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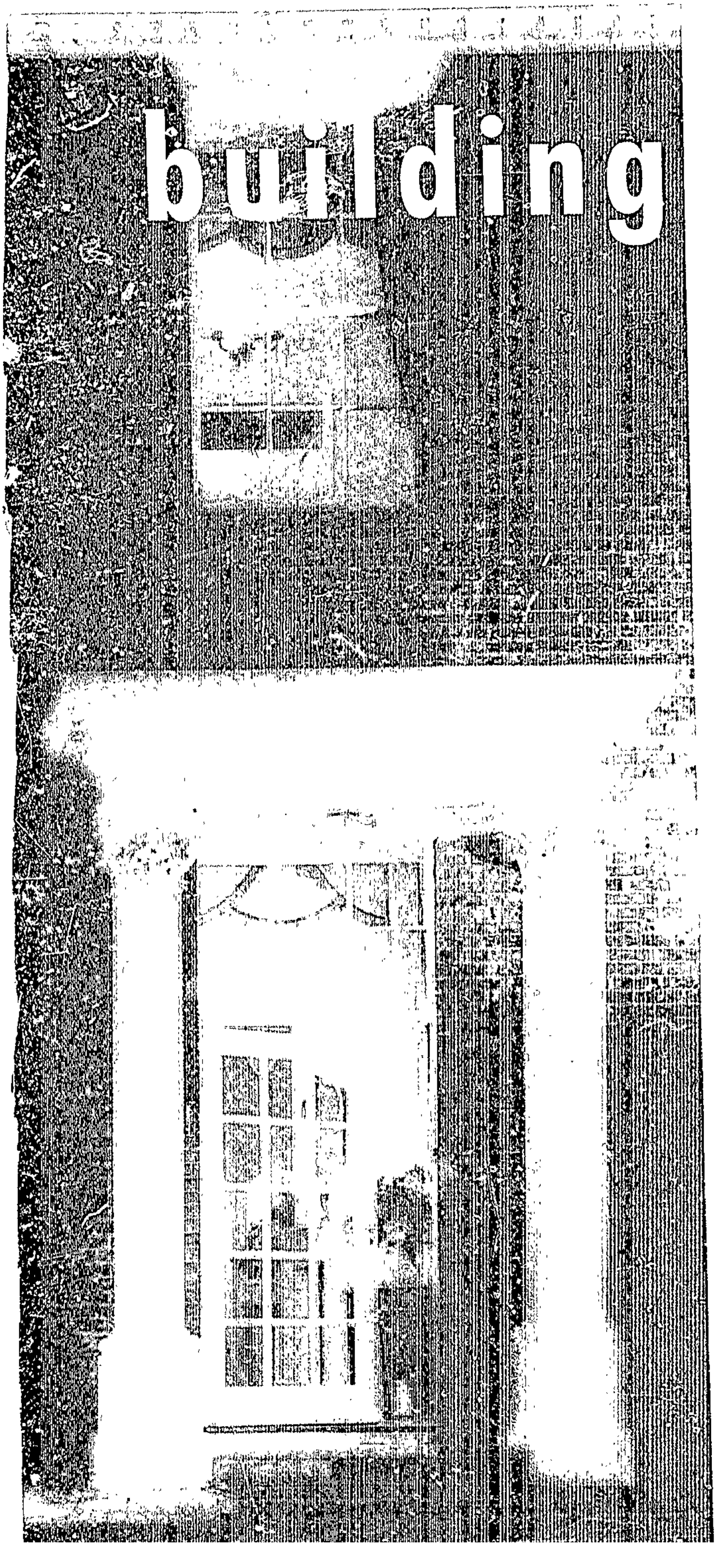

Bellway
annual report and accounts

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BELLWAY P.L.C.

group profile 1993

BELLWAY P.L.C.

Despite a continuing overall depression in the housebuilding market, the overriding theme at Bellway this year has again been one of growth and expansion: in the size of our business and our land bank, and in the number of houses sold. Two years ago we completed over 1500 units. Last year, in the depths of recession, the total was over 1800 and this year it was over 2300. This is over 20% growth year on year, and we plan for still further expansion in the medium term.

So how do we do it? Well, there is some evidence that the housebuilding market may be coming out of recession, but the main reason for Bellway's continued success is that we have been in the right markets with the right products at the right time. Intelligent reading of a difficult market place and effective deployment of financial resources have been hallmarks of Bellway's approach to business for some time now, and these have played a particularly important part in our strategy this year, so have flexible land use and, of course, some extremely imaginative and innovative house designs.

Effectively, we have used the recession to consolidate Bellway's position in several important markets, to deepen our relationships with Housing Associations and other Partnership and Urban Regeneration clients, to buy land extensively and competitively, and to expand into new areas of the UK. We have also recruited new talent to our management and sales teams.

The result is a strong, broadly based and firmly managed Group, ready for further expansion with or without the much heralded overall upturn in the housebuilding market.

Bellway's success clearly stems from a number of factors. One of them is a focus on people as well as products. We never forget that the land we buy and the homes we build are for people to live in, to enjoy and find the deepest satisfaction in. By getting to know our customers and their needs, and then providing homes that people value and want to make their own, we should ensure that Bellway remains an increasingly successful and profitable company, operating at the forefront of the UK housebuilding industry.

What are conventionally called "starter" or "first time buyer" homes today represent one of the healthier sectors of Britain's housebuying market, having been less seriously affected by the housebuilding recession than some others. Bellway has been very successful in this market this year, as it has for several years past.

Long Ditton, Surrey

Smaller homes are in fact bought by many different types of people, not just first time buyers. Single people trading up and "empty nesters" trading down are both in the market for good quality smaller homes in the right location. So are divorced people (a significant market, with more than one marriage in four ending in divorce) and those who, having bought a council house in the mid-1980s, are now trading up to a new house in a different type of neighbourhood and, of course, there are the actual first time buyers themselves.

Among this mixed group of buyers a strong demand for 2 and 3 bedroom semi detached houses, a type of home which many housebuilders assumed had had its day in the sun and was now out of tune with market trends, has been a feature this year. Demand for economic, easy-to-run apartments and terraced houses has also been firm.

By targeting these important markets and being in a position to react quickly to consumer trends, Bellway has built profitably in several different areas of the smaller homes sector, at locations across the UK. Success has stemmed partly from a land buying policy which enables us to build the type of house the market demands, instead of allowing the site to dictate the building type. Quality and attention to detail in house design have also been extremely important. Quality and value are prized as much in this market as in others, and Bellway's established reputation for quality in both design and construction has provided a sharp competitive edge as confidence returns to the "starting out, starting over" sector.

Basildon, Essex

The best compliment a customer can pay is to come back and buy from you again. It has been evident for some years now that owners of Bellway homes often stay with Bellway when they trade up or move on, and this remains a factor behind our continued success in the "mid range" sector of the housebuying market.

Nuneaton, Warwickshire

Nationally, the demand for 3 bedroom semi detached and detached houses has firmed slightly during the year, but this alone does not explain Bellway's excellent sales results, noted at developments all around the country. Loyal Bellway owners, keenly aware of the added value brought by Bellway's policy of putting quality first, have helped us to increase market share in this important sector and to report a record year in terms of sales.

Bellway has built a wide variety of "mid range" houses this year, on both greenfield sites and inner city sites. Redeveloping derelict or redundant "chimney pot" sites, in urban areas near where people already live, has proved a highly effective strategy.

Once again, success has flowed from the application of a deceptively simple formula which actually requires a great deal of ingenuity and hard work to apply in practice: building the right house with the right specification in the right location, and selling it at the right price.

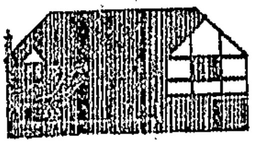
Hyde, Cheshire

The success of this approach was graphically demonstrated earlier in the year at Cleadon Manor, South Shields, where people actually queued overnight for the chance to buy a Bellway home, and this in the deepest housing recession of recent years.

A further factor in Bellway's success is the quality of our sales teams. A highly professional level of customer service is a vital part of the Bellway approach to business. It is much appreciated by customers and is a significant contributor to the success stories which our Divisional Managers have reported from all over the UK. To take just three examples, we sold all 54 homes at our Iver, Buckinghamshire development in just nine months, while at Werrington, Staffordshire the same result was achieved in respect of 73 homes in 12 months. Since starting on Victoria Dock, Hull in 1989 we have sold over 500 homes of which 132 were legally completed in the year to 31st July 1993.

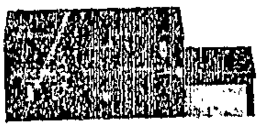

on

Larger, high value homes represent an area of growth for Bellway. We have been very successful in building larger homes, often of ten rooms or more, appealing to higher income families. At this level the accent, from a design point of view, is on layout, attention to detail and luxury specifications throughout the house.



