

REPORT AND ACCOUNTS
LEECH HOMES (SOUTHERN) LIMITED

30 JUNE 1995

Company Number 153009



LEECH HOMES (SOUTHERN) LIMITED

Registered No.153009

DIRECTORS

B D Thomson
C W Reader
D M Webb
D J Evans
T M Burnell
C M Honan
J T Slatter

SECRETARY

J Gibson

AUDITORS

Ernst & Young
1 Bridewell Street
Bristol BS1 2AA

BANKERS

National Westminster Bank PLC
15 High Street
Bath BA1 5AH

REGISTERED OFFICE

33 London Road
Reigate
Surrey RH2 9HZ

DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 30 June 1995.

1. RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £7,605,629. The directors do not recommend the payment of a final dividend leaving the loss to be retained.

2. PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company's principal activity during the period continued to be house building in the United Kingdom.

The result for the year is disappointing primarily due to an expected loss of £3 million from the sale of non-core assets in Northern Ireland and a reappraisal by the company of the profitability of its sites. This has resulted in a lower margin on the year's sales and a write down of land values at the end of the year. It is anticipated that further development of the business in the current year will result in improved profitability.

3. CHANGE OF ULTIMATE PARENT COMPANY AND CHANGE OF NAME

On 13 July 1994 the entire issued share capital of the company was acquired by Beazer Homes Plc which became the new ultimate parent company.

On 5 September 1994 the company changed its name from John Mowlem Homes Limited to Leech Homes (Southern) Limited.

4. SHARE CAPITAL

On 13 July 1994 the authorised share capital was increased by the creation of 500,000 £1 ordinary shares. On the same day 500,000 £1 ordinary shares were issued at par to the parent company in exchange for a reduction in the amount due on the intercompany account.

5. FIXED ASSETS

Information relating to changes in tangible fixed assets is shown in note 10 to the accounts.

6. THE DIRECTORS

The directors shown on page 1 are currently in office.

D M Webb was appointed on 13 July 1994

B D Thomson was appointed on 6 September 1994

C M Honan was appointed on 6 September 1994

C W Reader was appointed on 6 September 1994

J T Slatter was appointed on 6 September 1994

D J Evans was appointed on 17 March 1995

T M Burnell was appointed on 1 July 1995

D J Smith was appointed on 13 July 1994 and resigned on 6 September 1994

R W Thomas was appointed on 13 July 1994 and resigned on 6 September 1994

D J Webb resigned on 21 October 1994

R N Fish resigned on 21 October 1994

G A Freeman resigned on 25 October 1994

J Scott resigned on 31 October 1994

B J Cheeseman was appointed on 6 September 1994 and resigned on 6 February 1995

N P Twine resigned on 17 March 1995

DIRECTORS' REPORT (Continued)

7. **DIRECTORS INTERESTS**

According to the register maintained as required under the Companies Act 1985, none of the directors had any interest in the share capital of the company.

The company was a wholly owned subsidiary of John Mowlem and Company PLC until 13 July 1994 and then of Beazer Homes Plc. The only declarable interests in the share capital of Beazer Homes Plc at 30 June 1995 and at date of appointment are as follows:

| | 30 June 1995 25p Ordinary | Date of Appointment 25p Ordinary |
|--|------------------------------|--|
| C M Honan (Appointed 6 September 1994) | 3,201 | 3,201 |

Details of options granted or exercised in Beazer Homes Plc shares were as follows:-

| | Options Granted | Price |
|--|--------------------|-------|
| C M Honan (Appointed 6 September 1994) | 30,000 | £1.31 |

There are no declarable interests relating to the share capital of John Mowlem & Company PLC at 1 July 1994.

The interest of D M Webb are disclosed in the accounts of Beazer Homes Plc.

8. **Directors' and Officers' Liability Insurance**

During the year the company purchased and maintained liability insurance for its directors and officers as permitted by Section 310(3) of the companies Act 1985.

