

Litrose Investments Limited

**Directors' report and financial
statements**

Registered number 897216

31 July 2007

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Directors' report

The directors present their directors' report and financial statements for the year ended 31 July 2007

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 2008

Trading results and proposed dividend

The Company's profit for the financial year amounted to £12,464 (2006 £12,728) The directors do not recommend the payment of a dividend (2006 £nil)

Directors

The directors who held office during the year and subsequently were as follows

HC Dawe
RC St John Wilson
JK Watson
PJ Stoker

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company The interests of HC Dawe, PJ Stoker and JK Watson in the 12 5p ordinary shares of the ultimate holding company, Bellway plc, are disclosed in that Company's annual report and accounts

The other director had no interest in the shares of group companies

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company were granted to any of the directors or their immediate families, or exercised by them, during the financial year

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2006 £nil)

Disclosure of information to auditors

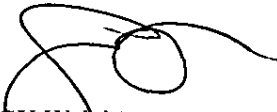
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the board



CK Wrightson
Secretary

Seaton Burn House
Dudley Lane
Seaton Burn
Newcastle upon Tyne
NE13 6BE

15TH OCTOBER 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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
United Kingdom

Independent auditors' report to the members of Litrose Investments Limited

We have audited the financial statements of Litrose Investments Limited for the year ended 31 July 2007 which comprise the Profit and Loss Account, the Balance Sheet, Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Litrose Investments Limited

(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

15 October 2007

Profit and loss account
for the year ended 31 July 2007

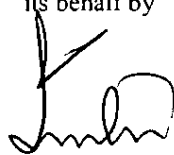
	<i>Note</i>	2007 £	2006 £
Turnover – continuing operations	<i>1</i>	19,160	19,576
Cost of sales		(2,409)	(2,584)
Gross profit		16,751	16,992
Administrative expenses		(1,293)	(1,292)
Operating profit – continuing operations		15,458	15,700
Other interest receivable and similar income		7	-
Profit on ordinary activities before taxation	<i>2-3</i>	15,465	15,700
Tax on profit on ordinary activities	<i>4</i>	(3,001)	(2,972)
Profit for the financial year		12,464	12,728
Retained profit brought forward		173,027	160,299
Retained profit carried forward		185,491	173,027

The Company had no recognised gains and losses (2006 £ml) other than those included in the profit and loss account

Balance sheet
at 31 July 2007

	Note	£	2007 £	£	2006 £
Fixed assets					
Tangible assets	5		100,813		100,813
Current assets					
Debtors	6	12,577		12,757	
Cash at bank and in hand		81,016		65,270	
		93,593		78,027	
Creditors amounts falling due within one year	7	(8,913)		(5,811)	
Net current assets			84,680		72,216
Net assets			185,493		173,029
Capital and reserves					
Called up share capital	8		2		2
Profit and loss account			185,491		173,027
Shareholders' funds			185,493		173,029

These financial statements were approved by the board of directors on 15TH OCTOBER 2007 and were signed on its behalf by


JK Watson
 Director

Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	12,464	12,728
Opening shareholders' funds	173,029	160,301
	<hr/>	<hr/>
Closing shareholders' funds	185,493	173,029
	<hr/>	<hr/>

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary of Bellway plc

As the Company is a wholly owned subsidiary of Bellway plc the Company has taken advantage of the exemption contained in FRS No 8 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 plc, within which this Company is included, can be obtained from the address given in note 9

Turnover

Turnover represents rents, ground rents receivable and income from retrospective consents

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy The finance cost on the financial liability component is correspondingly higher over the life of the instrument

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Notes (continued)

1 Accounting policies (continued)

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Notes to the profit and loss account

Profit before taxation is stated after charging auditors' remuneration, in respect of the audit of these financial statements, of £1,175 (2006 £1,175).

Amounts receivable by the company's auditor in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent, Bellway plc.

3 Staff costs

No emoluments were paid by the Company to directors in either the current or preceding financial year. In addition, during those years, the Company employed no personnel and incurred no staff costs.

4 Taxation

	2007 £	2006 £
UK corporation tax based on the profit for the year at 19% (2006 19%)	2,990	2,983
Adjustments relating to prior years	11	(11)
Total current tax	3,001	2,972

Factors affecting the tax charge for the current period

The current tax charge is higher (2006 lower) than the standard rate of corporation tax in the UK (19%, 2006 19%). The difference is explained below.

	2007 £	2006 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	15,465	15,700
Current tax at 19% (2006 19%)	2,938	2,983
Effect of future changes in tax rate	52	-
Adjustments relating to prior years	11	(11)
Total current tax charge (see above)	3,001	2,972

Notes (continued)

5 Tangible fixed assets

	Completed ground rents £	Freehold land for development £	Total £
<i>Cost</i>			
At 31 July 2006 and 31 July 2007	30,779	70,034	100,813

Ground rents and freehold land are not depreciated

6 Debtors

	2007 £	2006 £
Trade debtors	637	892
Prepayments and accrued income	11,940	11,865
	<u>12,577</u>	<u>12,757</u>

All of the above amounts fall due within one year

7 Creditors: amounts falling due within one year

	2007 £	2006 £
Amounts owed to parent and fellow subsidiary undertakings	2,983	-
Corporation tax	2,990	2,972
Accruals and deferred income	2,940	2,839
	<u>8,913</u>	<u>5,811</u>

8 Called up share capital

	2007 £	2006 £
<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

Notes *(continued)*

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