Basildon, Essex

Luxury homes are a specialised market. Here as elsewhere Bellway's approach has been to thoroughly research and understand the market before attempting to sell to it. National demographics play a significant role. As a result of inheritance, real wealth is now coming into the market for new houses for the first time since the house-buying boom of the 1950s, and Bellway has taken account of this trend.



Killingworth, Tyne and Wear

On this basis we design high value houses with the special mix of space, decorative detail and low running costs which this group of customers appreciates. The running cost of a new high value Bellway home is around one third of that of its Victorian equivalent, and this is certainly an important element in its appeal. Brand loyalty is another factor, with many buyers of our high value homes trading up from a mid-range Bellway property.

Here, as in other markets, Bellway has significantly increased its geographical spread within the UK. Midlands division continues to grow eastwards, reaching Leicester, Loughborough and Nottingham, where we have not been active for many years. Our Wessex division has also begun its first development in Avon.

Warrington, Cheshire


ue

Housing Associations perform a vitally important function in our society by providing good quality homes for rental or sale, designed to suit the needs of particular groups of clients, often with special needs. Bellway has become expert at working closely with Housing Associations, designing and building to specifications which meet a wide variety of special requirements. In fact our links with Housing Associations up and down the country mean that Housing Association contracts form a significant part of our total business.

Land plays an important part in this story. Our land buying policy has been such that this year we were able to take maximum advantage of opportunities arising from the growth in the activities of Housing Associations which followed the Chancellor's 1992 autumn statement, in which £0.75 billion grants to the Housing Corporation were brought forward. Because our land had been carefully chosen for maximum flexibility in use we were able to earmark a number of sites for immediate development of Housing Association projects.

Bromsgrove, Worcestershire

A sound reputation for quality and a long record of successful co-operation with Housing Associations are two further reasons behind Bellway's success in this sector. We design to benchmark standards established by the Housing Associations, and have in fact been a major player in the industry's efforts to maintain standards in the face of sustained pressure to reduce them. In Bellway's view there should be no difference in the quality of design and construction between houses for purchase and homes for rent: a point we underlined in 1992-3 when Bellway became the first housebuilder ever to feature a house for rent at the Ideal Home Exhibition. Bellway has led the way in showing how design for specific needs, coupled with modern construction techniques, can produce high quality UK homes.

Brondesbury Park, London NW6

Low energy use and low maintenance costs are vitally important to Housing Association clients, as they are to all. At Earls Court our timber-frame house scored the maximum 10 out of 10 on the NHER rating scheme for energy efficiency. So did our 2 bedroom terraced houses built traditionally a few miles away at Hemel Hempstead, where running costs were calculated at £1.77 per week: about the cost of a pint of premium lager in the local pub. Energy ratings are expected to become more important in the new homes market in the future, and the appeal of Bellway homes will strengthen as a result.

partnerships,

In 1964, Bellway helped to create the UK's first privately funded New Town at Cramlington, Northumberland. Working in close co-operation with the local authority and another building company, thousands of new homes were built and new industry created to replace the old housing and the declining mining industry of this part of the North East. Thirty years on, Bellway is still building homes at Cramlington, and selling them in many cases to a second generation of born-and-bred New Town dwellers.

Hull, North Humberside

For Bellway, urban renewal is now a term covering a wide range of activities, invariably grant-supported by central government, designed to reclaim derelict or blighted land for new use. Ever since the company's foundation in 1946, Bellway has been involved in partnerships with both central and local government which bring affordable housing and improved quality of life to inner city areas.

With a wealth of experience in this sector, Bellway has identified urban renewal as an important growth area for the Group. A new corporate structure has been created to develop opportunities, by splitting our Urban Renewal Division into three divisions, covering Northern England, Scotland and Southern England.

The range of urban renewal schemes Bellway is involved in is impressive. Hundreds of houses or flats are currently under construction or in the final planning stages at urban locations throughout the UK including Glasgow, Middlesbrough and Manchester. Other exciting opportunities are just around the corner.

Hebburn, Tyne and Wear

In Birmingham, Bellway has recently completed the first phase of 140 homes at Bordesley Village, part of the Heartlands Project, one of Europe's largest inner city redevelopment schemes. These attractive, affordable semi detached houses and flats have proved immensely popular and are already almost sold out.

Rapid progress is also being made in Hull, where Bellway's 1200-home urban village project, carried out in partnership with Hull City Council on a 150 acre riverside site, is transforming former derelict dockland. Upwards of 1500 people have already made their home in the new riverside village, which includes a 22 bed residential home and day centre for the disabled together with a health centre and vicarage. House types already completed and occupied include some highly attractive waterside apartments and 5-bedroom detached houses with river frontage. At remarkable speed, an attractive new suburb has been created within a few minutes walk of Hull city centre: a lasting testament to what Bellway's design flair, experience and commitment to partnership can achieve.

Buying land is the lifeblood of a successful housebuilding business. Bellway has continued to buy prudently and competitively during the year, spreading operations across the UK and moving into several new areas of the country.

A clear vision of what makes a good location is essential so we buy land only where we know people will want to live.

We have bought many sites in suburban areas this year, where we are confident that a living community can grow and thrive. In our appeal to the relatively strong "starting out, starting over" sector, this has often meant buying land not in the country but where the chimney pots are: in towns and cities where redundant industrial land, disused playing fields or other unwanted land can be reclaimed and developed for housing. This policy has brought Bellway considerable success.

Advertising is an essential part of the process of acquiring good land to build on. Low-key advertising campaigns in various parts of Britain have proved highly effective, and we will continue to use this strategy for the foreseeable future. In fact, anyone reading this Group Profile with land to dispose of, with or without planning consents, is invited to contact their nearest Bellway Divisional Office: the address can be found elsewhere in this Report.

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BELLWAY P.L.C.

CONTENTS

PRINCIPAL OFFICES

BELLWAY p.l.c.
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Essex CO5 9JT
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Fax: (0376) 570633

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St. Andrews Road
Droitwich
Worcestershire WR9 8DJ
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Fax: (0905) 795095

MIDLANDS
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Apollo, Tamworth
Staffordshire B79 7TA
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North Tyne Industrial Estate
Whitley Road, Longbenton
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NORTH LONDON
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Glasgow G14 0AH
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Fax: (0737) 645961

YORKSHIRE
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Lower Warrengate
Wakefield WF1 1SA
Tel: (0924) 382697
Fax: (0924) 371844

URBAN RENEWAL NORTHERN
Warrengate House
Lower Warrengate
Wakefield WF1 1SA
Tel: (0924) 382697
Fax: (0924) 371844

URBAN RENEWAL SOUTHERN
Bellway House
262/272 Field End Road
Eastcote
Middlesex HA4 9NH
Tel: (081) 868 8600
Fax: (081) 868 6700

WESSEX
Crescent House
77/79 Christchurch Road
Ringwood
Hampshire BH24 1DH
Tel: (0425) 477666
Fax: (0425) 476774

OTHER COMPANIES

BELLWAY PROPERTIES LTD
Seaton Burn House
Dudley Lane
Seaton Burn
Newcastle upon Tyne NE13 6BE
Tel: (091) 217 0717
Fax: (091) 236 6230

BELLWAY (SERVICES) LTD
Bellair Car Port
Woolsington Industrial Estate
Callerton Lane, Woolsington
Newcastle upon Tyne NE1 8DN
Tel: (091) 286 9888
Fax: (091) 286 4048

NIXONS FITTED FURNISHINGS LTD
Great North Road
Seaton Burn
Newcastle upon Tyne NE13 6BH
Tel: (091) 236 5341
Fax: (091) 236 2188

CHAIRMAN'S STATEMENT

It is particularly gratifying to be reporting upon the continuing success of Bellway. The Group is reaping the benefit from all the planning, dedication and hard work of the staff during the last five years of recession. Morale is at a high. It is thanks to the efforts of all concerned that I am now able to report that the pre-tax profit of £16.7m exceeds the forecast made at the time of the Rights Issue.

Turnover has increased by 13% to £147m as a result of selling a record 2,299 homes against 1,841 sold last year. This excludes the sale of a further 65 units to the Bulldog B.E.S. Companies.

Operating margins have improved by 19% from 8.3% to 9.9%, the profit before tax has increased by 28% from £13m to £16.7m and consequently earnings per share have increased by 23% from 17.3p to 21.3p. This enables me to keep my promise to increase the final dividend by 0.5p per ordinary share to 8p payable on 17th January 1994, making a total of 12p for the year compared with 11.5p last year.

Following the rise in our share price since the announcement of our Rights Issue at 320p in February of this year, your Board, in order to improve the marketability of the shares, is recommending that the nominal value of the 25p ordinary shares should be split into 12.5p ordinary shares so as to double the number of shares in issue.