9. **Auditors**

Messrs Ernst & Young have indicated their willingness to continue in office as auditors to the company. A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Secretary

29 September 1995

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those accounts, 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, with any material departures disclosed and explained in the accounts;
- prepare the accounts on the 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 accounts 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' REPORT TO MEMBERS OF
LEECH HOMES (SOUTHERN) LIMITED**

We have audited the accounts on pages 6 to 17 which have been prepared under the historical cost convention and on the basis of accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the 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 affairs of the company as at 30 June 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditor
Bristol

26th Dec 1995

LEECH HOMES (SOUTHERN) LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended June 1995

| | Notes | 30 June 1995 (12 months) £ | 30 June 1994 (6 months) £ |
|--|-------|----------------------------------|---------------------------------|
| TURNOVER | 2 | 37,831,262 | 24,499,319 |
| Cost of Sales | | <u>(40,955,564)</u> | <u>(22,235,508)</u> |
| GROSS (LOSS)/PROFIT | | (3,124,302) | 2,263,811 |
| Administration expenses | | (2,209,526) | (1,494,185) |
| Other operating expenses | 3 | <u>(146,432)</u> | <u>(857,857)</u> |
| OPERATING LOSS | | (5,480,260) | (88,231) |
| Loss on disposal of tangible fixed assets | | (191,294) | - |
| Other interest receivable and similar income | 7 | 147,930 | 79,039 |
| Interest payable | 8 | <u>(61,532)</u> | <u>(7,306)</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | 4 | (5,585,156) | (16,498) |
| Tax on loss on ordinary activities | 9 | <u>(2,020,473)</u> | <u>(324,009)</u> |
| LOSS FOR THE PERIOD | | <u><u>(7,605,629)</u></u> | <u><u>(340,507)</u></u> |

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss for the period of £7,605,629 (loss of £340,507 in the six month period ended 30 June 1994).

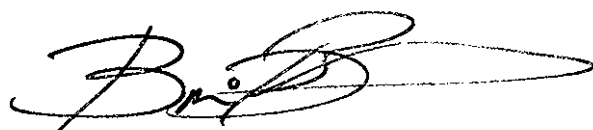
LEECH HOMES (SOUTHERN) LIMITED

BALANCE SHEET

As at 30 June 1995

| | Notes £ | 1995 £ | 1994 £ |
|---|------------|--------------------|---------------------|
| FIXED ASSETS | | | |
| Tangible Assets | 10 | 95,037 | 409,985 |
| Investments | 11 | 4,631,480 | 5,501,719 |
| | | <u>4,726,517</u> | <u>5,911,704</u> |
| CURRENT ASSETS | | | |
| Stocks | 12 | 24,448,360 | 28,574,398 |
| Debtors | 13 | 5,547,019 | 9,923,939 |
| Cash at bank and in hand | | 2,484 | 1,655,786 |
| | | <u>30,347,863</u> | <u>40,154,123</u> |
| CREDITORS: | | | |
| Amounts falling due within one year | 14 | <u>(7,771,731)</u> | <u>(15,314,203)</u> |
| NET CURRENT ASSETS | | <u>22,226,132</u> | <u>24,839,920</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 26,952,649 | 30,751,624 |
| CREDITORS: | | | |
| Amounts falling due after one year | 14 | (30,053,290) | (26,058,394) |
| PROVISIONS FOR LIABILITIES AND CHARGES | 15 | 258,639 | (429,603) |
| | | <u>(2,842,002)</u> | <u>4,263,627</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 6,050,000 | 5,550,000 |
| Revaluation reserve | 17 | - | 228,129 |
| Profit and loss account | 17 | <u>(8,892,002)</u> | <u>(1,514,502)</u> |
| | | <u>(2,842,002)</u> | <u>4,263,627</u> |

The account were approved by the Board of Directors on 29 September 1995 and were signed on its behalf by:



Director

NOTES TO THE ACCOUNTS

For the year ended June 1995

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Recognition of profits

Operating profit comprises the results of housebuilding and contracting. It includes the results attributable to contracts completed and contracts in progress, after deducting amounts recognised in previous years and after making provisions for foreseeable losses. Claims receivable are recognised as income when received or certified for payment, except that in estimating the amounts of foreseeable losses, a prudent and reasonable assessment of such claims is made.

Tangible fixed assets

Long-term leasehold property is depreciated at 2% on valuation. Plant and machinery, vehicles, and fixtures and fittings are depreciated on a straight line basis at various rates between 15% and 33%, determined by the expected useful life of the asset.

