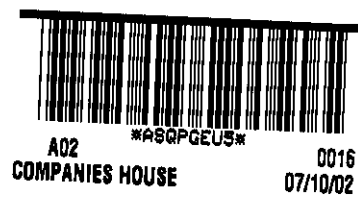


**BEAZER LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**IN RESPECT OF THE YEAR ENDED**

**31 DECEMBER 2001**



## **BEAZER LIMITED**

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### **DIRECTORS' REPORT**

Directors                    G Dransfield  
                                 K J Ludlam  
                                 J R Read

Secretary:                P D Tunnaclyffe

Registered Office:      1 Grosvenor Place, London SW1X 7JH

The directors present their report and the audited accounts of the company for the year ended 31 December 2001.

### **PRINCIPAL ACTIVITY**

The principal activity of the company is that of an investment holding company.

### **RESULTS AND DIVIDENDS**

The loss for the year attributable to shareholders amounts to £6,897,246 and is dealt with as shown in the profit and loss account. The directors do not recommend the payment of a dividend for the year.

### **DIRECTORS**

The directors shown at the head of this report are currently in office and served throughout the year.

### **DIRECTORS' INTERESTS**

None of the directors had any declarable interest in the share or loan capital of the company during the year under review.

The shareholding and related interest in Hanson PLC of G Dransfield is disclosed in the Hanson PLC accounts for the year ended 31 December 2001. The interests of K J Ludlam and J R Read in Hanson PLC are disclosed in the accounts of Houserate Ltd for the year ended 31 December 2001.

### **ANNUAL GENERAL MEETING**

Pursuant to an Elective Resolution of the company passed on 9 October 1998 the company has dispensed with the need to hold Annual General Meetings. Any member of the company is entitled to require the laying of the accounts before a general meeting on giving due notice to that effect in accordance with S253 of the Companies Act 1985.

**DIRECTORS' REPORT**

**AUDITORS**

On 28 June 2001, Ernst & Young, the company's auditors, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company in accordance with S386 of the Companies Act 1985.

**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, subject to 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 confirm that the accounts comply with the above requirements.

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.

By order of the Board



P D Tunnacliffe  
Secretary  
3 October 2002

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BEAZER LIMITED**

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We have audited the company's financial statements for the year ended 31 December 2001 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London  
3 October 2002

**BEAZER LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2001**

	<u>Note</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Exceptional – provision of inter company debtors		(6,975,846)	-
OPERATING LOSS		<u>(6,975,846)</u>	<u>-</u>
Income from group undertakings	2	78,600	-
Interest payable and similar charges	3	<u>-</u>	<u>(457,676)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(6,897,246)	(457,676)
Taxation on ordinary activities	5	<u>-</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		<u>(6,897,246)</u>	<u>(457,676)</u>

A statement of the movement on reserves is given in note 11.

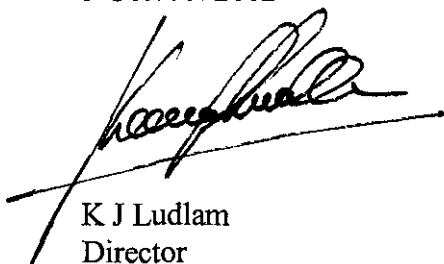
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Loss attributable to members of the company	(6,897,246)	(457,676)
Currency translation differences on foreign currency net investments	<u>-</u>	<u>(17,558,937)</u>
TOTAL RECOGNISED LOSSES RELATING TO THE YEAR	<u>(6,897,246)</u>	<u>(18,016,613)</u>

**BALANCE SHEET AT 31 DECEMBER 2001**

	<u>Note</u>	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
<b>FIXED ASSETS</b>			
Investments	6	405,585,838	405,585,838
<b>CURRENT ASSETS</b>			
Debtors	7	286,786,932	293,684,178
CREDITORS: amounts falling due within one year	8	(732,005,880)	(732,005,880)
<b>NET CURRENT LIABILITIES</b>		<u>(445,218,948)</u>	<u>(438,321,702)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(39,633,110)</u>	<u>(32,735,864)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	78,500,438	78,500,438
Share premium account	11	249,749,839	249,749,839
Other reserves	11	70,097,914	70,097,914
Profit and loss account	11	(437,981,301)	(431,084,055)
<b>EQUITY AND NON-EQUITY SHAREHOLDERS' FUNDS</b>	10	<u>(39,633,110)</u>	<u>(32,735,864)</u>
Equity shareholders' funds		(39,633,110)	(32,735,864)
Non-equity shareholders' funds		-	-
		<u>(39,633,110)</u>	<u>(32,735,864)</u>

Approved by the Board of Directors  
3 October 2002



K J Ludlam  
Director

**NOTES TO THE ACCOUNTS – 31 DECEMBER 2001****1 (a) BASIS OF PREPARATION**

The accounts have been prepared under the going concern concept because a fellow subsidiary undertaking has stated that subject to unforeseen circumstances it intends to provide financial support to enable the company to meet its liabilities as they fall due.

**(b) ACCOUNTING POLICIES****Accounting Convention**

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

The company has taken advantage of the exemption available to it under FRS1 "Cash Flow Statements" not to prepare a statement of cash flows.

**Investment in subsidiary undertakings**

The investment in subsidiary undertakings is stated at cost less amounts written off.

**Group accounts**

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.

