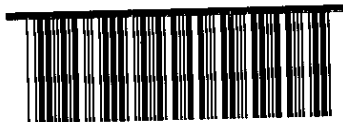


Berkeley Homes Special Contracts plc

(Registered Number: SC 45234)

Directors' Report & Accounts

30 April 2002



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Berkeley Homes Special Contracts plc

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Berkeley Homes Special Contracts plc

Directors' Report

The Directors submit their report together with the financial statements for the year ended 30 April 2002.

Principal activities and review of the business

As at 30 April 2001 the Company transferred all trading to Berkeley Homes plc, consequently during the year the Company did not trade on its own account, received no income and incurred no expenditure.

Results and dividends

The Company's profit after taxation for the year is £Nil (2001: £37,378,654). The Directors do not propose a final dividend (2001: £21,355,849). The retained profit for the year of £Nil (2001: £16,022,805) has been transferred to reserves.

Directors and their Interests

The Directors who held office during the year under review and up to the date of this report were as follows:

RCG Perrins
DA Fox (appointed 1 May 2001)

Of the Directors in office as at the year end, Mr Perrins was also a Director of the ultimate holding company, The Berkeley Group plc, and his interest in the shares of the ultimate holding company are duly recorded in the annual report and accounts of that company.

The remaining director in office at year end has no interest in the share capital of the Company, and his interest in the share capital of the ultimate holding company, The Berkeley Group plc, was as follows:-

Name	Ordinary Shares of 25p		Options to subscribe for ordinary shares of 25p		During the Year			Price
	1 May 2001	30 April 2002	1 May 2001	30 April 2002	Granted	Exercised		
D A Fox	-	-	23,251	24,805	1,554	-	-	-

The options outstanding as at the year end are exercisable at prices between 427.5p and 712.5p between 1 May 2002 and 21 December 2010.

Donations

During the year donations made by the Company for charitable purposes in the United Kingdom amounted to £Nil (2001: £119,863).

Berkeley Homes Special Contracts plc

Directors' Report (Continued)

Employment policy

The Company is firmly committed to the continuation and strengthening of communication lines with all its employees. It is the policy of the Company to support the employment of disabled persons wherever practicable and to ensure that as far as possible they share in the training, career development and promotion opportunities available to all employees.

Environmental policy

The Board recognises the importance of environmental issues and, in carrying out its business, strives to make a positive contribution to the quality of life both for the present and the future. An environmental policy statement has been introduced and adopted by all trading operations within the Group.

Creditor payment policy

Group companies agree terms and conditions for transactions with suppliers and payment is made on these terms, subject to the supplier meeting and agreed terms and conditions. The average supplier payment period during the year for the Company was Nil days (2001: 15 days).

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution proposing their re-appointment as auditors of the Company will be put to the members at the Annual General Meeting.

By Order of the Board



C Puttergill
Secretary

28/11/ 2002

Berkeley Homes Special Contracts plc

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements 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 of the company for that period. In preparing those financial statements, 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 financial statements;
- prepare the financial statements 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 financial statements 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.

Independent auditors' report to the members of Berkeley Homes Special Contracts plc

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 United Kingdom 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 is not disclosed.

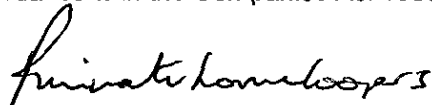
Basis of audit opinion

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 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 the company's affairs at 30 April 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

28/11/ 2002

Berkeley Homes Special Contracts plc

Profit and Loss Account for the Year Ended 30 April 2002

	<i>Note</i>	Year to 30 April 2002 £	Year to 30 April 2001 £
Turnover		-	415,865,571
Cost of sales		-	(307,928,918)
Gross profit		-	107,936,653
Administrative expenses		-	(35,556,409)
Profit on ordinary activities before interest and taxation		-	72,380,244
Interest receivable and similar income	2	-	173,607
Interest payable and similar charges	2	-	(18,625,114)
Profit on ordinary activities before taxation	2	-	53,928,737
Taxation on profit on ordinary activities	4	-	(16,550,083)
Profit on ordinary activities after taxation		-	37,378,654
Dividends	5	-	(21,355,849)
Retained profit for the year		-	16,022,805

There were no gains or losses recognised in the year other than profits set out above and therefore no separate statement of recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the retained profit of this year stated above and their historical cost equivalents.