Stock

Land and development properties are valued at the lower of cost (with an addition for direct overheads) and net realisable value. Materials are valued at the lower of cost and net realisable value.

Contract work in progress

The net realisable value of contract work in progress, which includes attributable profit on contracts and is determined on the basis of measured work to the balance sheet date, is included in debtors. Deductions are made for net foreseeable losses and progress payments received. Payments received in excess of net realisable value on a contract are included within creditors.

Interest Payable

All interest payable is written off in arriving at profit on ordinary activities.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is expected the timing difference will reverse.

NOTES TO THE ACCOUNTS (Continued)

For the year ended June 1995

Leases

Finance Leases

Assets which are the subject of finance leases, together with the corresponding lease obligations, are capitalised in accordance with the provisions of SSAP 21. The assets are depreciated as described above and the finance element of each lease payment, representing a constant interest rate on the reducing obligation, is charged against profits.

Operating Leases

Rentals payable under the operating leases are charged to income on a straight line basis over the lease term

Pension costs

The pension contributions, which are made in accordance with periodic actuarial valuations are charged to the profit and loss account so as to spread the cost of pensions evenly over the service lives of the employees in the pension scheme.

Investments in subsidiary undertakings

The company is a wholly owned subsidiary undertaking of a body incorporated in the United Kingdom and advantage has been taken of S228 of the Companies Act 1985 in that consolidated accounts have not been prepared. These financial statements only present information about the company as an individual undertaking.

2. TURNOVER

Housebuilding turnover comprises the proceeds of houses upon which contracts for sale have been exchanged in the year. Contracting turnover comprises the value of work executed during the year including the settlement of monetary claims arising from previous years.

Turnover arose wholly within the United Kingdom from continuing operations.

3. OTHER OPERATING INCOME/(EXPENSES)

| | 30 June 1995 (12 Months) £ | 30 June 1994 (6 Months) £ |
|---|----------------------------------|---------------------------------|
| Provisions against investment in associated undertakings | (179,478) | (1,030,928) |
| Rents receivable | 27,171 | 107,318 |
| Other operating income | 5,875 | 65,753 |
| | <u>(146,432)</u> | <u>(857,857)</u> |

NOTES TO THE ACCOUNTS (Continued)
For the year ended June 1995

4. OPERATING LOSS

This is stated after charging:

| | 30 June 1995 (12 Months) £ | 30 June 1994 (6 Months) £ |
|---|----------------------------------|---------------------------------|
| Depreciation | 44,071 | 30,116 |
| Hire of plant and machinery | | |
| Operating leases - plant and machinery | 246,229 | 124,973 |
| - land and buildings | 295,000 | 215,000 |
| Auditors' remuneration - for audit services | 39,461 | 11,000 |
| Auditors' remuneration - for non audit services | 5,000 | - |
| Directors' emoluments [as executives] | 270,301 | 139,653 |
| Compensation paid to directors for loss of office | 241,461 | - |
| Loss on disposal of fixed assets | 4,131 | - |

5. DIRECTORS' EMOLUMENTS

Emoluments of the chairman and other directors who are also directors of the parent undertaking, Beazer Homes Plc, are disclosed in the accounts of that company.

The emoluments of the chairman and highest paid director, who was paid by Beazer Homes Plc, were £63,601 (in the six months to 30 June 1994, the then chairman was paid by John Mowlem Homes Plc except for benefits in kind of £1,700 and the emoluments of the highest paid director were £38,602).

Directors emoluments fell into the following ranges:

| | 30 June 1995 (12 months) No. | 30 June 1994 (6 months) No. |
|--------------------|------------------------------------|-----------------------------------|
| Nil to £5,000 | 4 | 3 |
| £10,001 to £15,000 | 2 | - |
| £15,001 to £20,000 | 2 | - |
| £20,001 to £25,000 | 1 | 2 |
| £25,001 to £30,000 | - | 1 |
| £35,001 to £40,000 | 2 | 1 |
| £40,001 to £45,000 | 1 | - |
| £45,001 to £50,000 | 1 | - |
| £60,001 to £65,000 | 1 | - |

