

Litrose Investments Limited

**Directors' report and financial
statements**

Registered number 897216

31 July 2004



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2004.

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 2005.

Trading results

The Company's profit for the year after taxation amounted to £13,620 (2003: £15,285). The directors do not recommend the payment of a dividend.

Directors

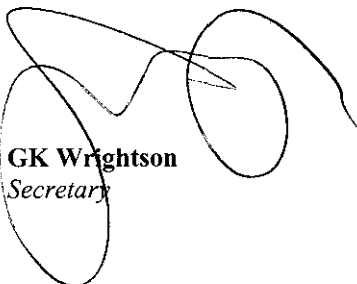
The directors during and subsequent to the year were as follows:

H C Dawe
RC St. John Wilson
JK Watson
PJ Stoker (appointed 6 April 2005)

None of the directors had any interest in the shares of the Company. The interests of HC Dawe and JK Watson 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
Dudley Lane
Seaton Burn
Newcastle upon Tyne
NE13 6BE

26th May 2005

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 independent auditors to the members of Litrose Investments Limited

We have audited the financial statements on pages 4 to 9.

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 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 1985. 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 audit 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 2004 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

26 May 2005

Profit and loss account
for the year ended 31 July 2004

	<i>Note</i>	2004 £	2003 £
Turnover – continuing operations	<i>1</i>	21,440	20,460
Cost of sales		(3,542)	(1,966)
Gross profit		17,898	18,494
Administrative expenses		(1,087)	(1,112)
Profit on sale of freehold reversions		-	1,488
Operating profit		16,811	18,870
Interest receivable	<i>2</i>	4	-
Profit on ordinary activities before taxation	<i>3-4</i>	16,815	18,870
Tax on profit on ordinary activities	<i>5</i>	(3,195)	(3,585)
Retained profit for the financial year	<i>10</i>	13,620	15,285
Retained profit brought forward		137,104	121,819
Retained profit carried forward		150,724	137,104

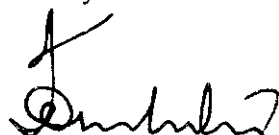
Statement of total recognised gains and losses
for the year ended 31 July 2004

The company had no recognised gains and losses (2003: £Nil) other than those included in the profit and loss account.

Balance sheet
at 31 July 2004

	<i>Note</i>	2004	2003
		£	£
Fixed assets			
Tangible assets	6	100,813	100,813
Current assets			
Debtors	7	11,885	12,786
Cash at bank and in hand		56,099	45,841
		<hr/>	<hr/>
Creditors: amounts falling due within one year	8	67,984 (18,071)	58,627 (22,334)
		<hr/>	<hr/>
Net current assets		49,913	36,293
		<hr/>	<hr/>
Net assets		150,726	137,106
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account		150,724	137,104
		<hr/>	<hr/>
Equity shareholders' funds	10	150,726	137,106
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 26th May 2005 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.

Basis of preparation

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

Under FRS No 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 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 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 p.l.c., within which this Company is included, can be obtained from the address given in note 11.

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.

2 Interest receivable

	2004	2003
	£	£
Other interest receivable	4	-

3 Profit on ordinary activities before taxation

Profit before taxation is stated after charging auditors' remuneration, in respect of audit, of £940 (2003:£881).

Notes (continued)

4 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.

5 Taxation

	2004 £	2003 £
UK corporation tax based on the profit for the year at 19.0% (2003: 19.0%)	3,195	3,585
Total current tax	3,195	3,585

Factors affecting the tax charge for the current period

The current tax charge is equivalent to (2003: equivalent to) the standard rate of corporation tax in the UK (19.0%, 2003: 19.0%).

	2004 £	2003 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	16,815	18,870
Current tax at 19.0% (2003: 19%)	3,195	3,585
Total current tax charge (see above)	3,195	3,585

6 Tangible fixed assets

	Completed ground rents £	Freehold land for development £	Total £
<i>Cost</i>			
At 1 August 2003 and 31 July 2004	30,779	70,034	100,813

Ground rents and freehold land are not depreciated.

Notes (continued)

7 Debtors

	2004 £	2003 £
Trade debtors	497	960
Amounts owed by fellow subsidiary undertakings	-	575
Other debtors	34	-
Prepayments and accrued income	11,354	11,251
	<u>11,885</u>	<u>12,786</u>

All of the above amounts fall due within one year.

8 Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts owed to parent and fellow subsidiary undertakings	12,158	16,224
Corporation tax	3,195	3,555
Accruals and deferred income	2,718	2,555
	<u>18,071</u>	<u>22,334</u>

9 Called up share capital

	2004 £	2003 £
<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

10 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	13,620	15,285
Opening shareholders' funds	137,106	121,821
	<u>150,726</u>	<u>137,106</u>
Closing shareholders' funds		

Notes *(continued)*

11 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.