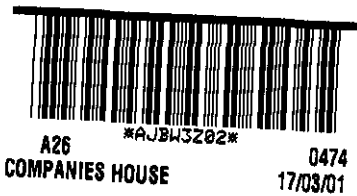


BEAZER HOMES REIGATE LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2000**

Company Number 153009



Registered No.153009

DIRECTORS

D. M. Webb (Resigned 28th October 1999)

J. D. Low

D J Smith

SECRETARY

B Armstrong

AUDITORS

Ernst & Young

1 Bridewell Street

Bristol BS1 2AA

BANKERS

National Westminster Bank PLC

15 High Street

Bath BA1 5AH

REGISTERED OFFICE

St. James House

The Square

Lower Bristol Road

Bath BA2 3SB

DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements of the Company for the year ended 30 June 2000.

1. RESULTS AND DIVIDENDS

The results for the year are set out on page 6. The directors do not recommend the payment of a final dividend.

2. PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

On the 30th June 1999, the trading activities together with the underlying assets and liabilities of the Company were transferred to Beazer Homes Limited in exchange for intercompany debt, whereafter the Company ceased to trade.

3. DIRECTORS' INTERESTS

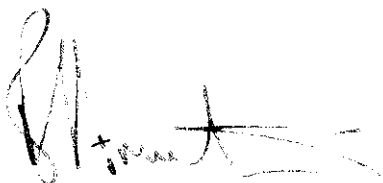
According to the register maintained as required under the Companies Act 1985, none of the directors had any interest in the share capital of the company.

The interests of D. M. Webb, J. D. Low and D J Smith are disclosed in the accounts of Beazer Group Plc.

4. AUDITORS

Messrs Ernst & Young have indicated their willingness to continue in office as auditors to the company.

By order of the Board



B Armstrong
Secretary

5th September 2000

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.

Report of the Auditors

To The Members of Beazer Homes Reigate Limited

We have audited the accounts on pages 6 to 13 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.


Basis of opinion

We have 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 disclosure 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 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 consider 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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Bristol



5 September 2000

PROFIT AND LOSS ACCOUNT
For the year ended 30 June 2000

		2000	1999
	Notes		
TURNOVER	2	-	15,980,566
Cost of Sales		-	(13,034,031)
GROSS PROFIT/(LOSS)		-	2,946,535
Administration expenses		-	(2,030,747)
Other operating income	3	-	208,414
OPERATING PROFIT/(LOSS)	4	-	1,124,202
Other interest receivable and similar income	7	-	40,014
Interest payable	8	-	(749,154)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			415,062
Tax on profit/(loss) on ordinary activities	9	(383,310)	(122,137)
RETAINED PROFIT/(LOSS) FOR THE PERIOD		(383,310)	292,925

RECOGNISED GAINS AND LOSSES


There are no recognised gains or losses other than the loss of £(383,310) (profit of £292,925 in the period ended 30 June 1999).

BALANCE SHEET

As at 30 June 2000

	Notes	2000 £	1999 £
CURRENT ASSETS			
Debtors	10	31,720,521	32,536,428
CREDITORS			
Amounts falling due within one year	11	-	(432,597)
NET CURRENT ASSETS		<u>31,720,521</u>	<u>32,103,831</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		31,720,521	31,103,831
CREDITORS:			
Amounts falling due after more than one year	11	(30,053,290)	(30,053,290)
		<u>1,667,231</u>	<u>2,050,541</u>
CAPITAL AND RESERVES			
Called up share capital	12	6,050,000	6,050,000
Profit and loss account	13	(4,382,769)	(3,999,459)
		<u>1,667,231</u>	<u>2,050,541</u>

The accounts were approved by the Board of Directors on 5th September 2000 and were signed on its behalf by:



D J Smith
Director

5th September 2000

NOTES TO THE ACCOUNTS
For the year ended 30 June 2000

1. ACCOUNTING POLICIES

Accounting convention

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

Recognition of profits

Profits in respect of the sale of residential properties are taken at the time of legal completion of the sale. Profits on each development are calculated based on total expected revenue less total anticipated costs and after making appropriate provision for all foreseeable losses.

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 (including 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 30 June 2000****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 paid under 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 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

Turnover represents sales of new residential units legally completed during the year. Partnership 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 activities.