The notes on pages 8 to 13 form part of these accounts.

Berkeley Homes Special Contracts plc

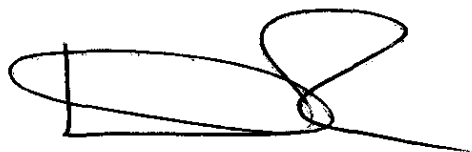
Balance Sheet as at 30 April 2002

	<i>Note</i>	2002 £	2001 £
Current assets			
Debtors	6	100,881,331	100,881,331
<hr/>			
Net Assets		100,881,331	100,881,331
<hr/>			
Capital and reserves			
Called up share capital	7	14,506,544	14,506,544
Share premium	8	3,981,651	3,981,651
Profit and loss account	8	82,393,136	82,393,136
<hr/>			
Equity shareholders' funds		100,881,331	100,881,331

These accounts were approved by the Board of Directors on

28/11/ 2002.

D A Fox
Director



The notes on pages 8 to 13 form part of these accounts.

Berkeley Homes Special Contracts plc

Notes to the Accounts at 30 April 2002

1 Accounting policies

Basis of accounting

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

Turnover

Turnover represents the amounts receivable from the sale of properties in the UK. Properties are treated as sold and profits are taken when contracts are exchanged and the building work is substantially complete, which is defined as being plastered and with the floor screed completed.

Pension costs

The expected cost of providing pensions is recognised on a systematic basis over the period during which benefit is derived from the employees' services.

Leasing and rental agreements

Payments under rental and operating lease agreements are charged against profit in the period in which they become due. The Company has not entered into any finance leases.

Cash flow statement and related party transactions

The Company is a wholly owned subsidiary of The Berkeley Group plc and is included in the consolidated financial statements of The Berkeley Group plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of The Berkeley Group plc or investees of The Berkeley Group plc.

Berkeley Homes Special Contracts plc

Notes to the Accounts at 30 April 2002

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation for the year is stated after charging/(crediting) the following amounts:

	2002 £	2001 £
Staff costs	-	28,153,001
Depreciation	-	1,498,843
Hire of plant and machinery	-	2,162,707
Auditors' remuneration – audit fees	-	77,007
(Profit)/loss on sale of fixed assets	-	(102,731)
Operating lease costs – motor vehicles	-	1,256,650
– land and buildings	-	477,910
Interest payable on loans and overdrafts repayable within five years	-	18,320
Interest payable to Group undertakings	-	18,606,794
Other interest receivable	-	(173,607)

3 Directors and employees

	2002 £	2001 £
Staff costs		
Wages and salaries	-	23,873,000
Social security costs	-	3,095,055
Other pension costs	-	1,184,946
	-	28,153,001

The average number of persons employed by the Company during the year was nil (2001: 742)

Directors

Mr Perrins and Mr Fox provide their services primarily to The Berkeley Group plc. As such, their remuneration is paid by and disclosed in the accounts of that company. The following disclosures therefore exclude Mr Perrins and Mr Fox.

Berkeley Homes Special Contracts plc

Notes to the Accounts at 30 April 2002

3 Directors and employees (continued)

Emoluments in respect of Directors were as follows:

	2002 £	2001 £
Aggregate emoluments paid to directors (excluding pensions and amounts paid under Long Term Incentive Schemes)	-	2,324,307
Aggregate amounts receivable under Long Term Incentive Scheme	-	170,416
Company contributions paid in respect of defined contribution schemes	-	15,745

There were no Directors (2001: ten) to whom retirement benefits are accruing under a defined benefit scheme and nil (2001: nil) Directors to whom retirement benefits are accruing under a defined contribution scheme.

