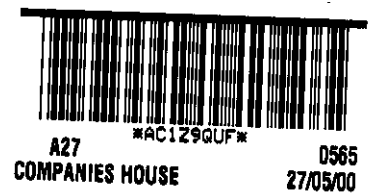


**Litrose Investments Limited**

**Directors' report and financial  
statements**

**Registered number 897216**

**31 July 1999**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 1999.

### 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 2000.

### Trading results

The company's profit for the year after taxation amounted to £12,710. The directors do not recommend the payment of a dividend.

### Directors

The directors during the year were:

H C Dawe  
RC 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.

### Year 2000

The company is aware of the importance of and the effect that this issue presents to many areas of its business, both from the internal perspective and also its relationship with the outside world.

As a consequence of this, the company has taken specific and timely measures to attempt to anticipate and address known and foreseeable problem areas which affect its operations. An extensive programme of testing systems and a programme for vetting suppliers is ongoing and will be completed in the next few months. Any system found to be non-compliant during the analysis will be replaced or made compliant. However, no set of measures can absolutely guarantee coverage of all the issues involved. The estimated cost for this work is not material.

By order of the board

  
**GK Wrightson**  
*Secretary*

Seaton Burn House  
Newcastle upon Tyne

18 October 1999

## **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**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

**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 1999 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*

18 October 1999

**Profit and loss account**  
*for the year ended 31 July 1999*

	<i>Note</i>	1999 £	1998 £
<b>Turnover</b>	<i>1</i>	<b>18,532</b>	17,610
Cost of sales		<b>(2,351)</b>	(2,273)
<b>Gross profit</b>		<b>16,181</b>	15,337
Administrative expenses		<b>(764)</b>	(692)
Profit on sale of freehold reversions		<b>603</b>	703
<b>Profit on ordinary activities before taxation</b>	<i>2</i>	<b>16,020</b>	15,348
Taxation	<i>3</i>	<b>(3,310)</b>	(3,223)
<b>Retained profit for the financial year</b>		<b>12,710</b>	12,125
Profit and loss account brought forward		<b>64,024</b>	51,899
<b>Profit and loss account carried forward</b>		<b>76,734</b>	64,024

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 1999*

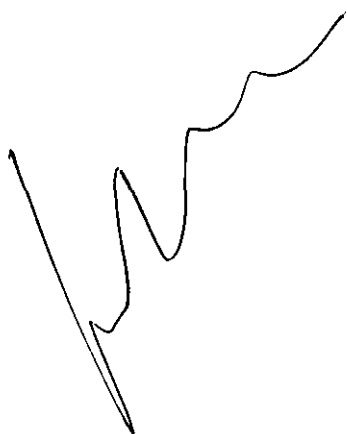
The company had no recognised gains and losses (1998: £Nil) other than those included in the profit and loss account.

**Balance sheet**  
*at 31 July 1999*

	<i>Note</i>	<b>1999</b>		<b>1998</b>	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	4		101,299		101,396
<b>Current assets</b>					
Debtors	5	11,855		12,535	
Cash at bank and in hand		26,748		7,547	
		<u>38,603</u>		<u>20,082</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>(63,166)</u>		<u>(57,452)</u>	
<b>Net current liabilities</b>			<u>(24,563)</u>		<u>(37,370)</u>
<b>Net assets</b>			<u>76,736</u>		<u>64,026</u>
<b>Capital and reserves</b>					
Called up share capital	7		2		2
Profit and loss account			76,734		64,024
<b>Equity shareholders' funds</b>	8		<u>76,736</u>		<u>64,026</u>

These financial statements were approved by the board of directors on 18 October 1999 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 on 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 £600 (1998: £550).

### 3 Taxation

	1999 £	1998 £
UK corporation tax based on the profit for the year at 20.67% (1998: 21%)	3,310	3,223
	<hr/>	<hr/>



## Notes (continued)

### 4 Tangible fixed assets

	Completed ground rents	Freehold land for development	Total
	£	£	£
<i>Cost</i>			
At 1 August 1998	31,361	70,035	101,396
Sale of freehold reversions	(97)	-	(97)
	<hr/>	<hr/>	<hr/>
At 31 July 1999	31,264	70,035	101,299
	<hr/>	<hr/>	<hr/>

Ground rents and freehold land are not depreciated.

### 5 Debtors

	1999 £	1998 £
Trade debtors	764	2,003
Other debtors	23	22
Prepayments and accrued income	11,068	10,510
	<hr/>	<hr/>
	11,855	12,535
	<hr/>	<hr/>

All of the above amounts fall due within one year.

### 6 Creditors: amounts falling due within one year

	1999 £	1998 £
Amounts owed to parent and fellow subsidiary undertakings	57,351	50,120
Corporation tax	3,279	3,192
Accruals and deferred income	2,536	4,140
	<hr/>	<hr/>
	63,166	57,452
	<hr/>	<hr/>

## Notes (continued)

### 7 Called up share capital

	1999 £	1998 £
<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

	1999 £	1998 £
Profit for the financial year	12,710	12,125
Opening shareholders' funds	64,026	51,901
	<hr/>	<hr/>
Closing shareholders' funds	76,736	64,026
	<hr/>	<hr/>

### 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, Dudley Lane, Seaton Burn, Newcastle upon Tyne, NE13 6BE.