NOTES TO THE ACCOUNTS (Continued)
For the year ended June 1995

6. EMPLOYEES

The average number of persons employed by the company, including executive directors, during the year was as follows:

| | 30 June 1995 (12 months) No. | 30 June 1994 (6 months) No. |
|------------|------------------------------------|-----------------------------------|
| Operatives | 17 | 44 |
| Staff | 107 | 168 |
| | <u>124</u> | <u>212</u> |

The cost incurred in respect of these employees were:

| | 30 June 1995 (12 months) £ | 30 June 1994 (6 months) £ |
|-----------------------|----------------------------------|---------------------------------|
| Wages and salaries | 2,266,193 | 1,691,581 |
| Social security costs | 186,676 | 158,470 |
| Other pension costs | 121,979 | 128,113 |
| | <u>2,574,848</u> | <u>1,978,164</u> |

7. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 30 June 1995 (12 months) £ | 30 June 1994 (6 months) £ |
|--|----------------------------------|---------------------------------|
| Interest receivable from group undertaking | - | 49,818 |
| Other interest receivable | 147,930 | 29,221 |
| | <u>147,930</u> | <u>79,039</u> |

8. INTEREST PAYABLE

| | 30 June 1995 (12 months) £ | 30 June 1994 (6 months) £ |
|---|----------------------------------|---------------------------------|
| Bank loans and overdraft | 49,356 | 6,865 |
| Finance charges payable under finance lease and hire purchase contracts | 197 | 441 |
| Other interest payable | 11,979 | - |
| | <u>61,532</u> | <u>7,306</u> |

NOTES TO THE ACCOUNTS (Continued)
For the year ended June 1995

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

| | 30 June 1995 (12 months) £ | 30 June 1994 (6 months) £ |
|--|----------------------------------|---------------------------------|
| Based on the loss for the year: | | |
| Corporation tax at 33% (1993 : 33%) | - | - |
| Deferred tax | 170,900 | 329,337 |
| | <u>170,900</u> | <u>329,337</u> |
| Prior year adjustment: | | |
| Corporation tax | 1,858,715 | (25,930) |
| Deferred tax | (9,142) | 20,602 |
| | <u>2,020,473</u> | <u>324,009</u> |

The prior year adjustment in the year ended 30 June 1995 represents tax credits taken in previous years for group relief which the former parent undertaking will not now pay for or use.

10. TANGIBLE FIXED ASSETS

| | Long term leasehold property | Plant machinery (Finance leased) | Plant machinery and motor vehicles | Total |
|----------------------------|------------------------------------|---|---|-----------------|
| Cost (or valuation) | £ | £ | £ | £ |
| At 1 July 1994 | 280,783 | 52,226 | 1,221,458 | 1,554,467 |
| Additions | - | - | 12,979 | 12,979 |
| Disposals | (277,133) | (10,290) | (369,800) | (657,223) |
| At 30 June 1995 | <u>3,650</u> | <u>41,936</u> | <u>864,637</u> | <u>910,223</u> |
| Depreciation | | | | |
| At 1 July 1994 | 1,633 | 47,973 | 1,094,876 | 1,144,482 |
| Charge for the year | - | 3,435 | 40,636 | 44,071 |
| Disposals | (1,633) | (10,290) | (361,444) | (373,367) |
| At 30 June 1995 | <u>-</u> | <u>41,118</u> | <u>774,068</u> | <u>815,186</u> |
| Net book value | | | | |
| At 1 July 1994 | <u>£279,150</u> | <u>£4,253</u> | <u>£126,582</u> | <u>£409,985</u> |
| At 30 June 1995 | <u>£3,650</u> | <u>£818</u> | <u>£90,569</u> | <u>£95,037</u> |

LEECH HOMES (SOUTHERN) LIMITED

NOTES TO THE ACCOUNTS (Continued)