Highest paid director

	2002 £	2001 £
Aggregate emoluments paid to directors (excluding pensions and amounts paid under Long Term Incentive Schemes)	-	537,682
Accrued pension benefit at end of year – defined contribution scheme	-	15,745
	-	553,427

Pensions

There are currently two principal pension schemes in operation within The Berkeley Group plc, the ultimate parent company which Berkeley Homes Special Contracts plc participate in, the assets of which are held in separate trustee administered funds. The Berkeley Group plc Staff Benefits Plan (the 'Berkeley Final Salary Plan') is a defined benefit scheme and was closed to new entrants from 1 May 2002. The Berkeley Group plc Money Purchase Scheme (the 'Berkeley Money Purchase Plan') is a defined contribution scheme.

The Berkeley Final Salary Plan is subject to an independent actuarial valuation at least every three years. The most recent valuation was carried out as at 1 May 2001. The method adopted in the 2001 valuation was the projected unit method, which assumed a return on investment prior to and after retirement of 6.5% and 5.5% per annum respectively, pension increases for service before and after April 1997 of 3.0% and 2.5% per annum respectively and salary escalation at 3.5% per annum. The market value of the Berkeley Final Salary Plan assets at 1 May 2001 was £13,956,000 and was sufficient to cover 79% of the scheme's liabilities. Employer's contributions are currently paid at 15% and it is proposed to maintain this level of contribution thereby reducing the deficit to zero over the expected remaining service life of existing members.

Under the transitional arrangements of FRS 17 'Retirement Benefits', the required disclosures relating to the Berkeley Final Salary Plan are set out in the statutory accounts of the Berkeley Group plc, the ultimate parent company.

Berkeley Homes Special Contracts plc

Notes to the Accounts at 30 April 2002

4 Taxation

	2002 £	2001 £
Taxation on profit for the year		
UK corporation tax at 30% (2001: 30%)	-	16,550,083

5 Dividends

	2002 £	2001 £
Ordinary: final proposed £Nil per share (2001: £7,349)	-	21,355,849

6 Debtors

	2002 £	2001 £
Amounts owed by group undertakings	100,881,331	100,881,331

Berkeley Homes Special Contracts plc

Notes to the Accounts at 30 April 2002

7 Share capital

	2002 £	2001 £
Authorised:		
52,469,516 Ordinary shares of 5p each	2,623,475	2,623,475
10,000,000 Convertible cumulative preference shares of 20p each	2,000,000	2,000,000
170,130,484 "A" Deferred shares of 5p each	8,506,525	8,506,525
30,000,000 "B" Deferred shares of 20p each	6,000,000	6,000,000
25,000,000 4.75% Preference shares of £1 each	25,000,000	25,000,000
	44,130,000	44,130,000
5,100 Ordinary shares of US\$ 0.01	US\$51	US\$51
Issued and fully paid:		
170,130,484 "A" Deferred shares of 5p each	8,506,525	8,506,525
30,000,000 "B" Deferred shares of 20p each	6,000,000	6,000,000
2,906 Ordinary share of US\$0.01 (US\$29 @ £:US\$1.5)	19	19
	14,506,544	14,506,544

The holders of "A" and "B" Deferred Shares shall not be entitled to any participation in the profits or the assets of the Company, unless the holders of the US\$ Ordinary shares have received the sum of £10,000,000,000 in respect of each share (other than "A" and "B" Deferred Shares) held by them.

None of the "A" and "B" Deferred Shares shall carry any right to receive notice of or attend and vote at any general meeting of the Company.

The Company shall have the power and authority at any time to purchase all or any of the Deferred Shares for an aggregate consideration of £1 which shall be applied for the benefit of the Company.

Berkeley Homes Special Contracts plc

Notes to the Accounts at 30 April 2002

8 Reserves

	Share Premium £	Profit and loss account £
At 1 May 2001	3,981,651	82,393,136
Profit for the period	-	-
At 30 April 2002	3,981,651	82,393,136

9 Holding company

The ultimate holding company is The Berkeley Group plc, a company registered in England and Wales. This is the only group for which group accounts have been prepared. Copies of these group accounts are available from the Company Secretary at Berkeley House, 19 Portsmouth Road, Cobham, Surrey KT11 1JG.