

**Litrose Investments Limited**

**Directors' report and financial  
statements**

Registered number 897216

31 July 2006



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## **Directors' report**

The directors present their directors' report and financial statements for the year ended 31 July 2006

### **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 2007

### **Trading results and proposed dividend**

The Company's profit for the year after taxation amounted to £12,728 (2005 £9,575) The directors do not recommend the payment of a dividend (2005 £nil)

### **Directors**

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

H C 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 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

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 (2005 £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

**GK Wrightson**  
*Secretary*

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

10 November 2006

## **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 2006 which comprise the Profit and Loss Account, the Balance Sheet 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 2006 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**  
*Chartered Accountants*  
*Registered Auditor*

10 November 2006

**Profit and loss account**  
*for the year ended 31 July 2006*

	<i>Note</i>	<b>2006</b> £	<b>2005</b> £
<b>Turnover – continuing operations</b>	<i>1</i>	<b>19,576</b>	<b>18,445</b>
Cost of sales		<b>(2,584)</b>	<b>(2,091)</b>
<b>Gross profit</b>		<b>16,992</b>	<b>16,354</b>
Administrative expenses		<b>(1,292)</b>	<b>(4,520)</b>
<b>Operating profit – continuing operations</b>		<b>15,700</b>	<b>11,834</b>
Other interest receivable and similar income		<b>-</b>	<b>-</b>
<b>Profit on ordinary activities before taxation</b>	<i>2-3</i>	<b>15,700</b>	<b>11,834</b>
Tax on profit on ordinary activities	<i>4</i>	<b>(2,972)</b>	<b>(2,259)</b>
<b>Profit for the financial year</b>	<i>9</i>	<b>12,728</b>	<b>9,575</b>
Retained profit brought forward		<b>160,299</b>	<b>150,724</b>
<b>Retained profit carried forward</b>		<b>173,027</b>	<b>160,299</b>

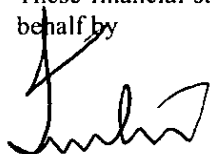
The Company had no recognised gains and losses (2005 £nil) other than those included in the profit and loss account



**Balance sheet**  
*at 31 July 2006*

	<i>Note</i>	<b>2006</b>	<b>2005</b>
		£	£
<b>Fixed assets</b>			
Tangible assets	5	100,813	100,813
<b>Current assets</b>			
Debtors	6	12,757	12,051
Cash at bank and in hand		65,270	67,676
		<u>78,027</u>	<u>79,727</u>
<b>Creditors</b> amounts falling due within one year	7	(5,811)	(20,239)
		<u>72,216</u>	<u>59,488</u>
<b>Net current assets</b>			
		<u>173,029</u>	<u>160,301</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	8	2	2
Profit and loss account		173,027	160,299
		<u>173,029</u>	<u>160,301</u>
<b>Shareholders' funds</b>	9	<u>173,029</u>	<u>160,301</u>

These financial statements were approved by the board of directors on 10 November 2006 and were signed on its behalf by



**JK Watson**  
*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, except as noted below

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date',
- the presentation requirements of FRS 25 'Financial instruments presentation and disclosure', and
- FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below and had no material effect on the financial statements. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985

#### *Basis of preparation*

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

Under Financial Reporting Standard 1 (revised 1996) 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 10

#### *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*

Following the adoption of FRS 25, 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

## Notes (continued)

### 1 Accounting policies (continued)

#### *Classification of financial instruments issued by the Company (continued)*

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.

#### *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 audit, of £1,175 (2005 £1,175).

### 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.

## Notes (continued)

### 4 Taxation

	2006 £	2005 £
UK corporation tax based on the profit for the year at 19% (2005 19%)	2,983	2,248
Adjustments relating to prior years	(11)	11
<b>Total current tax</b>	<b>2,972</b>	<b>2,259</b>

#### *Factors affecting the tax charge for the current period*

The current tax charge is lower (2005 higher) than the standard rate of corporation tax in the UK (19%, 2005 19%). The difference is explained below

	2006 £	2005 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	15,700	11,834
Current tax at 19% (2005 19%)	2,983	2,248
Adjustments relating to prior year	(11)	11
<b>Total current tax charge (see above)</b>	<b>2,972</b>	<b>2,259</b>

### 5 Tangible fixed assets

	Completed ground rents £	Freehold land for development £	Total £
<i>Cost</i>			
At 1 August 2005 and 31 July 2006	30,779	70,034	100,813

Ground rents and freehold land are not depreciated

### 6 Debtors

	2006 £	2005 £
Trade debtors	892	697
Prepayments and accrued income	11,865	11,354
	<b>12,757</b>	<b>12,051</b>

All of the above amounts fall due within one year

## Notes (continued)

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

	2006 £	2005 £
Amounts owed to parent and fellow subsidiary undertakings	-	15,353
Corporation tax	2,972	2,248
Accruals and deferred income	2,839	2,638
	<u>5,811</u>	<u>20,239</u>

### 8 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

### 9 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	12,728	9,575
Opening shareholders' funds	160,301	150,726
	<u>173,029</u>	<u>160,301</u>
Closing shareholders' funds		

### 10 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