In the year under review we experienced considerable organic growth. This, coupled with signs of a market recovery, resulted in a 25% increase in the number of homes sold as compared with the previous year. The Housing Market Package announced by the Chancellor in his 1992 Autumn Statement gave a welcome boost to our housing association work. We are not expecting similar assistance this year and therefore housing association sales are likely to be a smaller proportion of our 1994 turnover. However, I am pleased to report that because of the improvement in the private development market, total sales for the current year to date are well ahead and have encouraged us to proceed with our expansion programme. We continue to add to our number of operational outlets which, subject to market conditions, could enable us to maintain last year's level of growth.

I am pleased to report that all divisions are now prospering and our policy of keeping to the lower and middle end of the market and offering affordable homes has been a great success under current conditions.

The North East division remains the flagship of the Group, once again exceeding our expectations. The Midlands division has continued to grow impressively and we are now operating from Nottingham to Northampton in the east and Stoke to Gloucester in the west. The three southern divisions, namely North London, South East and Essex, all had an outstanding year, bearing in mind the prevailing market circumstances. They took full advantage of the Housing Market Package and are now poised to benefit materially from the improving private housing market. The Scottish division has assumed responsibility for the grant aided developments in Scotland which were previously managed by our Urban Renewals division based in Wakefield. This, together with the increase in private sales, has resulted in a considerable boost to the Scottish division's turnover. The North West division has been re-organised during the year and has subsequently invested heavily in land which we believe gives it excellent growth potential. Our Urban Renewals Northern division has had a high level of success in pursuing grant aided work. The division is growing in stature and importance within the Group. We are grateful to the Department of the Environment for their ongoing support throughout the recession and look forward to their further support in the future, thus enabling us to expand this business for many years to come. We are growing three new divisions, namely, Wessex, Yorkshire and Urban Renewals Southern, which made no contribution to turnover during the year. Our Wessex and Yorkshire divisions will achieve their first sales completions in the current year and it is envisaged that our Urban Renewals Southern division will follow next year. We are encouraged by their progress to date and look forward to these embryonic divisions playing an increasing role within the Group in the future. During the year, some 70 acres of our land holding at Chellaston, Derby, held by our Estates division, was granted outline planning permission for some 600 homes. We are currently working on the first stages of the infrastructure and hope to be building in the latter part of this financial year.

CHAIRMAN'S STATEMENT

It is pleasing not only to report on a successful trading year but also on the strengthening of our balance sheet for the future. I wish to thank the shareholders for supporting us and ensuring the success of our Rights Issue earlier this year. This has enabled us to strengthen considerably our land holdings during the year which should ensure our future growth. Your Group is now in the fortunate position of having increased its number of residential plots with planning permission to around 8,500 at 31st July whilst maintaining cash balances of some £44m. Since the financial year end we have continued our policy of acquiring land in areas of high population at competitive prices and committed over £30m to land acquisitions which fit these criteria.

Mr. Jack Corscadden, who is 74 years old, has announced that he intends to retire from the Board at the forthcoming Annual General Meeting. I should like to pay tribute to his long and invaluable service to the Group. We will miss Jack and wish him a long and happy retirement. Mr. Dennis Bramley joined the Board as a non-executive director in May and we are confident that his experience will be an asset to the Group.

Once again I would like to thank the staff on your behalf for their tremendous efforts in achieving these results and enhancing our future prospects.

Kenneth Bell
Chairman

4th November 1993

TEN YEAR RECORD AND FINANCIAL CALENDAR

TEN YEAR RECORD

Year ended 31st July	*Turnover £000*	*Profit before tax £000*	*Earnings per ordinary share pence*	*Dividends per ordinary share pence*	*Shareholders' funds £000*	*Net assets per ordinary share pence*
1984	52,952	4,164	12.1	6.1	22,538	115
1985	61,123	3,229	8.2	6.1	22,842	117
1986	73,216	4,500	14.1	6.5	24,585	126
1987	84,282	7,5[illegible]	17.9	7.3	34,951	138
1988	102,485	14,048	31.8	9.1	41,002	162
1989	118,132	17,017	37.4	10.0	68,769	190
1990	126,234	11,107	18.6	10.0	71,224	200
1991	108,228	9,313	13.2	10.5	96,656	205
1992	129,957	13,024	17.3	11.0	99,468	211
1993	147,165	16,732	21.3	12.0	137,289	240

Note
The earnings per ordinary share and dividends per ordinary share have been adjusted for rights issues. The results for 1985 and 1987 have been restated to reclassify items previously shown as extraordinary charges and to adjust for them in profit before tax and the calculation of earnings per share.

FINANCIAL CALENDAR

Announcement of results and ordinary dividends	
Half year	*May*
Full year	*November*
Ordinary share dividend payments	
Interim	*July*
Final	*January*
Preference share dividend payments	
At the rate of 9.5% per annum paid half yearly	*April and October*
Annual report posted to shareholders	*November*
Annual general meeting	*January*

SHAREHOLDER INFORMATION

SHAREHOLDERS BY CATEGORY

	Holdings		Shares	
	Number	%	Number	%
Insurance companies, pension funds, investment and unit trusts	34	1.6	3,353,292	6.9
Corporate and other bodies	134	6.3	7,399,560	15.1
Bank and nominee companies	392	18.4	32,748,651	67.1
Individuals	1,569	73.7	5,321,682	10.9
Total	2,129	100.00	48,823,185	100.0

SHAREHOLDERS BY SIZE OF HOLDING

	Holdings		Shares	
	Number	%	Holding	%
0 – 1,000	846	39.7	422,734	0.9
1,001 – 5,000	872	41.0	1,910,299	3.9
5,001 – 30,000	219	10.3	2,889,064	5.9
30,001 and over	192	9.0	43,601,088	89.3
Total	2,129	100.00	48,823,185	100.0

DISCOUNTS TO SHAREHOLDERS

The Group operates a scheme which entitles shareholders to a discount on the purchase of a Bellway new home, a Nixons fitted kitchen and car parking facilities at Bellair Car Port next to Newcastle Airport.

New homes

Discounts of up to a maximum of £3,000 are available to shareholders holding at least 1,000 ordinary shares for a year or more.

Fitted kitchens

Discounts of 10% are available to shareholders holding at least 500 ordinary shares for six months or more.

Car parking facilities at Newcastle Airport

Discounts of 10% are available to shareholders in the summer season rising to 50% in the winter season, subject to them holding at least 500 ordinary shares for six months or more.

For full details of the scheme, please write to or telephone the Company Secretary, Bellway p.l.c..

DIRECTORS AND ADVISERS

Directors
K. BELL *(Chairman)*
H. C. DAWE, M.C.I.O.B. *(Managing)*
A. G. ROBSON, F.C.A.
A. K. BELL
J. CORSCADDEN *(Non-executive)*
C. F. J. THOMPSON, M.A.(Oxon), F.T.I.I. *(Non-executive)*
D. S. BRAMLEY, F.C.A. *(Non-executive)*

Secretary and Registered Office
P. J. STOKER, Solicitor
Seaton Burn House
Dudley Lane
Seaton Burn
Newcastle upon Tyne
NE13 6BE

Registrars
INDEPENDENT REGISTRARS GROUP LIMITED
Broseley House
Newlands Drive
Witham
Essex
CM8 2UL

Stockbrokers
CHARTERHOUSE TILNEY SECURITIES LIMITED
WISE SPEKE LIMITED

Financial Advisers
CHARTERHOUSE BANK LIMITED

Bankers
BANK OF SCOTLAND
BARCLAYS BANK PLC
MIDLAND BANK plc
THE BRITISH LINEN BANK LIMITED

Auditors
KPMG PEAT MARWICK
Maybrook House
27 Grainger Street
Newcastle upon Tyne
NE1 5JT

REPORT OF THE DIRECTORS

The directors have pleasure in submitting the annual report of Bellway p.l.c. to the shareholders, together with the audited accounts for the year ended 31st July 1993.

Principal activities
The Company is a holding company owning subsidiary undertakings which continue to be principally engaged in housebuilding and associated trading activities.

Business review
A review of the Group's performance and prospects is given in the Chairman's Statement on pages 2 and 3. One of the subsidiary undertakings, Heron Electrical Contractors Limited, was closed during the year at a loss which is insignificant in a Group context.

Profits and dividends
The profit attributable to shareholders for the year amounts to £11,200,000 of which £1,900,000 relates to preference shareholders and the balance of £9,300,000 relates to ordinary shareholders, which the directors recommend be dealt with as follows:

	£000
Ordinary dividends	
Interim dividend paid, 4.0p per ordinary share	1,950
Final dividend proposed, 8.0p per ordinary share	3,907
Total ordinary dividends, 12.0p per ordinary share	5,857
Retained profit for year	3,443
	9,300

The directors recommend payment of the final dividend on 17th January 1994 to shareholders on the register at the close of business on 27th December 1993.

Fixed assets
In the opinion of the directors, the market values of the properties do not differ significantly from the values at which they are shown in the Group balance sheet as at 31st July 1993. The movements on tangible fixed assets are shown in Note 8 to the accounts on page 20.

