

Midas Homes Limited

Registered number: 2714200

Annual report and financial statements

Year ended 30 June 2008

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Midas Homes Limited

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Midas Homes Limited

Directors and advisers

Directors

WE Cawse
RJ Hayman
AGS Addison
TJ Douglass
G Hutton
A Lane
RJ Baldwinson
K Foley
DW Tilman
I Baker

Secretary

R Barraclough

Registered office

Cowley Business Park
Cowley
Uxbridge
Middlesex
UB8 2AL

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Registered Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Bankers

Barclays Bank plc
15 Colmore Row
Birmingham
B3 2WN

Midas Homes Limited

Directors' report for the year ended 30 June 2008

The directors submit their annual report and the audited financial statements of Midas Homes Limited ("the company") for the year ended 30 June 2008.

Principal activity

The principal activity of the company is residential property development, social housing and urban regeneration, primarily in Devon, Cornwall and Somerset although the business is now expanding eastwards towards Wiltshire and Gloucestershire.

Review of business and future developments

The housing market has deteriorated during the financial year with the credit crunch impacting on consumer confidence and their ability to secure a mortgage. The resulting pressure on income levels has resulted in reduced profitability compared with the previous year.

Despite the downturn in the market place, turnover increased to £83,194,000 (2007, £80,654,000). Social housing and contracting represent 9.7% and 15.7% respectively, (2007: 10.7% and 7.2%) of the total turnover.

The directors' commitment to a strong partnering ethos with our Affordable Housing partners continues and we will look to secure contracting opportunities for Affordable housing and Regeneration projects.

The directors expect to see difficult market conditions continue and as such the operational structure has been reorganised with stringent controls on work in progress and stock levels implemented. The company will look to conserve its resources to enable it to take advantage of the opportunities that will occur when the market starts to improve.

Results and dividends

A summary of the results of the year's trading is given on page 6 of the financial statements.

The company's loss for the financial year was £2,644,000 (2007: profit £4,041,000). The loss arose due to the downturn in the housing market which resulted in a number of redundancies at a cost of £249,000 plus a land write down of £4,954,000.

The directors paid an interim dividend of £19.04 per £1 share amounting to £4,759,000 (2006: £4.10 per £1 share amounting to £1,024,000). The directors do not recommend the payment of a final dividend for 2008 (2007: £Nil).

Directors

The present directors of the company are set out on page 1, all of whom served throughout the year and up to the date of signing the financial statements, except where indicated.

JE Macey and DD Seaton resigned as directors of the company on 31 December 2007 and 31 May 2008 respectively.

Following shareholder approval, the company has provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 1985.

Midas Homes Limited

Directors' report for the year ended 30 June 2008 (continued)

Creditor payment policy

The company does not follow a universal code which deals specifically with payments to suppliers but, where appropriate, the company's practice is to:

- a) agree the terms of payment at the start of business with the supplier;
- b) ensure that those suppliers are made aware of the terms of payment;
- c) pay in accordance with its contractual and other legal obligations.

The company's average creditor payment period at 30 June 2008 was 32 days (2007: 32 days).

Financial risk management

The company's operations expose it to a variety of financial risks, including the effects of credit risk, liquidity risk, cash flow risk and interest rate risk. The policies to mitigate the potential impact of these financial risks are set by the directors, who monitor their effectiveness on a monthly basis during board meetings. These policies are as follows:

Where appropriate, credit checks are made prior to the acceptance of a new customer and these are reviewed on a periodic basis together with ongoing checks in respect of existing customers. Monthly reviews of the debtor's ledger are carried out with the finance and sales teams and action initiated, as appropriate, to collect any overdue amounts, thus optimising the company's liquidity position.

The rate of interest earned and paid on the company's cash balances and loans and overdrafts are monitored, by the ultimate holding company Galliford Try plc, on an ongoing basis by continuing review of rates available in the market. Deposits, loans and overdrafts are made with reference to these rates, in conjunction with projections of future cash requirements.

Galliford Try plc actively maintains an appropriate level of cash reserves that is available for operations and planned expansions. Galliford Try plc ensures that the company has sufficient liquid resources to continue its operation.

Principal risks, uncertainties and key performance indicators

From the perspectives of the company, the principal risks and uncertainties are integrated with that of Galliford Try plc and are not managed separately. These are discussed within the group's annual report on page 4.

The directors of Galliford Try plc manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the housebuilding division of Galliford Try plc, which includes the company, is discussed in the group's annual report on pages 4 to 23 which does not form part of this report.

Midas Homes Limited

Directors' report for the year ended 30 June 2008 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

Disclosure of information to auditors


Each of the persons who is a director at the date of the approval of this report confirms that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next AGM.

The report of the directors was approved by the Board on 22 December 2008 and signed on its behalf by:


WE Cawse
Director

Independent auditors' report to the members of Midas Homes Limited

We have audited the financial statements of Midas Homes Limited for the year ended 30 June 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

West London

22 December 2008

Midas Homes Limited

Profit and loss account for the year ended 30 June 2008

	<i>Note</i>	2008 £'000	2007 £'000
Turnover	2	83,194	80,654
Cost of sales		(77,617)	(65,455)
Gross profit		5,577	15,199
Administrative expenses		(5,225)	(5,967)
Operating profit	5	352	9,232
Income from shares in group undertaking		718	-
Interest receivable and similar income	6	17	8
Interest payable and similar charges	7	(5,153)	(3,435)
(Loss)/profit on ordinary activities before taxation		(4,066)	5,805
Tax credit/(charge) on the (loss)/profit on ordinary activities	8	1,422	(1,764)
(Loss)/profit for the financial year	21	(2,644)	4,041

All amounts relate to continuing operations.

