpine PLC grants awards of restricted shares in Alfred McAlpine PLC to key executives. The shares may be released if Alfred McAlpine PLC achieves specified performance criteria and the executives remain in employment until the shares vest. The maximum value of the awards made to a participant in any year may not exceed 50% of that participant's salary.

Further details on the Plan and the performance criteria used can be found in the Report and Accounts of Alfred McAlpine PLC.

Awards made under the Plan to directors of the Company are as follows:

	<u>Restricted share plan</u>			
	Date of Award	Number of Restricted Shares	Value of Award at 31/12/96	Date of Vesting
G J Forster	3/10/96	15,000	£19,125	3/10/99

3 STAFF NUMBERS AND COSTS

The Company has no employees other than the directors.

4 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Consolidated accounts have not been prepared as the Company is itself a wholly owned subsidiary undertaking of Alfred McAlpine PLC, a company incorporated in Great Britain and therefore the financial information is presented for the Company as an individual undertaking and not for its Group.

Whatco Holdings Limited owns 100% of the ordinary share capital of the following companies, which are also involved in the development and sale of properties:

	<u>1997</u> £	<u>1996</u> £
Whatco England Limited (registered in Scotland)	100	100
Whatco Scotland Limited (registered in Scotland)	<u>100</u>	<u>100</u>
	200	200
	==	==

5 CREDITORS - Amounts falling due within one year

	£'000	£'000
Amounts owed to group undertakings	559	559
	==	==

WHATCO HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 6 JANUARY 1997 (CONTINUED)

6 SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£	£
Authorised share capital		
1,000 ordinary shares of £1 each	1,000	1,000
	=====	=====
Issued, called up and fully paid £1 shares	100	100
	=====	=====

7 ULTIMATE PARENT UNDERTAKING

Alfred McAlpine PLC, a company registered in Great Britain, is the company's ultimate controlling party and the ultimate parent undertaking of the largest and the smallest group of undertakings for which accounts are drawn up and of which the Company is a member. Copies of the accounts of Alfred McAlpine PLC may be obtained from the Company Secretary, Alfred McAlpine PLC, 8 Suffolk Street, London SW1Y 4HG.