For the year ended June 1995

11. INVESTMENTS

| | Subsidiary Undertakings | Associated Undertakings | | Total |
|------------------|----------------------------|----------------------------|-------------------|-------------------|
| | £ | Shares £ | Loans £ | £ |
| Cost | | | | |
| At 1 July 1994 | 102 | 11,100 | 10,977,162 | 10,988,364 |
| Decrease in year | - | - | (690,510) | (690,510) |
| Disposals | - | (250) | - | (250) |
| At 30 June 1995 | <u>102</u> | <u>10,850</u> | <u>10,286,652</u> | <u>10,297,604</u> |
| Provisions | | | | |
| At 1 July 1994 | - | - | 5,486,645 | 5,486,645 |
| Additions | - | - | 179,479 | 179,479 |
| At 30 June 1995 | <u>-</u> | <u>-</u> | <u>5,666,124</u> | <u>5,666,124</u> |
| Net book value | | | | |
| At 1 July 1994 | <u>£102</u> | <u>£11,100</u> | <u>£5,490,517</u> | <u>£5,501,719</u> |
| At 30 June 1995 | <u>£102</u> | <u>£10,850</u> | <u>£4,620,528</u> | <u>£4,631,480</u> |

| | Nature of business | Proportion of ordinary shares held |
|---|-----------------------|--|
| <u>Subsidiary undertakings</u> | | |
| Parkhouse Developments (Petersfield) Limited | Non Trading | 100% |
| Linkway Properties Limited | Non Trading | 100% |
| Unit Camus Limited (Incorporated in Kenya) | Non Trading | 100% |
| <u>Associated undertakings</u> | | |
| First National Leech Homes (Southern) Limited | House Building | 50% |
| Abbey National Mowlem Homes Limited | House Building | 50% |
| First Leech Equity Limited | House Building | 50% |

All companies other than Unit Camus Limited are registered in England and Wales. In the opinion of the directors, the value of the company's investments are not less than the amount at which they are stated in the balance sheet.

12. STOCKS

| | 1995 £ | 1994 £ |
|---------------------------------|-------------------|-------------------|
| Land and development properties | 24,098,081 | 27,723,142 |
| Raw materials | <u>350,279</u> | <u>851,256</u> |
| | <u>24,448,360</u> | <u>28,574,398</u> |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

NOTES TO THE ACCOUNTS (Continued)

For the year ended June 1995

13. DEBTORS

| | 1995 £ | 1994 £ |
|---|------------------|------------------|
| Amounts receivable on contracts exchanged but not completed | 426,450 | 3,135,044 |
| Amount recoverable on long term contracts | 64,221 | 1,846,935 |
| Amounts due from fellow subsidiary undertakings | - | 78,191 |
| Amounts due from subsidiary undertakings | 352,096 | 814,997 |
| Other debtors * | 4,043,035 | 3,249,378 |
| Prepayments and accrued income | 191,461 | 669,559 |
| Corporation tax | - | 115,199 |
| Other taxation and social security | 469,756 | 14,636 |
| | <u>5,547,019</u> | <u>9,923,939</u> |

* includes balance amounting to £1,263,352 which fall due after more than one year (30 June 1994 - £1,079,635)

No formal arrangements for repayment of the amounts owed by group undertakings exist. In practice, these amounts represent long term advances and are unlikely to be repaid within one year.

14. CREDITORS

| Amounts falling due within one year : | 1995 £ | 1994 £ |
|--|------------------|-------------------|
| Bank overdraft (Note 18) | 3,049,737 | - |
| Trade creditors | 3,777,704 | 9,719,001 |
| Amount owed to parent undertaking | - | 2,969,815 |
| Amount owed to fellow subsidiary undertakings | - | 1,363,916 |
| Other taxation and social security costs | - | 133,852 |
| Corporation tax payable | 17,153 | - |
| Other creditors | 271,083 | 281,226 |
| Accruals and deferred income | 654,220 | 842,484 |
| Obligations under finance leases and hire purchase contracts | 1,834 | 3,909 |
| | <u>7,771,731</u> | <u>15,314,203</u> |

Amount falling due after one year:

| | 1995 £ | 1994 £ |
|---|-------------------|-------------------|
| Amount owed to parent undertaking | 30,053,290 | 25,607,747 |
| Obligations under finance leases and hire purchase contracts. | - | 647 |
| Accruals and deferred income | - | 450,000 |
| | <u>30,053,290</u> | <u>26,058,394</u> |

NOTES TO THE ACCOUNTS (Continued)

For the year ended June 1995

15. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in provisions are as follows:

| | Deferred Taxation £ | Other Provisions £ | Total |
|-----------------------|------------------------|-----------------------|------------------|
| At 1 July 1994 | (420,397) | 850,000 | 429,603 |
| Profit & Loss account | 161,758 | (850,000) | (688,242) |
| At 30 June 1995 | <u>(258,639)</u> | <u>-</u> | <u>(258,639)</u> |

