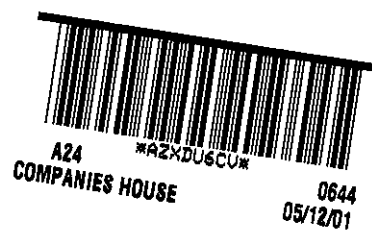


Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

Annual report

for the year ended 30 June 2001

Registered Number 1189328



Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

Annual report

for the year ended 30 June 2001

Contents

Directors and Advisors for the year ended 30 June 2001	1
Directors' report for the year ended 30 June 2001	2
Independent auditors' report to the members of Redrow Homes (North West) Limited.....	5
Profit and loss account for the year ended 30 June 2001	6
Balance sheet as at 30 June 2001	7
Accounting policies	8
Notes to the financial statements for the year ended 30 June 2001	9

Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

Directors and Advisors for the year ended 30 June 2001

Directors

I D Wilkins
T Shinks
B K Harvey
J Grime
D R Lee
C J Smethurst
M R Powell
Redrow Homes Limited

Secretary

R E Walker

Auditors

PricewaterhouseCoopers
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Bankers

Barclays Bank PLC
Corporate Banking Centre
PO Box 1015
3rd Floor
3 Windsor Place
Cardiff CF10 3ZL

Registered Office

Redrow House
St David's Park
Flintshire
CH5 3RX

Registered Number

1189328

Redrow Homes (North West) Limited

(formerly Redrow Homes (Northern) Limited)

Directors' report for the year ended 30 June 2001

The directors present their report and the audited financial statements of the company for the year ended 30 June 2001.

Principal activities and business review

The principal activity of the company is residential development. At 31 December 2000, the company acquired at net book value, the assets and liabilities of Harwood Homes (North West) Limited, a fellow subsidiary of Redrow Homes Limited.

The directors are pleased with the progress of the enlarged business during the year and consider the state of affairs at the end of the year, and the future prospects of the company, to be satisfactory.

Results and dividends

The directors paid a dividend of £3,000,000 (2000: £30,000,000) in respect of the year ended 30 June 2001.

The profit of £5,042,682 (2000: deficit £23,418,310) will be transferred to reserves.

Directors and their interests

The directors who held office during the year are given below:

T Shinks		
B K Harvey		
J Grime		
I R Dingwall	resigned	31 January 2001
A Swindell	resigned	29 September 2000
P L Pedley	resigned	10 May 2001
N Fitzsimmons	resigned	10 May 2001
I D Wilkins	appointed	2 January 2001
D R Lee	appointed	2 January 2001
C J Smethurst	appointed	2 January 2001
Redrow Homes Limited	appointed	8 January 2001
M R Powell	appointed	10 May 2001

Redrow Homes Limited is the immediate parent company of all the Redrow Homes trading subsidiaries.

J R Newton and P J Dartnell were appointed directors on 2 July 2001.

At 30 June 2001, the interests of B K Harvey in the share capital of Redrow plc are disclosed in the financial statements of that company.

The interests of M R Powell in the share capital of Redrow plc are disclosed in the financial statements of Redrow Homes Limited.

At 30 June 2001, the other directors had the following interests in the ordinary shares of Redrow plc:

	Ordinary shares of 10p each	
	2001	2000
	Number	Number
J Grime	-	4,600
I D Wilkins	11,145	9,057
C J Smethurst	2,111	2,300

Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

	Options held at 1 July 2000	Granted in year	Exercised in year	Options held at 30 June 2001
T Shinks	13,000	-	(5,000)	*8,000
	20,811	10,453	-	**31,264
	21,666	-	-	***21,666
	-	20,000	-	****20,000
J Grime	4,924	7,068	(2,051)	**9,941
	-	15,000	-	****15,000
I D Wilkins	13,000	-	-	*13,000
	24,241	14,256	(12,153)	**26,344
	-	30,000	-	****30,000
D R Lee	6,850	6,748	-	**13,598
	1,218	-	-	***1,218
	-	15,000	-	****15,000
C J Smethurst	10,382	8,027	(2,111)	**16,298
	-	2,891	-	***2,891
	-	15,000	-	****15,000

* Shares represented by options to purchase acquired under the terms of the Redrow plc Share Option Scheme at option prices ranging from 102p to 126p per ordinary share and exercisable from between December 1997 and November 1998.