Directors
All the directors of the Company, who are listed on page 6, were directors throughout the year with the exception of Mr. D. S. Bramley who was appointed a non-executive director on 24th May 1993.
Mr. A. K. Bell retires from the board by rotation and, being eligible, offers himself for re-election. Mr. J. Corscadden retires from the board at the Annual General Meeting and does not seek re-election. Mr. D. S. Bramley, having been appointed since the last Annual General Meeting, retires in accordance with the Articles of Association of the Company and, being eligible, offers himself for re-election.
Mr. A. K. Bell has a service contract which is terminable by the Company on 59 months' notice. Mr. D. S. Bramley has a service contract which expires on 23rd May 1996, subject to termination during the fixed period by either party giving to the other not less than six months' notice.
The Company has three non-executive directors, Mr. J. Corscadden, Mr. C. F. J. Thompson and Mr. D. S. Bramley.
Mr. J. Corscadden has served the Group since its early days in 1949, was housebuilding director from 1968 to 1977 and has been a non-executive director since 1979. Mr. C. F. J. Thompson has been connected with the Group since 1949 as a solicitor and was appointed a non-executive director in 1979. He was a partner and, until recently, a consultant with Dickinson Dees, Solicitors. Mr. D. S. Bramley recently retired as a senior partner of Robson Laidler, a firm of chartered accountants in Newcastle upon Tyne, for whom he now acts as a consultant.

REPORT OF THE DIRECTORS

Directors' and other major shareholders' interests
The directors' interests in the Company's shares are set out below including particulars of options granted under the Bellway p.l.c. Executive Share Option Scheme and the Bellway p.l.c. Savings Related Share Option Scheme. No director has any interest in the share capital of any other Group undertaking. The directors' interests include family interests and holdings in which directors are interested only as Trustees. The numbers of ordinary shares recorded in the register of directors' interests are as follows:

	Fully paid		Executive Share Option Scheme				
	1st August 1992	31st July 1993	1st August 1992	Granted during the year	Exercised during the year	Effect of Rights Issue	31st July 1993
Beneficial interests							
K. Bell	985,555	1,101,316	165,209	–	149,369	690	16,530
H. C. Dawe	25,506	26,607	136,960	55,000	–	8,359	200,319
A. G. Robson	49,167	51,289	163,425	18,000	–	7,900	189,325
A. K. Bell	81,988	151,433	224,592	18,000	107,632	5,877	140,837
J. Corscadden	78,084	78,084	–	–	–	–	–
C. F. J. Thompson	10,263	12,278	–	–	–	–	–
D. S. Bramley	–	2,485	–	–	–	–	–
A. K. Bell & K. Bell	47,303	49,346	–	–	–	–	–
Non-beneficial interests							
A. K. Bell	15,324	15,324	–	–	–	–	–
C. F. J. Thompson	1,276	–	–	–	–	–	–

	Savings Related Share Option Scheme		
	Granted during the year	Effect of Rights Issue	31st July 1993
Beneficial interests			
K. Bell	10,838	471	11,309
H. C. Dawe	10,838	471	11,309
A. G. Robson	10,838	471	11,309
A. K. Bell	10,838	471	11,309

The only change in the above holdings between 31st July 1993 and the date of this report was the sale of 3,400 ordinary shares by Mr. J. Corscadden. Mr. A. K. Bell had a beneficial interest in up to 770,961 ordinary shares held by a family trust at 31st July 1993 and 3rd November 1993 (1st August 1992 – 726,322).

Mr. A. G. Robson and Mr. K. Bell had beneficial interests in 10,000 and 26,000 preference shares respectively at 1st August 1992, 31st July 1993 and 3rd November 1993.

As part of the merger agreement in 1987, the vendors of D. F. W. Golding Limited agreed to assign to the Board of Bellway their voting rights in the Bellway shares received in consideration. As a result, each Bellway director has a joint non-beneficial interest in holdings comprising 96,015 ordinary shares at 31st July 1993 and 80,515 ordinary shares at 3rd November 1993 (1st August 1992 – 134,395). In addition each Bellway director has a joint non-beneficial interest in 132,676 ordinary shares at 31st July 1993 and 3rd November 1993 (1st August 1992 – 114,162) which are held by the Bellway 1988 Employee Benefit Trust.

At the date of this Report, the only notifiable interest of a substantial shareholding in the issued ordinary share capital of the Company was:

	No. of shares	%
Electricity Supply Pension Scheme	1,510,899	3.1

REPORT OF THE DIRECTORS

Directors' interests in contracts

The Company maintains insurance to indemnify the directors against liability incurred in relation to the Group or its insurers. Apart from this and transactions of a minor nature entered into in the ordinary course of business on normal commercial terms, there are no contracts subsisting with Bellway p.l.c. or any of its subsidiary undertakings in which any director of Bellway p.l.c. or its subsidiary undertakings has a material interest.

Corporate Governance

During the year the Group has complied closely with the principal aspects of the Code of Best Practice, as recommended by the report of the Committee on the Financial Aspects of Corporate Governance (the Cadbury Report) and since 30th June 1993 the Group has complied with all finalised guidance. However, directors' contracts signed before this date with periods of notice in excess of three years have not been altered.

As proposed in the Cadbury Report the roles of Chairman and Group Managing Director are separate.

The Board of Directors, which meets regularly, is responsible for the management of the Company's business and for overall Group strategy. Two or more directors are required to constitute a quorum. To facilitate the effective administration of the Group's affairs, certain functions and responsibilities are delegated by the Board to a Board Committee.

The Audit Committee is a permanent committee, chaired by Mr. D. S. Bramley, comprising the three non-executive directors. It meets at least twice a year and its written terms of reference include the review of the annual and interim financial statements issued to shareholders, the accounting policies of the Group, internal management and controls and the planning, scope and results of the external auditors' programme.

The Remuneration Committee is also a permanent committee and consists of Mr. C. F. J. Thompson (non-executive director), Mr. D. S. Bramley (non-executive director) and Mr. K. Bell (Executive Chairman of the Group). This committee is chaired by Mr. C. F. J. Thompson and its duties are to review and recommend to the Board the remuneration and terms and conditions of employment, including performance related payments and stock options, of executive directors. No director takes part in the Committee's discussion on his own remuneration.

The Company has not constituted a Nomination Committee. It is considered preferable to continue with the present practice under which nomination to the Board is a matter for the Board as a whole.

Other committees of the Board are formed to perform certain specific functions as required from time to time.

The trustees of the Bellway p.l.c. 1972 Pension and Life Assurance Scheme, the main staff pension scheme, are Mr. H. C. Dawe, Mr. A. G. Robson, Mr. P. J. Stoker and Mr. A. G. P. Wright (independent trustee – Managing Partner, Dickinson Dees). The pension scheme assets are held separate from the assets of the Group in trust for the benefit of those employees who are members, deferred members and pensioners. Scheme administration and actuarial services are provided by G M Benefit Consultants Limited. The trustees decided during the year to entrust the management and investment of assets to Wise Speke Limited. All policy decisions are authorised at trustee meetings. There is a self-imposed restriction on any direct investment in shares of Bellway p.l.c.. Members of the scheme receive an annual statement of their accrued benefits. There are other pension schemes operated by the Group which also have their assets held in trust outside the Group.

Employees

The Group is an equal opportunities employer.

It is Group policy to give full and fair consideration to the employment needs of disabled persons (and persons who become disabled whilst employed by the Group) and to comply with any current legislation with regard to disabled persons.

A savings related share option scheme is operated for all employees with appropriate service qualifications.

Health and safety at work

The Group promotes all aspects of safety throughout its operations in the interests of employees, sub-contractors, suppliers and visitors to its sites and premises.

REPORT OF THE DIRECTORS

Income and Corporation Taxes Act 1988
In the opinion of the directors, the Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Donations
During the year the Group made no political contributions but donated £20,028 to charities.

Annual General Meeting – Special Business
Three resolutions will be proposed as special business at this year's Annual General Meeting. The effect of these resolutions is as follows:

Resolution 6 – Sub-division of ordinary share capital

The ordinary shares in the capital of the Company have, over the last 12 months, been trading on the London Stock Exchange in the range of approximately 240p to 459p. The purpose of the proposed sub-division is to reduce the share price and to increase their marketability whilst preserving the level of reserves of the Company. The directors therefore propose that each of the 25p shares be sub-divided into two ordinary shares of 12.5p each. The Company intends to apply to The London Stock Exchange to have the new ordinary shares admitted to The Official List. If adopted, the following timetable will apply to the proposed sub-division.
(i) Record date for ordinary shares sub-division – 17th January 1994
(ii) Last day of dealing in old ordinary 25p shares – 21st January 1994
(iii) New 12.5p ordinary share certificates sent to shareholders – 21st January 1994
(iv) First day of dealing in new 12.5p ordinary shares – 24th January 1994

Resolution 7 – Disapplication of Pre-emption Rights

Resolution 7 is the customary annual request that the shareholders empower the directors to allot equity securities for cash in the terms of Section 89 of the Companies Act 1985 up to an aggregate nominal value of £610,290, being approximately equal to 5% of the issued ordinary share capital of the Company.

