

Litrose Investments Limited

Directors' report and financial statements

31 July 1998

Registered number 897216



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 1998.

Principal activities

The principal activity of the company is investment in land.

Business review

The company continues to operate on a modest scale and no material change is expected in the year ending 31 July 1999.

Trading results

The company's profit for the year after taxation amounted to £12,125. The directors do not recommend the payment of a dividend.

Directors

The directors during the year were:

H C Dawe
Rory St. John Wilson

The interests of HC Dawe in the ordinary share capital of the holding company, Bellway p.l.c., are disclosed in that company's annual report and accounts.

The other director had no interest in the shares of group companies which requires disclosure in this report.

By order of the board


GK Wrightson
Secretary

Seaton Burn House
Newcastle upon Tyne

19TH OCTOBER 1998

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Report of the auditors to the members of Litrose Investments Limited

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 as at 31 July 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

19th October 1998

Profit and loss account
for the year ended 31 July 1998

	<i>Note</i>	1998 £	1997 £
Turnover	<i>1</i>	17,610	14,413
Cost of sales		(2,273)	(2,969)
Gross profit		15,337	11,444
Administrative expenses		(692)	(624)
Profit on sale of freehold reversions		703	1,406
Profit on ordinary activities before taxation	<i>2</i>	15,348	12,226
Taxation	<i>3</i>	(3,223)	(2,812)
Profit for the financial year		12,125	9,414
Dividends proposed on equity shares		-	(9,414)
Retained profit for the financial year		12,125	-
Profit and loss account brought forward		51,899	51,899
Profit and loss account carried forward		64,024	51,899

The results for both the current and preceding financial years derive from continuing operations.

Statement of total recognised gains and losses
for the year ended 31 July 1998

The company had no recognised gains and losses (1997: £Nil) other than those included in the profit and loss account.

Balance sheet
at 31 July 1998

	<i>Note</i>	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	4		101,396		101,493
Current assets					
Debtors	5	12,535		10,917	
Cash at bank and in hand		7,547		113,775	
		<u>20,082</u>		<u>124,692</u>	
Creditors: amounts falling due within one year	6	<u>(57,452)</u>		<u>(174,284)</u>	
Net current liabilities			(37,370)		(49,592)
Net assets			<u>64,026</u>		<u>51,901</u>
Capital and reserves					
Called up share capital	7		2		2
Profit and loss account			64,024		51,899
Equity shareholders' funds	8		<u>64,026</u>		<u>51,901</u>

These financial statements were approved by the board of directors on 19th October 1998 and were signed on its behalf by:

HC Dawe
Director



Notes

(forming part of the financial statements)

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 financial statements.

The company is exempt from the requirement to present a cash flow statement in the grounds that it is a wholly-owned subsidiary of Bellway p.l.c..

As the company is a wholly owned subsidiary of Bellway p.l.c. the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Bellway p.l.c., within which this company is included, can be obtained from the address given in note 9.

Basis of accounting

The financial statements have been prepared on the historical cost basis and in accordance with applicable accounting standards.

Turnover

Turnover represents rents and ground rents receivable.

2 Profit on ordinary activities before taxation

Profit before taxation is stated after charging auditors' remuneration, in respect of audit, of £550 (1997: £550).

3 Taxation

	1998 £	1997 £
UK corporation tax based on the profit for the year at 31% (1997: 32.33%)	3,223	2,812
	<u> </u>	<u> </u>

Notes *(continued)*

4 Tangible fixed assets

	Completed ground rents	Freehold land for development	Total
	£	£	£
<i>Cost</i>			
At 1 August 1997	30,585	70,908	101,493
Ground rents completed in the year	-	(873)	(873)
Sale of freehold reversions	776	-	776
	<hr/>	<hr/>	<hr/>
At 31 July 1998	31,361	70,035	101,396
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Ground rents and freehold land are not depreciated.

5 Debtors

	1998 £	1997 £
Trade debtors	2,003	1,844
Other debtors	22	22
Prepayments and accrued income	10,510	9,051
	<hr/>	<hr/>
	12,535	10,917
	<hr/> <hr/>	<hr/> <hr/>

All of the above amounts fall due within one year.

6 Creditors: amounts falling due within one year

	1998 £	1997 £
Amounts owed to parent and fellow subsidiary undertakings	50,120	168,125
Corporation tax	3,192	2,781
Accruals and deferred income	4,140	3,378
	<hr/>	<hr/>
	57,452	174,284
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

7 Called up share capital

	1998 £	1997 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

8 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	12,125	9,414
Dividends proposed	-	(9,414)
Opening shareholders' funds	51,901	51,901
	<hr/>	<hr/>
Closing shareholders' funds	64,026	51,901
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9 Ultimate holding company and parent undertaking of larger group of which the company is a member

The ultimate holding company and ultimate controlling party is Bellway p.l.c., a company registered in England and Wales.

Bellway p.l.c. is the only parent company of a group including Litrose Investments Limited which is required to prepare group accounts. Copies of the Bellway p.l.c. group accounts can be obtained from the Company Secretary, Bellway p.l.c., Seaton Burn House, Newcastle upon Tyne, NE13 6BE.