** Shares represented by options to purchase acquired under the terms of the Redrow plc Long Term Share Incentive Plan exercisable from between September 1996 and June 2001.

*** Shares represented by options to purchase acquired under the Redrow Save As You Earn Schemes exercisable on completion of a three, five or seven year savings contract.

**** Shares represented by options granted by S P Morgan, the former Chairman of Redrow plc, over shares controlled by him which do not involve the Group in any expense or the issuing of additional shares. The options are exercisable at a price of 170.0p between 25 June 2004 and 24 June 2005.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 June 2001 and that applicable accounting standards have been followed.

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 the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

Charitable contributions

Charitable contributions amounting to £1,207 were made by the company during the year.

EMU

The company's approach to this issue is being co-ordinated by its ultimate parent company, Redrow plc, and full details are disclosed in the financial statements of that company.

Taxation status

As far as the directors are aware, the company is not a close company as defined by Section 414 of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors of the company will be proposed at the Annual General Meeting.

By order of the Board



R E Walker

Secretary

10 September 2001

Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

**Independent auditors' report to the members of Redrow Homes
(North West) Limited**

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, and the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the directors report.

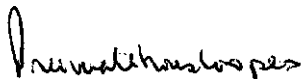
Basis of audit opinion

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 at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Manchester
10 September 2001

Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

Profit and loss account for the year ended 30 June 2001

	Note	2001 £	2000 £
Turnover	1	62,508,620	47,695,621
Operating profit	1	11,467,135	9,388,553
Interest receivable		21,633	19,380
Profit on ordinary activities before taxation	4	11,488,768	9,407,933
Tax on profit on ordinary activities	5	(3,446,086)	(2,826,243)
Profit on ordinary activities after taxation		8,042,682	6,581,690
Dividends		(3,000,000)	(30,000,000)
Retained profit/(deficit) for the financial year	14	5,042,682	(23,418,310)

Current year operating profit is generated from continuing operations and acquisitions.

Prior year operating profit is generated from continuing operations.

The company has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

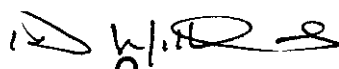
Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

Balance sheet as at 30 June 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible assets	6	151,899	6,971
Investments	7	100	100
		151,999	7,071
Current assets			
Stocks	8	42,767,629	33,937,589
Debtors	9	548,089	13,469,637
Cash at bank and in hand		114,776	-
		43,430,494	47,407,226
Creditors: amounts falling due within one year	10	(36,399,030)	(43,923,824)
Net current assets		7,031,464	3,483,402
Total assets less current liabilities		7,183,463	3,490,473
Creditors: amounts falling due after more than one year	11	-	(1,455,000)
Provision for liabilities and charges	12	(464,108)	(358,800)
Net assets		6,719,355	1,676,673
Capital and reserves			
Called up share capital	13	168	168
Share premium account		62,282	62,282
Capital redemption reserve		32	32
Profit and loss account	14	6,656,873	1,614,191
Equity shareholders' funds	15	6,719,355	1,676,673

The financial statements on pages 6 to 15 were approved by the board of directors on 10 September 2001 and were signed on its behalf by:

I Wilkins
M R Powell
Directors


M. Powell

Redrow Homes (North West) Limited

(formerly Redrow Homes (Northern) Limited)

Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Tangible fixed assets

Fixed assets are depreciated on a straight line basis over their expected useful lives at the following principal annual rates:

	%
Fixtures and fittings	25

Fixed asset investments

The investment in associated companies represents the book value of the underlying net assets, the surplus or deficit arising on the revaluation being transferred to non distributable reserves. The basis of valuation has been adopted so as to present more fairly the investment by the company in these companies.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value, cost including materials, labour and subcontract work.