Resolution 8 – Company's purchase of its own shares

The Company's authority to purchase its own ordinary shares and preference shares given last year expires on the conclusion of this year's Annual General Meeting. The directors propose that it should be renewed for a further year to expire on the date of the Annual General Meeting in 1995.
Although the directors have no present intention to make purchases they consider it would be beneficial for them to have the authority to do so within the terms of the Resolution to enable them to respond flexibly and in the best interests of the Company to changing market conditions. The directors will only make purchases (which will reduce the number of shares in issue) after paying due attention to the effect on assets and earnings per ordinary share for the remaining shareholders.

Auditors
In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Peat Marwick as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

P. J. Stoker
Secretary

3rd November 1993

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF ACCOUNTS

The directors are required by UK company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results for that period. In preparing the accounts, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Relevant accounting and financial reporting standards have been followed and the format and disclosure requirements of the Companies Act 1985 have been complied with. The directors are responsible for maintaining adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group. The directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The accounts have been prepared on the going concern basis on the grounds that it is appropriate to assume that the Group will continue in business.

REPORT OF THE AUDITORS

to the Members of Bellway p.l.c.

We have audited the accounts on pages 12 to 26.

Respective responsibilities of directors and auditors
As described above the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group'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 accounts 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 accounts.

Opinion
In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 31st July 1993 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick KPMG Peat Marwick
Chartered Accountants
Registered Auditors

4th November 1993
Newcastle upon Tyne

ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the accounts are shown below.

(a) **Basis of accounting**
The accounts are prepared on the historical cost basis adjusted to incorporate the revaluation of certain land and property held as fixed assets and in accordance with applicable accounting standards.

(b) **Consolidation**
The Group accounts include the accounts of the Company and all its subsidiary undertakings made up to 31st July.
Associated undertakings are stated in the Group balance sheet at the Group's share of their net tangible assets as shown by their latest audited accounts.

(c) **Turnover and profit**
Turnover represents the invoiced value of sales and rental income, excluding value added tax and transactions between members of the Group. Sales of part exchange houses are not included in turnover.
Turnover and profit on sales of houses are brought into account when the sales have been legally completed.
Turnover and profit on properties sold to two B.E.S. companies, Bulldog Premium Growth I PLC and Bulldog Premium Growth II PLC, are not recognised in these accounts.

(d) **Stocks**
Work in progress and stocks are stated at the lower of cost and estimated net realisable value, less payments on account and related grants. The cost of housebuilding work in progress includes site overheads. The cost of other work in progress includes factory and administrative overheads where applicable. Houses taken in part exchange for new houses are stated at the lower of acquisition cost and estimated net realisable value.

(e) **Depreciation**
Freehold land is not depreciated. Buildings held as fixed assets are being written off by equal annual instalments over 40 years.
Depreciation is provided on a straight line basis for vehicles, plant and equipment at rates which are calculated to write off the cost of those assets over their useful lives, which are estimated at between four and ten years.

(f) **Foreign currencies**
The accounts of the overseas subsidiary undertaking are translated into sterling at the rate of exchange ruling at the date of the balance sheet. The gains or losses arising from the translation into sterling of the Group's investment in the overseas subsidiary undertaking are dealt with through reserves.

(g) **Deferred taxation**
Deferred taxation is calculated under the liability method in respect of the excess of capital allowances over depreciation and other timing differences, including payments and charges respectively in connection with pension costs. Provision is made to the extent that it is probable that a liability will crystallise.

(h) **Pension costs**
Pension costs for the defined benefit pension scheme are charged to the profit and loss account on a basis which spreads the cost of providing pensions over employees' working lives with the Group.
Pension costs for defined contribution pension schemes are charged to the profit and loss account in the period for which contributions are payable.

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31st July 1993

	Notes	1993 £000	1992 £000
Turnover	1	147,165	129,957
Cost of sales		120,925	109,354
Gross profit		26,240	20,603
Administrative expenses		11,614	9,754
Operating profit on ordinary activities		14,626	10,849
Net interest receivable and similar income	2	2,005	2,117
Profit on ordinary activities after interest		16,631	12,966
Share of profits of associated undertakings		101	58
Profit on ordinary activities before taxation	3	16,732	13,024
Taxation	4	5,533	4,336
Profit on ordinary activities after taxation	5	11,199	8,688
Minority interest		(1)	1
Profit attributable to shareholders		11,200	8,687
Dividends	6	7,757	6,228
Retained profit for year		3,443	2,459
Earnings per ordinary share	21	21.3p	17.3p

A statement of reserves showing movements is given in note 19 on page 25.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31st July 1993

	1993 £000	1992 £000
Group		
Profit for the year attributable to shareholders	11,200	8,687
Unrealised exchange gain/(loss)	113	(99)
Issue costs in respect of rights issue	(977)	-
	10,336	8,588

	1993 £000	1992 £000
Company		
Profit on ordinary activities after taxation	11,025	8,292
Issue costs in respect of rights issue	(977)	-
	10,048	8,292

The difference between the profit for the year as shown above and that based on historic costs is not significant.

BALANCE SHEETS
at 31st July 1993

	Notes	Group 1993 £000	Group 1992 £000	Company 1993 £000	Company 1992 £000
Fixed assets					
Tangible assets	8	7,311	6,113	–	–
Investments	9	266	179	4,949	4,949
		7,577	6,292	4,949	4,949
Current assets					
Stocks	10	146,477	112,519	–	–
Debtors	11	7,095	10,125	115,565	76,714
Cash at bank and in hand		44,302	21,937	30	29
		197,874	144,581	115,595	76,743
Current liabilities					
Creditors due within one year	12	53,632	41,568	6,413	5,094
Net current assets		144,242	103,013	109,182	71,649
Total assets less current liabilities		151,819	109,305	114,131	76,598
Creditors due after more than one year	13	14,513	9,819	–	–
Minority interests		17	18	–	–
Net assets		137,289	99,468	114,131	76,598
Capital and reserves					
Called up share capital	17	32,206	29,408	32,206	29,408
Share premium account	18	62,816	31,349	62,816	31,349
Revaluation reserve	19	102	102	–	–
Other reserves	19	1,511	1,511	2,145	2,145
Profit and loss account	19	40,654	37,098	16,964	13,696
Shareholders' funds		137,289	99,468	114,131	76,598

Approved by the Board
3rd November 1993

Kenneth Bell *Director*

Alan G. Robson *Director*

GROUP CASH FLOW STATEMENT

for the year ended 31st July 1993

	1993 £000	1993 £000	1992 £000	1992 £000
Net cash inflow/(outflow) from operating activities		917		(5,747)
Returns on investments and servicing of finance				
Interest and dividends received	1,837		2,062	
Interest paid	(143)		(327)	
Dividends paid	(6,673)		(6,016)	
Net cash outflow from returns on investments and servicing of finance		(4,979)		(4,281)
Taxation				
Tax paid – UK corporation tax		(4,325)		(3,691)
Investing activities				
Purchase of tangible fixed assets	(2,681)		(1,792)	
Sale of tangible fixed assets	385		290	
Purchase of investments	(49,757)		(10,301)	
Sale of investments	50,221		10,469	
Net cash outflow from investing activities		(1,832)		(1,334)
Net cash outflow before financing		(10,219)		(15,053)
Financing				
Issue of ordinary share capital				
Rights issue proceeds	34,653		-	
Costs associated with rights issue	(977)		-	
Share options exercised	589		452	
Net cash inflow from financing		34,265		452
Increase/(decrease) in cash and cash equivalents		24,046		(14,601)

GROUP CASH FLOW STATEMENT

for the year ended 31st July 1993

NOTES

1 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	1993 £000	1992 £000
Operating profit on ordinary activities before interest	14,626	10,849
Depreciation charge	1,098	1,064
Exchange difference on translation of overseas subsidiary	113	(112)
Increase in stocks	(33,958)	(23,773)
Decrease in debtors	2,770	19
Increase in creditors	16,268	6,206
Net cash inflow/(outflow) from operating activities	917	(5,747)

2 Analysis of changes in cash and cash equivalents during the year

	1993 £000	1992 £000
Balance at 1st August 1992	20,256	34,857
Net cash inflow/(outflow)	24,046	(14,601)
Balance at 31st July 1993	44,302	20,256

3 Analysis of the balances of cash and cash equivalents shown in the balance sheet

	1992 £000	Change in year £000	1993 £000
Cash at bank and in hand	21,937	22,365	44,302
Bank overdrafts and loans	(1,681)	1,681	–
	20,256	24,046	44,302

4 Analysis of changes in financing during the year

	1992 £000	Change in year £000	1993 £000
Called up share capital	29,408	2,798	32,206
Share premium account	31,349	31,467	62,816
	60,757	34,265	95,022

NOTES TO THE ACCOUNTS

1 TURNOVER

	1993 £000	1992 £000
Housebuilding and associated trading activities	146,937	129,763
Ground rents and other rental income	228	194
	147,165	129,957

Overseas turnover is not significant.