There is no unprovided deferred tax. (1994 £nil)

16. SHARE CAPITAL

| | 1995 | 1994 |
|---|------------------|------------------|
| AUTHORISED | | |
| Ordinary Shares of £1 | <u>6,050,000</u> | <u>5,550,000</u> |
| ALLOTTED, CALLED UP AND FULLY PAID | | |
| Ordinary Shares of £1 | <u>6,050,000</u> | <u>5,550,000</u> |

On 13 July 1994 the authorised share capital was increased by the creation of 500,000 £1 ordinary shares. On the same day 500,000 £1 ordinary shares were issued at par to the parent company in exchange for a reduction in the amount due on intercompany account.

17. RESERVES

| | Revaluation Reserves £ | Profit & Loss Account £ |
|----------------------------|------------------------------|-------------------------------|
| At 1 July 1994 | 228,129 | (1,514,502) |
| Retained loss for the year | - | (7,605,629) |
| Movement in period | (228,129) | 228,129 |
| At 30 June 1995 | <u>-</u> | <u>(8,892,002)</u> |

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Total shareholders' funds

| | 1995 £ | 1994 £ |
|--|--------------------|------------------|
| Balance at 1 July 1994 | 4,263,627 | 4,612,001 |
| Increase in issued share capital during the year | 500,000 | - |
| Retained loss for the year | (7,605,629) | (340,507) |
| Revaluation | - | (7,867) |
| Balance at 30 June 1995 | <u>(2,842,002)</u> | <u>4,263,627</u> |

NOTES TO THE ACCOUNTS (Continued)

For the year ended June 1995

18. CONTINGENT LIABILITIES

The company has entered into performance bonds in the normal course of business.

The company is a party to cross guarantees given to National Westminster Bank Plc in respect of group bank overdrafts which at 30 June 1995 were £6,350,000.

The company has jointly and severally guaranteed the borrowing of an associated company with the other shareholders in the venture. The associated company's borrowings were £nil as at 30 June 1995 (1994 £nil).

19. PENSION COSTS

At the start of the year eligible employees were members of the Mowlem Group Staff Pension and Life Assurance Scheme. The assets and accrued liabilities in respect of these employees were transferred to the Beazer Homes Plc Pension Scheme, the value of the assets transferred on 22 May 1995 being £1.5 million.

Those employees of the company who are eligible are members of the Beazer Homes Plc Pension Scheme. It is defined benefit scheme which is funded by the payments of contributions, and is a separately administered trust fund.

The contributions to the scheme are based on pension costs across all companies in the scheme and are determined with the advice of an independent qualified actuary.

Information in respect of the actuarial position is given in the accounts of the parent company, Beazer Homes Plc.

20. OTHER FINANCIAL COMMITMENTS

Operating Leases

As at 30 June 1995 the company has annual commitments for the following financial year under non-cancellable operating leases as set out below:

| | Land & Building | | Other | |
|-------------------------------|----------------------------|----------------|----------------|----------------|
| | 1995 | 1994 | 1995 | 1994 |
| | £ | £ | £ | £ |
| Operating leases which expire | | | | |
| Within one year | - | - | 600 | 103,541 |
| In the second to fifth | | | | |
| year inclusive | - | - | 258,944 | 219,888 |
| After more than five years | 295,000 | 430,000 | - | - |
| | <u>295,000</u> | <u>430,000</u> | <u>259,544</u> | <u>323,429</u> |

NOTES TO THE ACCOUNTS (Continued)
For the year ended June 1995

21. CASH FLOW STATEMENT

The company is not required to produce a cash flow statement. It is a wholly owned subsidiary of Beazer Homes Plc which prepares a consolidated cash flow statement.

22. ULTIMATE PARENT COMPANY

The parent undertaking of the group undertakings for which group accounts are drawn up and of which the company is a member is Beazer Homes Plc, registered in England and Wales. Beazer Home Plc is also the company's ultimate parent company.

A copy of Beazer Homes Plc's accounts will be filed at Companies House, Crown Way, Cardiff, where they will be available to the public.

Beazer Homes Plc., St James House, The Square, Lower Bristol Road, Bath BA2 3SB