3. OTHER OPERATING INCOME

	2000	1999
	£	£
Rents receivable	-	195,046
Other operating income		13,368
	<u>-</u>	<u>208,414</u>

NOTES TO THE ACCOUNTS (Continued)
For the year ended 30 June 2000

4. OPERATING PROFIT/(LOSS)

This is stated after charging:

	2000	1999
	£	£
Depreciation	-	25,824
Hire of plant and machinery	-	442,274
Operating leases - plant and machinery	-	138,895
- land and buildings	-	295,000
Auditors' remuneration - for audit services	-	-
Directors' emoluments	-	475,868
Profit on disposal of fixed assets	-	7,510
	<u>-</u>	<u>7,510</u>

5. DIRECTORS' EMOLUMENTS

The emoluments of the highest paid director, including pension contribution were:

	2000	1999
	£	£
Highest paid director	-	126,116
	<u>-</u>	<u>126,116</u>

The emoluments of directors who are also directors of the parent undertaking, Beazer Group Plc, are disclosed in the accounts of that company.

All Directors are members of the Beazer Group Plc defined benefit pension scheme.

The highest paid director's accrued pension benefit was £nil (1999 - £20,329).

6. EMPLOYEES

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

	2000	1999
	No.	No.
Operatives	-	8
Staff	-	62
	<u>-</u>	<u>70</u>

The costs incurred in respect of these employees were:

	2000	1999
	£	£
Wages and salaries	-	1,750,220
Social security costs	-	154,269
Other pension costs	-	32,393
	<u>-</u>	<u>1,936,882</u>

NOTES TO THE ACCOUNTS (Continued)
For the year ended 30 June 2000
7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000	1999
	£	£
Other interest receivable	-	40,014

8. INTEREST PAYABLE

	2000	1999
	£	£
Bank loans and overdraft	-	343,671
Other interest payable	-	405,483
	-	749,154

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
Based on the profit for the year:		
Corporation tax at 30% (1999:30.75%)	-	120,481
Prior year adjustment:		
Corporation tax	383,310	1,656
	383,310	122,137

10. DEBTORS

	2000	1999
	£	£
Amounts due from fellow subsidiary undertaking	31,720,521	32,536,428
	31,720,521	32,536,428

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.

11. TRADE AND OTHER CREDITORS

	2000	1999
	£	£
Amounts falling due within one year		
Corporation tax payable	-	432,597
	-	432,597
Amount falling due after more than one year:		
	2000	1999
	£	£
Amount due to fellow subsidiary undertaking	30,053,290	30,053,290

NOTES TO THE ACCOUNTS (Continued)

For the year ended 30 June 2000

No formal arrangements for payment of the amounts owed to group undertakings exist. In practice, these amounts represent long term loans and are unlikely to be paid within one year.

12. SHARE CAPITAL

	2000 £	1999 £
AUTHORISED		
Ordinary Shares of £1	<u>6,050,000</u>	<u>6,050,000</u>
ALLOTTED, CALLED UP AND FULLY PAID		
Ordinary Shares of £1	<u>6,050,000</u>	<u>6,050,000</u>

13. RESERVES

	Profit & Loss Account £
At 1 July 1999	(3,999,459)
Retained loss for the year	(383,310)
At 30 June 2000	<u>(4,382,769)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Total shareholders' funds

	2000 £	1999 £
Balance at 1 July 1999	2,050,541	1,757,616
Retained (loss)/profit for the year	(383,310)	292,925
Balance at 30 June 2000	<u>1,667,231</u>	<u>2,050,541</u>

14. CONTINGENT LIABILITIES

The Company had been notified of an action for alleged damages arising from a Contract entered into in March 1986. The claim is being defended. Given the nature of the action and its timing, in the opinion of the Directors' no provision is deemed necessary within the Financial Statements.

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available to subsidiary undertakings under FRS8 by not disclosing transactions with entities of the Group qualifying as related parties.

NOTES TO THE ACCOUNTS (Continued)

For the year ended 30 June 2000

16. PENSION COSTS

Those employees of the company during the preceeding year, whom were eligible, were members of the Beazer Group Plc Pension Scheme. It is a 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 Group Plc.

17. 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 Group Plc, registered in England and Wales. Beazer Group Plc is also the company's ultimate parent company.

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