2 NET INTEREST RECEIVABLE AND SIMILAR INCOME

	1993 £000	1992 £000
Interest receivable	1,641	2,116
Interest payable on overdrafts and bank and other loans repayable within 5 years	(120)	(224)
	1,521	1,892
Income from investments	484	225
	2,005	2,117

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1993 £000	1992 £000
Profit before taxation is stated after charging		
Depreciation	1,098	1,064
Hire of plant and machinery	1,402	1,178
Operating lease rentals		
Land and buildings	487	279
Auditors' remuneration (including expenses) – audit	102	98
– other services	96	80

4 TAXATION

	1993 £000	1992 £000
Taxation based on profit for the year		
UK corporation tax at 33% (1992 – 33%)	5,425	4,416
Deferred tax	87	(99)
	5,512	4,317
Associated undertakings	21	19
	5,533	4,336

NOTES TO THE ACCOUNTS

5 PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

	1993 £000	1992 £000
This has been dealt with in the accounts as follows		
Bellway p.l.c.	11,025	8,292
Subsidiary undertakings	94	357
Associated undertakings	80	39
	11,199	8,688

The Company has taken advantage of the exemption from the requirement to present its own profit and loss account which is given by Section 230 of the Companies Act 1985.

6 DIVIDENDS

	1993 £000	1992 £000
Ordinary share capital		
Interim paid on 2nd July 1993 – 4p on 48,748,555 shares (1992 – 4p on 37,632,729 shares)	1,950	1,505
Final proposed – 8p on 48,843,021 shares (1992 – 7.5p on 37,632,729 shares)	3,907	2,823
9.5% preference share capital	1,900	1,900
	7,757	6,228

7 EMPLOYEES AND DIRECTORS

	1993 £000	1992 £000
(a) **Group employment costs**		
Wages and salaries	11,882	11,201
Social security	974	1,052
Pension costs	622	406
	13,478	12,659

The average number of persons employed by the Group during the year was 648 (1992 – 634) comprising 249 (1992 – 223) administrative and 399 (1992 – 411) production and others employed in housebuilding and associated trading activities. In addition, the Group employs indirectly substantially more personnel through sub-contractors.

(b) **Pension Costs**
The Group operates a defined benefit scheme and various additional supplementary schemes based on defined contributions. The assets of the schemes are in funds held separately from those of the Group. A valuation of the defined benefit scheme is undertaken by independent qualified actuaries at least every three years and contributions to the scheme are paid in accordance with their recommendations. The most recent valuation of this scheme was undertaken as at 1st November 1990 and used the projected unit method. The assumption which has the most significant effect on the results of the valuation is the difference of 1.5% per annum between the yield on the fund's assets over the rate of salary increases. The assets of the defined benefit scheme had a market value at 1st November 1990 of £3,990,000.
Following advice from the actuaries, one of the defined contribution schemes was merged with the defined benefit scheme and, in addition, certain benefit improvements were granted to the members.

NOTES TO THE ACCOUNTS

After these changes, which were implemented on 1st November 1991, the surplus disclosed by the valuation is £1,819,000, and the actuarial valuation of the assets is sufficient to cover 160% of the value of the benefits that had accrued to members after allowing for expected future increases in earnings. The surplus is being credited to profit and loss account over the expected remaining working lives of current employees.

The pension cost for the year of £622,000 (1992 – £406,000) includes £476,000 (1992 – £211,000) in respect of the defined benefit scheme after a credit of £251,000 (1992 – £301,000) in respect of the amortisation of the surplus.

At 31st July 1993 contributions totalling £679,000 (1992 – £205,000) were payable to the funds.

(c) Directors' remuneration

	1993 £000	1992 £000
Group employment costs include the following emoluments in respect of directors of Bellway p.l.c.		
Fees for services as directors	13	14
Other emoluments (including pension contributions)	930	918
	943	932

Included in the above are the following emoluments

	Chairman £	Highest paid director £	Other directors £	Total £
Fees	3,000	2,000	8,416	13,416
Other emoluments including benefits	187,838	245,973	394,014	827,825
Pension contributions	–	46,234	55,583	101,817
1993	190,838	294,207	458,013	943,058
1992	204,477	279,021	448,099	931,597

The executive directors' remuneration is monitored by the Remuneration Committee. Its responsibilities include the consideration and approval of the terms of service, remuneration and benefits of the executive directors. No performance related emoluments were paid to the directors during the year.

Stock options granted during the year are not included in the above figures and are disclosed in the Report of the Directors on page 8.

The emoluments (excluding pension contributions) of the directors fell within the following ranges

	1993 Number	1992 Number
£0-£5,000	1	–
£5,001-£10,000	2	2
£155,001-£160,000	–	1
£175,001-£180,000	–	1
£180,000-£185,000	1	–
£190,001-£195,000	1	1
£200,001-£205,000	1	–
£210,001-£215,000	–	1
£245,001-£250,000	1	–

NOTES TO THE ACCOUNTS

8 TANGIBLE FIXED ASSETS

Group	Land and property £000	Vehicles, plant and equipment £000	Total £000
Cost or valuation			
At 1st August 1992	3,765	5,780	9,545
Additions	1,252	1,429	2,681
Disposals	(93)	(1,107)	(1,200)
At 31st July 1993	4,924	6,102	11,026
Depreciation			
At 1st August 1992	317	3,115	3,432
Charge for year	59	1,039	1,098
On disposals	(10)	(805)	(815)
At 31st July 1993	366	3,349	3,715
Net book value			
At 31st July 1993	4,558	2,753	7,311
At 31st July 1992	3,448	2,665	6,113
Net book value at 31st July 1993 is based on			
Valuation in 1979	109	-	109
Valuation in 1985	75	-	75
Cost	4,374	2,753	7,127
	4,558	2,753	7,311

Certain land and property at 31st January 1979 and certain properties at 31st December 1985 were valued on an open market basis. The historic cost of land and property amounts to £4,844,000 (1992 – £3,685,000) and accumulated depreciation based on historical cost would be £337,000 (1992 – £290,000).

Land and property at net book value comprises

	1993 £000	1992 £000
Freehold ground rents	727	613
Freehold land	910	715
Freehold buildings	2,664	1,855
Leaseholds over 50 years	220	227
Leaseholds under 50 years	37	38
	4,558	3,448

NOTES TO THE ACCOUNTS

9 FIXED ASSET INVESTMENTS

Group	Shares in associated undertakings £000	Other investments Listed £000	Other investments Unlisted £000	Total £000
Cost				
At 1st August 1992	5	44	91	140
Addition	–	7	–	7
At 31st July 1993	5	51	91	147
Share of post acquisition reserves				
At 1st August 1992	39	–	–	39
For year	80	–	–	80
At 31st July 1993	119	–	–	119
Net book value				
At 31st July 1993	124	51	91	266
At 31st July 1992	44	44	91	179

The associated undertakings, Cramlington Developments Limited and Leebell Developments Limited, are incorporated in Great Britain, registered in England and Wales, are 50% owned, have issued share capitals of 10,000 and 100 ordinary shares of £1 each respectively, of which fully paid shares are 10,000 and 2 respectively, have accounting reference dates of 30th June and are engaged in land development.
At 31st July 1993 the market value of the investments listed on The Stock Exchange was £186,000 (1992 – £264,000).

Company	£000
Shares in subsidiary undertakings at cost at 1st August 1992 and 31st July 1993	4,949

Principal subsidiary undertakings

Unless otherwise stated, the Company owns the whole of the ordinary share capital of the following undertakings incorporated in Great Britain, registered in England and Wales and engaged in house-building and associated activities.

United Kingdom subsidiary undertakings
- Bellway Homes Limited
- Bellway Homes (Anglia) Limited
- Bellway Homes (West Midlands) Limited
- Bellway (North East) Limited
- Bellway (North London) Limited
- Bellway (North West) Limited
- Bellway (Scotland) Limited (registered in Scotland)
- Bellway Urban Renewals Limited
- Bellway Urban Renewals (New Homes) Limited
- Bellway Urban Renewals (Contracts) Limited
- Bellway Properties Limited
- Bellway (Services) Limited
- Litrose Investments Limited
- Nixons Fitted Furnishings Limited
- *The Victoria Dock Company Limited (60% owned)

Overseas subsidiary undertaking
- *Bellway Pty Limited (incorporated in Australia)

*These shares are held indirectly.

NOTES TO THE ACCOUNTS

10 STOCKS

	1993 £000	1992 £000
Group		
Work in progress and stocks	143,980	110,879
Showhouses and houses awaiting sale	7,322	7,074
	151,302	117,953
Less: Payments on account	4,825	5,434
	146,477	112,519

Work in progress is stated net of urban regeneration and similar grants amounting to £11,869,000 (1992 – £15,529,000).