Turnover and profit recognition

Turnover represents sales of residential housing. Profit is recognised on legal completion.

Interest on borrowings

Interest is written off as incurred.

Operating leases

Costs in respect of operating leases are charged against profit on a straight line basis over the lease term.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences which arise from the recognition of income and expenditure in differing periods for taxation and accounting purposes, except where the deferment is expected to continue in the future. Under this policy, no provision has been made for the potential further liability to taxation which would arise in the event of the realisation of associated companies included at valuation in the financial statements at the values attributed to them.

Cash flows

The company is a wholly owned subsidiary of Redrow plc, and its cash flows are included in the consolidated cash flow statement of Redrow plc. Consequently, the company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement.

Pension scheme

The group operates a contributory pension scheme for all its salaried staff. The scheme is externally invested and the funds of the scheme are administered by trustees. The group's contributions to the scheme, which are made in accordance with the recommendations of independent actuaries, are charged against profits across the group as a whole in accordance with Statement of Standard Accounting Practice No 24.

Forward land

All expenditure relating to forward land, including options, fees etc. is written off when incurred. After exercise of an option and acquisition of the land following the securing of planning permission, the costs relating to that land are written back.

Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

**Notes to the financial statements
for the year ended 30 June 2001**

1 Operating profit

	2001 £	2000 £
Turnover	62,508,620	47,695,621
Cost of sales	(46,483,238)	(35,317,538)
Gross profit	16,025,382	12,378,083
Administrative expenses	(4,558,247)	(2,989,530)
Operating profit	11,467,135	9,388,553

2 Directors' emoluments

	2001 £	2000 £
Emoluments		
Aggregate emoluments	311,028	260,061

7 (2000: 3) directors exercised share options in the year and 5 (2000: 4) directors became entitled to receive shares under the long-term incentive scheme. Retirement benefits are accruing to 5 (2000: 4) directors under a defined benefit scheme.

	2001 £	2000 £
Highest paid director	60,672	88,593
Defined pension schemes:		
Accrued pension at end of year	11,875	1,778

Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

3 Employee information

The average monthly number of persons employed by the company during the year was:

	2001 Number	2000 Number
By activity		
Directors and administrative staff	53	45
Site personnel	99	77
	152	122
	£	£
Wages and salaries	3,147,941	2,314,172
Social security costs	234,473	182,966
Other pensions costs	196,966	122,427
Staff costs	3,579,380	2,619,565

4 Profit on ordinary activities before taxation

	2001 £	2000 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation for the year	15,581	3,535
Auditors' remuneration	8,875	8,500
Loss of disposal on fixed assets	6,344	-
Hire of plant and machinery	1,134,130	1,506,976

5 Taxation

	2001 £	2000 £
Taxation on the profit for the year		
United Kingdom corporation tax at 30% (2000: 30%)		
Current	3,443,120	2,826,228
Deferred	2,104	-
Prior	862	15
	3,446,086	2,826,243

Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

6 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 July 2000	92,954
Additions	166,853
Disposals	(93,437)
At 30 June 2001	166,370
Depreciation	
At 1 July 2000	85,983
Charge for the year	15,581
Disposals	(87,093)
At 30 June 2001	14,471
Net book amount	
At 30 June 2001	151,899
At 30 June 2000	6,971

7 Fixed asset investments

	Interests in associated undertakings £
Cost or valuation	
At 1 July 2000 and 30 June 2001	100

Associated undertakings

Name of undertaking	Country of incorporation	Proportion of nominal value of ordinary shares held	Accounting year end	Principal activity
		%		
Paycause Limited	Great Britain	33.3	31 March	Residential development

Group financial statements have not been prepared because the company is a wholly owned subsidiary of Redrow plc, a company incorporated in Great Britain.

Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

8 Stocks

	2001 £	2000 £
Land for development	23,717,303	21,885,669
Work in progress	20,433,867	12,574,074
	44,151,170	34,459,743
Less: payments received on account	(1,383,541)	(522,154)
	42,767,629	33,937,589

9 Debtors

	2001 £	2000 £
Amounts falling due within one year		
Trade debtors	545,804	467,655
Amounts owed by group undertakings	2,068	12,774,405
Other debtors	-	171,177
Prepayments and accrued income	217	56,400
	548,089	13,469,637

10 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	-	3,166,926
Trade creditors	9,295,360	6,785,087
Amounts due in respect of land for development	1,554,710	2,453,350
Amounts owed to group undertakings	22,366,958	29,429,164
Corporation tax payable	2,751,106	1,892,912
Other taxation and social security payable	25,376	24,965
Other creditors	-	14,461
Accruals and deferred income	405,520	156,959
	36,399,030	43,923,824

Amounts owed to the company's ultimate holding company, Redrow plc, are secured by a floating charge over the company's present and future undertakings and assets. This charge does not take priority over any charge issued in favour of any other party.

Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

11 Creditors: amounts falling due after one year

	2001 £	2000 £
Amounts due in respect of land for development	-	1,455,000

12 Provisions for liabilities and charges

	Deferred Taxation £	Maintenance provision £	Total £
At 1 July 2000	-	358,800	358,800
Transferred from/(to) profit and loss account	2,104	103,204	105,308
At 30 June 2001	2,104	462,004	464,108

Deferred taxation

The total potential asset is as follows:

Deferred taxation provided in the financial statements and the total potential liability/(asset) including the amount for which provision has been made, are as follows:

	Amount provided		Total potential liability/(asset)	
	2001 £	2000 £	2001 £	2000 £
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	2,104	-	2,104	(936)

13 Called up share capital

	2001 £	2000 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
200 ordinary shares of £1 each	168	168

Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

14 Reserves

	Profit and loss account £
At 1 July 2000	1,614,191
Profit for the year	5,042,682
At 30 June 2001	6,656,873

15 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the financial year	8,042,682	6,581,690
Dividends	(3,000,000)	(30,000,000)
Net movement in shareholders' funds	5,042,682	(23,418,310)
Opening shareholders' funds	1,676,673	25,094,983
Closing shareholders' funds	6,719,355	1,676,673

16 Pensions and similar obligations

The company participates in The Redrow Staff Pension Scheme which is a self-administered, defined benefits scheme, with contributions based on the pension costs of the whole Redrow Group. These were at the rate of 10% of pensionable earnings. Details of the latest actuarial valuation will be found in the financial statements of Redrow plc. The company will account for the pension scheme as a defined contribution scheme in accordance with paragraph 12 of Financial Reporting Standard 17. As at 30 June 2001, the Redrow Staff Pension Scheme is in surplus.

17 Contingent liabilities

Performance bonds and other building guarantees have been entered into in the normal course of business. In addition, the company provides cross guarantees in respect of the Redrow plc syndicated loan, details of which are in the Redrow plc Annual Report and Accounts.

18 Related party transactions

As a wholly owned subsidiary, the company has taken advantage of the exception under FRS8 not to disclose intra-group transactions. There have been no other related party transactions.

Redrow Homes (North West) Limited
(formerly Redrow Homes (Northern) Limited)

19 Ultimate holding company and controlling party

The company's ultimate holding company and controlling party is Redrow plc, a company incorporated in Great Britain. The company's immediate parent company is Redrow Homes Limited, a company incorporated in Great Britain. Copies of the Redrow plc financial statements may be obtained from the Company Secretary, Redrow plc, Redrow House, St David's Park, Flintshire, CH5 3RX.

20 Acquisition

On 31 December 2000, the company acquired the operations, assets and liabilities of Harwood Homes (North West) Limited. The operations have not traded as a separate segment from that date and therefore it is not possible to separately identify the results attributable to acquisitions.