**2 INCOME FROM GROUP UNDERTAKINGS**

	<u>2001</u> £	<u>2000</u> £
Dividends from group subsidiary undertakings	78,600	-

**3 INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>2001</u> £	<u>2000</u> £
Interest payable in relation to swaps contracts	-	(457,676)

**4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

This is stated after charging:

	<u>2001</u> £	<u>2000</u> £
Auditors' remuneration	-	-
Directors' remuneration	-	-

Fees for audit and non-audit services provided by Ernst & Young LLP to the company have been borne by the ultimate parent undertaking. It is not practicable to ascertain what proportion of such fees relates to the company.

**NOTES TO THE ACCOUNTS – 31 DECEMBER 2001****4 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)**

The directors are also directors of, and were paid by, the ultimate parent undertaking and/or other group undertakings. The directors do not believe that it is practicable to apportion these emoluments between their services as directors of the company and their services as directors of the ultimate parent undertaking and/or other group undertaking.

**5 TAXATION**

There is no liability to taxation on the profit for the year, owing to the availability of group losses.

**6 INVESTMENTS**

	<u>Shares in subsidiary undertakings</u>	<u>Loans</u>	<u>Provision</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 31 December 2000 and 31 December 2001	416,898,066	250,000	(11,562,228)	405,585,838

In the opinion of the directors the investments are worth at least the figures at which they are stated in the accounts.

The companies listed below are the principal subsidiary undertakings.

	<u>Holding</u>	<u>Nature of business</u>	<u>Proportion of Voting Rights and Shares held</u>
HPL Investments Limited	Ordinary shares	Inactive	100%
HB Pacific Limited	Ordinary shares	Inactive	100%

**7 DEBTORS**

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Amounts owed by fellow subsidiary undertakings	<u>286,786,932</u>	<u>293,684,178</u>

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



**NOTES TO THE ACCOUNTS – 31 DECEMBER 2001****8 CREDITORS**

	<u>2001</u> £	<u>2000</u> £
Amounts falling due within one year:		
Amounts owed to ultimate parent undertaking	2,834,654	2,834,654
Amounts owed to fellow subsidiary undertakings	728,545,944	728,545,944
Corporation tax	625,282	625,282
	<u>732,005,880</u>	<u>732,005,880</u>

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

**9 SHARE CAPITAL**

	<u>2001</u> £	<u>2000</u> £
Authorised		
390,000,000 ordinary shares of 10p each	39,000,000	39,000,000
50,000,000 8.67% cumulative redeemable		
Preferences shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>

	<u>2001</u> £	<u>2000</u> £
Allotted, called up and fully paid		
285,004,380 ordinary shares of 10p each	28,500,438	28,500,438
50,000,000 8.67% cumulative redeemable		
Preference shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>
	<u>78,500,438</u>	<u>78,500,438</u>

8.67% cumulative redeemable preference shares:

- (i) entitle holders to a fixed cumulative preferential dividend at a rate of 8.67% per annum per share, payable half yearly on 2 January and 2 July.
- (ii) may be purchased at the option of the company at any time and any still in issue shall be redeemable at par on 2 July 2007.
- (iii) on a return of capital on a winding up, or otherwise, will carry the right to repayment of capital plus a premium not exceeding three times the nominal value plus any accruals and arrears of the fixed dividends.

**NOTES TO THE ACCOUNTS – 31 DECEMBER 2001****9 SHARE CAPITAL (continued)**

- (iv) carry the right to attend and vote on a resolution at a general meeting of the company only if, at the date of the notice convening the meeting, payment of a dividend to which they are entitled is six months or more in arrears, or the shares have not been redeemed on the due date of redemption, or if a resolution to be considered at the meeting is for the winding up of the company, reducing its share capital, altering the limit on borrowings of the company or varying or abrogating any special rights attaching to the shares.

**10 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS**

	<u>2001</u> £	<u>2000</u> £
Loss attributable to members of the company	(6,897,246)	(457,676)
Other recognised gains and losses for the period	-	(17,558,937)
	<u>(6,897,246)</u>	<u>(18,016,613)</u>
Opening shareholders' funds	(32,735,864)	(14,719,251)
Closing shareholders' funds	<u>(39,633,110)</u>	<u>(32,735,864)</u>

**11 MOVEMENT IN RESERVES**

	<u>Profit &amp; loss</u> <u>account</u> £	<u>Other</u> <u>reserves</u> £	<u>Share</u> <u>capital</u> £	<u>Share</u> <u>premium</u> £	<u>Total</u> £
At 31 December 2000	(431,084,055)	70,097,914	78,500,438	249,749,839	(32,735,864)
Profit for the period	(6,897,246)	-	-	-	(6,897,246)
Balance at 31 December 2001	<u>(437,981,301)</u>	<u>70,097,914</u>	<u>78,500,438</u>	<u>249,749,839</u>	<u>(39,633,110)</u>

**12 ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking of Beazer Limited is Hanson Overseas Holdings Limited, a company registered in England and Wales and the ultimate parent undertaking is Hanson PLC, a company registered in England and Wales. The largest group preparing consolidated group accounts which include Beazer Limited is Hanson PLC and the smallest group preparing consolidated group accounts is Houserate Limited, a company registered in England and Wales.

Copies of the accounts of Hanson PLC and Houserate Limited can be obtained from 1 Grosvenor Place, London, SW1X 7JH.

The company has taken advantage of the exemption available to it in FRS 8 "Related Party Disclosures" from disclosing transactions with related parties that are part of the Hanson PLC group.