11 DEBTORS

	Group		Company	
	1993 £000	1992 £000	1993 £000	1992 £000
Due within one year				
Trade debtors	1,217	1,938	–	–
Amounts owed by subsidiary undertakings	–	–	114,256	75,573
Other debtors	2,767	5,633	–	–
Prepayments and accrued income	1,467	1,195	–	–
	5,451	8,766	114,256	75,573
Due after one year				
Advance corporation tax recoverable	1,309	1,141	1,309	1,141
Other debtors	310	121	–	–
Deferred taxation (note 14)	25	97	–	–
	7,095	10,125	115,565	76,714

12 CREDITORS DUE WITHIN ONE YEAR

	Group		Company	
	1993 £000	1992 £000	1993 £000	1992 £000
Bank overdrafts–unsecured	–	1,681	–	–
Trade creditors	27,610	18,182	–	–
Dividends	4,509	3,424	4,509	3,424
Advance corporation tax	1,874	1,641	1,874	1,641
Corporation tax	3,429	2,552	–	–
Other taxation and social security	409	487	–	–
Other creditors	597	158	30	29
Accruals and deferred income	14,435	13,118	–	–
Payments on account	769	325	–	–
	53,632	41,568	6,413	5,094

Trade creditors of £1,450,000 (1992 – £7,781,000) are secured on certain assets of the Group.

NOTES TO THE ACCOUNTS

13 CREDITORS DUE AFTER MORE THAN ONE YEAR

	1993 £000	1992 £000
Group		
Trade creditors	9,476	9,597
Other creditors	372	222
Deferred income	4,665	–
	14,513	9,819

Trade creditors of £2,900,000 (1992 – £8,818,000) and other creditors of £197,000 (1992 – £197,000) are secured on certain assets of the Group.

The deferred income represents the value of sales of residential properties to two B.E.S. companies, Bulldog Premium Growth I PLC and Bulldog Premium Growth II PLC. Any such properties which remain unsold on 5th March 1998 are subject to an option arrangement whereby the Group is required to re-purchase them at a price which will ensure that the investors in the B.E.S. companies receive 112 pence for every 100 pence they invested, this price being irrespective of the value of the properties. The cost of the properties is included in stocks of houses awaiting sale.

14 PROVISIONS FOR LIABILITIES AND CHARGES

	1993 £000	1992 £000
Group		
Deferred taxation		
UK		
Excess of capital allowances over depreciation	36	54
Other timing differences	(61)	(151)
	(25)	(97)

The deferred taxation asset of £25,000 at 31st July 1993 is included in debtors due after one year (note 11). Full provision has been made for deferred taxation. The movement in the deferred taxation balance of £72,000 is represented by a charge to profit and loss account of £87,000 and £15,000 transferred to reserves in respect of exchange differences.

15 CONTINGENT LIABILITIES

The Company is liable, jointly and severally with other members of the Group, under guarantees given to the Group's bankers in respect of any overdrawn balance on a Group bank account and in respect of other overdrafts, loans and guarantees given by the banks to or on behalf of other Group undertakings. At 31st July 1993 there were no bank overdrafts (1992 – £1,681,000) and no loans (1992 – £nil). The Company has given performance and other trade guarantees on behalf of subsidiary undertakings. The Company has guaranteed the overdrafts of associated undertakings up to a maximum of £1,000,000 (1992 – £750,000). No valuable security has been given in respect of the above guarantees.

NOTES TO THE ACCOUNTS

16 COMMITMENTS

	1993 £000	1992 £000
Group capital commitments		
Authorised but not contracted for	651	85

Payments due in the year to 31st July 1994 in respect of operating leases

	Land and buildings £000
Expiring within one year	98
Expiring within the second to fifth years	132
Expiring in more than five years	205
	435

Leases of land and buildings are subject to periodic rent reviews.

17 SHARE CAPITAL

	1993 £000	1992 £000
Authorised		
66,000,000 (1992 – 50,000,000) ordinary shares of 25p each	16,500	12,500
20,000,000 preference shares of £1 each	20,000	20,000
	36,500	32,500

Number		1993 £000	1992 £000
Allotted, called up and fully paid			
Ordinary shares of 25p each			
37,632,729	At 1st August 1992	9,408	9,339
361,199	Issued on exercise of options	91	69
10,829,257	Rights issue	2,707	-
48,823,185	At 31st July 1993	12,206	9,408
9.5% cumulative redeemable preference shares 2014 of £1 each			
20,000,000	At 1st August 1992 and 31st July 1993	20,000	20,000
		32,206	29,408

In order to finance expansion of the Group's business a 2 for 7 rights issue of ordinary shares was approved at an extraordinary general meeting held on 19th March 1993. The aggregate proceeds of the issue were £33,676,000 after expenses.

The preference shares may be redeemed at the option of the Company at any time at a sum calculated by reference to the yield on 12 per cent Exchequer Stock 2013/17 provided such sum is neither less than the nominal value nor more than twice the nominal value of the preference shares. Any preference shares still in issue on 6th April 2014 are to be redeemed at par.

At 31st July 1993 outstanding options to purchase ordinary shares in Bellway p.l.c. in accordance with the terms of the Bellway p.l.c. Executive Share Option Scheme, were as follows

Number of shares	Price per share	Dates between which options are exercisable
68,324	183.48p	6th May 1990 to 5th May 1997
130,036	228.86p	3rd June 1991 to 2nd June 1998
85,160	167.52p	21st May 1993 to 20th May 2000
364,195	223.47p	3rd December 1994 to 2nd December 2001
165,924	252.22p	8th December 1995 to 7th December 2002
139,000	396.20p	25th June 1996 to 24th June 2003

18 SHARE PREMIUM ACCOUNT

	£000
At 1st August 1992	31,349
Arising on ordinary shares allotted	
on exercise of options	498
on rights issue (net of £977,000 issue costs)	30,969
At 31st July 1993	62,816

19 RESERVES

	Revaluation reserve £000	Other non-distributable reserves £000	Profit and loss account £000
Group			
At 1st August 1992	102	1,511	37,098
Exchange difference	–	–	113
Retained profit for year	–	–	3,443
At 31st July 1993	102	1,511	40,654

The cumulative goodwill arising on the acquisition of subsidiary undertakings and written off directly against reserves is £2,164,000 (1992 – £2,164,000) in respect of subsidiary undertakings merged into the Bellway p.l.c. Group in 1979 from its predecessor, the Bellway Holdings Group, and £35,000 (1992 – £35,000) since then.

	Other non-distributable reserves £000	Profit and loss account £000
Company		
At 1st August 1992	2,145	13,696
Retained profit for year	–	3,268
At 31st July 1993	2,145	16,964

NOTES TO THE ACCOUNTS

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1993 £000	1992 £000
Group		
Profit for the year attributable to shareholders	11,200	8,687
Dividends	(7,757)	(6,228)
	3,443	2,459
Exchange gain/(loss)	113	(99)
Shares issued on exercise of options	589	452
Rights issue	34,653	–
Issue costs of rights issue	(977)	–
Net addition to shareholders' funds	37,821	2,812
Shareholders' funds at 1st August 1992	99,468	96,656
Shareholders' funds at 31st July 1993	137,289	99,468

	1993 £000	1992 £000
Company		
Profit on ordinary activities after taxation	11,025	8,292
Dividends	(7,757)	(6,228)
	3,268	2,064
Shares issued on exercise of options	589	452
Rights issue	34,653	–
Issue costs of rights issue	(977)	–
Net addition to shareholders' funds	37,533	2,516
Shareholders' funds at 1st August 1992	76,598	74,082
Shareholders' funds at 31st July 1993	114,131	76,598

21 EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on earnings of £9,300,000 (1992 – £6,787,000) after taxation, minority interest and preference dividend and the weighted average number of ordinary shares ranking for dividend of 43,709,763 (1992 – adjusted for the rights issue, of 39,204,511). There would be no material dilution to earnings per ordinary share if all outstanding options were exercised.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at The Copthorne Hotel, The Close, Quayside, Newcastle upon Tyne NE1 3RT on 14th January 1994 at 12 noon for the following purposes:

1. To receive the report of the directors, the accounts and the auditors' report.
2. To declare a dividend.
3. To re-elect Mr. A. K. Bell as a director of the Company.
4. To re-elect Mr. D. S. Bramley as a director of the Company.
5. To reappoint KPMG Peat Marwick as auditors of the Company and to authorise the directors to fix their remuneration.

As special business to consider and, if thought fit, to pass the following resolutions:

6. ORDINARY RESOLUTION
That with effect from close of business on 21st January 1994, each of the ordinary shares of 25p each in the capital of the Company be sub-divided into two ordinary shares of 12.5p each.

