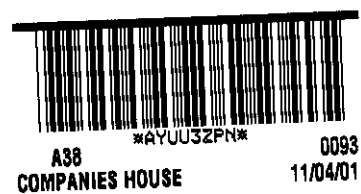


Litrose Investments Limited

**Directors' report and financial
statements**

Registered number 897216

31 July 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2000.

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 2001.

Trading results

The company's profit for the year after taxation amounted to £13,954 (1999: £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

Neither director had any interest in the shares of the company. The interests of HC Dawe in the ultimate 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.

By order of the board



GK Wrightson
Secretary

Seaton Burn House
Newcastle upon Tyne

16 October 2000

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 2000 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

16 October 2000

Profit and loss account
for the year ended 31 July 2000

	<i>Note</i>	2000 £	1999 £
Turnover	<i>1</i>	19,802	18,532
Cost of sales		(2,625)	(2,351)
Gross profit		17,177	16,181
Administrative expenses		(881)	(764)
Profit on sale of freehold reversions		-	603
Profit on sale of land		1,147	-
Profit on ordinary activities before taxation	<i>2</i>	17,443	16,020
Taxation	<i>3</i>	(3,489)	(3,310)
Retained profit for the financial year		13,954	12,710
Profit and loss account brought forward		76,734	64,024
Profit and loss account carried forward		90,688	76,734

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 2000

The company had no recognised gains and losses (1999: £Nil) other than those included in the profit and loss account.

Balance sheet
at 31 July 2000

	<i>Note</i>	2000	1999
		£	£
Fixed assets			
Tangible assets	4	101,298	101,299
Current assets			
Debtors	5	11,921	11,855
Cash at bank and in hand		37,297	26,748
		<u>49,218</u>	<u>38,603</u>
Creditors: amounts falling due within one year	6	<u>(59,826)</u>	<u>(63,166)</u>
Net current liabilities		(10,608)	(24,563)
Net assets		90,690	76,736
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account		90,688	76,734
Equity shareholders' funds	8	90,690	76,736

These financial statements were approved by the board of directors on
on its behalf by:

16 October 2000 and were signed

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 £763 (1999: £600).

3 Taxation

	2000 £	1999 £
UK corporation tax based on the profit for the year at 20% (1999: 20.67%)	3,489	3,310

Notes (continued)

4 Tangible fixed assets

	Completed ground rents	Freehold land for development	Total
	£	£	£
<i>Cost</i>			
At 1 August 1999	31,264	70,035	101,299
Sale of freehold land	-	(1)	(1)
	<hr/>	<hr/>	<hr/>
At 31 July 2000	31,264	70,034	101,298
	<hr/>	<hr/>	<hr/>

Ground rents and freehold land are not depreciated.

5 Debtors

	2000 £	1999 £
Trade debtors	830	764
Other debtors	23	23
Prepayments and accrued income	11,068	11,068
	<hr/>	<hr/>
	11,921	11,855
	<hr/>	<hr/>

All of the above amounts fall due within one year.

6 Creditors: amounts falling due within one year

	2000 £	1999 £
Amounts owed to parent and fellow subsidiary undertakings	52,278	57,351
Corporation tax	3,458	3,279
Accruals and deferred income	4,090	2,536
	<hr/>	<hr/>
	59,826	63,166
	<hr/>	<hr/>

Notes (continued)

7 Called up share capital

	2000 £	1999 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2

8 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	13,954	12,710
Opening shareholders' funds	76,736	64,026
Closing shareholders' funds	90,690	76,736

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.