7. SPECIAL RESOLUTION
That the directors, pursuant to the general authority conferred on them by a Special Resolution passed at the Extraordinary General Meeting of the Company held on 19th March 1993, be empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") to allot equity securities (within the meaning of Section 94 of the Act) as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
(i) made in connection with an offer of securities, open for acceptance for a fixed period, by the directors to ordinary shareholders of the Company on the register on a fixed record date in proportion (as nearly as may be) to their then holdings of such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with legal or practical problems under the laws, or the requirements of any recognised regulatory body or any stock exchange in, any overseas territory or in connection with fractional entitlements); and/or
(ii) wholly for cash (otherwise than pursuant to sub-paragraph (i) above) up to an aggregate nominal value of £610,290;

and shall expire on the conclusion of the next Annual General Meeting of the Company or, if earlier, 15 months after the passing of this resolution but the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to such an offer or agreement as if the power conferred by this resolution had not expired.

8. SPECIAL RESOLUTION
That the Company be authorised to purchase for cancellation its own ordinary shares and preference shares by way of market purchase upon and subject to the following conditions:
(i) subject to the passing of Resolution 6, the maximum number of ordinary shares which may be purchased is 9,764,638 ordinary shares of 12.5p each being approximately 10 per cent of the ordinary shares in issue;
(ii) the maximum number of preference shares which may be purchased is 20,000,000 9.5% Cumulative Redeemable Preference Shares 2014 of £1 each being the amount of preference shares in issue;

NOTICE OF MEETING

(iii) subject to the passing of Resolution 6, the maximum price at which ordinary shares may be purchased is an amount equal to 105 per cent of the average of the middle market quotations derived from The London Stock Exchange Daily Official List for the 10 business days immediately preceding the date on which the ordinary shares are contracted to be purchased and the minimum price is 12.5p per share, in both cases exclusive of expenses;

(iv) the maximum price at which preference shares may be purchased shall be an amount calculated in accordance with the provisions of regulation 3(b)(v)8 in the Articles of Association of the Company;

(v) the authority to purchase conferred by this Resolution shall expire at the conclusion of the Annual General Meeting of the Company to be held in 1995 provided that any contract for the purchase of any ordinary shares as aforesaid which was concluded before the expiry of the said authority may be executed wholly or partly after the said authority expires.

(vi) in the event that Resolution 6 is not passed:-

(a) for the purposes of sub-paragraph (i) the maximum number of ordinary shares which may be purchased shall be 4,882,319 ordinary shares of 25p each; and

(b) for the purposes of sub-paragraph (iii) the minimum share price shall be 25p per share (exclusive of expenses).

Notes:

(i) A member may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

(ii) Completion and return of the proxy will not preclude shareholders from attending and voting at the meeting.

(iii) There will be available for inspection at the registered office of the Company, Seaton Burn House, during usual business hours (Saturdays excepted) from the date of this notice until the date of the Annual General Meeting:

(a) a statement of all transactions of each director and of his family interests in the equity share capital of the Company;

(b) copies of contracts of service of the directors employed by the Company.

These documents will also be available for inspection during the Annual General Meeting and for at least fifteen minutes before it begins.

By Order of the Board

Bellway p.l.c.
Seaton Burn House
Dudley Lane
Seaton Burn
Newcastle upon Tyne
NE13 6BE

24th November 1993

P. J. STOKER
Secretary

PROXY CARD

Proxy Card for use at the Annual General Meeting of Bellway p.l.c. to be held on 14th January 1994

I/We..of...
(Name and address in block capitals)

....

....

the undersigned, being (a) member(s) of the above named Company, hereby appoint †Mr. H. C. Dawe or failing him Mr. A. G. Robson, Directors of the Company or

....

....

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the 14th January 1994 and at every adjournment thereof and I/we direct my/our proxy to vote as indicated below.

Date ....Signed..

Please indicate, by inserting a cross in the appropriate square, how you wish your votes to be cast on the Resolutions mentioned. Unless so instructed and on any other Resolutions proposed at the meeting, your proxy will vote or abstain at his discretion. This proxy will be used only in the event of a poll being directed or demanded.

ANNUAL GENERAL MEETING		
RESOLUTIONS	FOR	AGAINST
1. To adopt the Directors' Report and Accounts for the year ended 31st July 1993		
2. To declare a dividend		
3. To re-elect Mr. A. K. Bell		
4. To re-elect Mr. D. S. Bramley		
5. To reappoint KPMG Peat Marwick as auditors of the Company and to authorise the directors to fix their remuneration		
6. To approve the sub-division of the Company's ordinary share capital		
7. To exclude the application of pre-emption rights to the allotment of equity securities		
8. To authorise market purchases of the Company's own ordinary shares and preference shares		

NOTES

† Delete the underlined if it is desired to appoint any other person, who need not be a member of the Company, and insert his/her name and address.

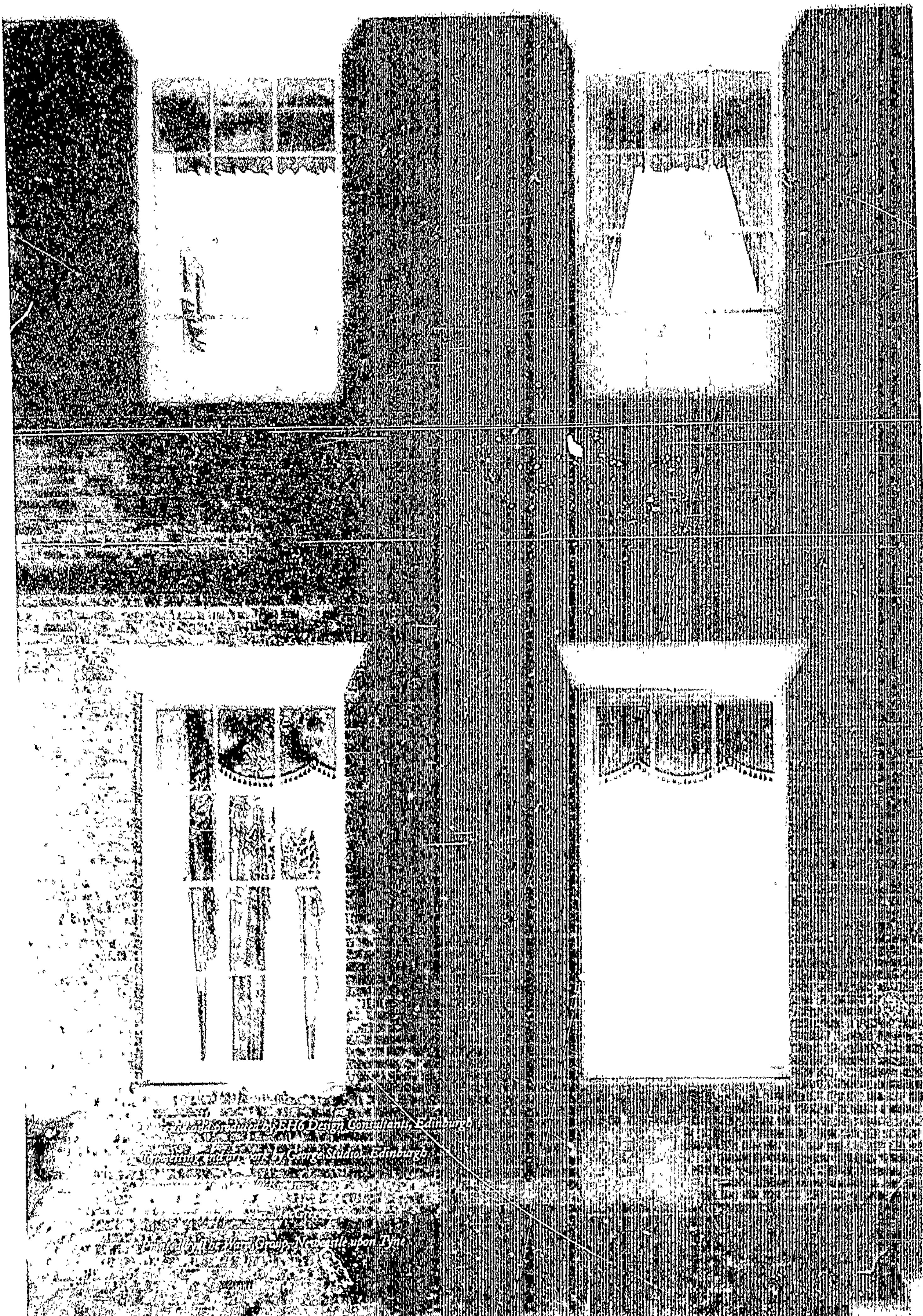
(i) To be effective this proxy must be deposited at the office of the Company's Registrars shown overleaf not less than 48 hours before the time appointed for the holding of the meeting for which it is to be used.

(ii) Any alterations to this form of proxy should be initialled.

(iii) In the case of a joint holding, this form may be signed by any of the joint holders, but the vote of the member whose name stands earliest in the Register of Members will be accepted to the exclusion of the votes of the other joint holders.

(iv) In the case of a corporation, the form of proxy should be under its Common Seal or under the hand of a duly authorised officer or attorney.

(v) Completion and return of the proxy will not preclude members from attending and voting at the meeting.



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