There are no recognised gains and losses other than those shown in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the results shown in the profit and loss account above and their historical cost equivalents.

Midas Homes Limited

Balance sheet as at 30 June 2008

	<i>Note</i>	2008 £'000	2007 £'000
Fixed assets			
Tangible fixed assets	10	145	221
Investments	11	1,086	1,086
		1,231	1,307
Current assets			
Developments	12	82,630	89,583
Debtors	13	11,318	7,218
Cash at bank and in hand		2	75
		93,950	96,876
Creditors: amounts falling due within one year	14	(93,173)	(89,577)
Net current assets		777	7,299
Total assets less current liabilities		2,008	8,606
Creditors: amounts falling due in more than one year	15	(1,682)	(1,185)
Provisions for liabilities and charges	17	(249)	-
Net assets		77	7,421
Capital and reserves			
Share capital	19	250	250
Profit and loss account	20	(173)	7,171
Total shareholders' funds	21	77	7,421

The financial statements on pages 6 to 19 were approved by the Board on 22 December 2008 and signed on its behalf by:



RJ Hayman
Director

Midas Homes Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

1 Principal accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. The accounting policies have been consistently applied throughout the year and are set out below.

Consolidation

The company is a wholly-owned subsidiary of Galliford Try plc and is included in the consolidated financial statements of Galliford Try plc which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 228 of the Companies Act 1985.

Turnover

Turnover comprises the value of legal completions of private house building, contracted development sales and the construction work executed during the year, and excludes value added tax.

Turnover on long term contracts is recognised based upon an internal assessment of the value of works carried out. This assessment is arrived at after due consideration of the performance against the programme of works, measurement of the works, detailed evaluation of the costs incurred and comparison to external certification of the work performed. The amount of profit to be recognised is calculated based on the proportion that costs to date bear to the total estimated costs to complete. The results for the year include adjustments for the outcome of contracts executed in both the current and preceding years. These adjustments arise from claims by customers or third parties and variations on customers or third parties for variations on the original contract. Provisions for claims against the company is made as soon as it is believed that a liability will arise, but claims and variations made by the company are not recognised in the profit and loss account until the outcome is reasonably certain. Where it is foreseen that a loss will arise on a contract, full provision for this loss is made.

Amounts recoverable on contracts are stated at cost plus attributable profit less any foreseeable losses and payments on account and are included in debtors.

Cash flow

The company is a wholly owned subsidiary company of a group headed by Galliford Try plc, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Dividend policy

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Midas Homes Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

1 Principal accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over their expected useful economic lives. The principal annual rates used for this purpose are:

Short leasehold property	over the period of the lease
Plant and machinery	33% per annum on cost
Fixtures and fittings	computer equipment : 25% per annum on cost
	office equipment : 33% per annum on cost

Fixed assets - investments

Investments in subsidiary undertakings held by the company are stated at the lower of cost and net asset value at each year end.

Impairment review

The book value of tangible fixed assets or investments would be written down to estimated recoverable amount should any permanent impairment in the respective carrying values be identified, this is carried out by the finance department as required, with input from the site managers who review assets on a continual basis dependant on the asset type.

Joint arrangements that are not entities

The company undertakes residential developments under unincorporated joint arrangements with trading partners where it provides capital and acts as development co-ordinator responsible for supervising and co-ordinating all aspects of the developments, including building work, site management, sale and ancillary activities normally undertaken by contractors.

Financial Reporting Standard No. 9 "Associates and Joint Ventures" classifies this type of arrangement as a "joint arrangement that is not an entity" and accordingly the company's share of turnover and profits less losses attributable to such arrangements, and of its assets and liabilities are proportionately consolidated within the profit and loss account and balance sheet.

Developments

Developments are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost, including attributable overheads, and net realisable value. Land inventory is recognised at the time a liability is recognised which is generally after the exchange of conditional contracts once an unavoidable obligation arises and it is virtually certain the contract will be completed.

Where a development is in progress net realisable value is assessed by considering the expected future revenues and the total costs to complete the development. To the extent that the company anticipates selling a development in its current state then net realisable value is taken as its open market value at the balance sheet date less any anticipated selling costs.

Midas Homes Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

1 Principal accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Share based payments

Galliford Try plc, the ultimate parent company operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions such as growth in earnings per share. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

The credits associated with the amounts charged to the profit and loss account are included in retained earnings.

Pensions

The company participated in a group operated defined benefit pension scheme for the benefit of the majority of its employees, the assets of which are held separately from those of the company in independently administered funds.

This scheme was closed to new members in 2001 and was closed to future service accruals with effect from 31 March 2007. All employees are now entitled to join the Galliford Try Pension Scheme, a defined contribution scheme established as a stakeholder plan, with a company contribution on a scale dependent upon the employee's age and the amount they choose to contribute. The cost of providing for pensions is charged to the profit and loss account on an accruals basis.

As the company is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme.

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 18 represents contributions payable by the company to the fund.

2 Turnover

The turnover is attributable to the principal activity undertaken by the company solely within the United Kingdom.

Midas Homes Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

3 Employees

The average monthly number of employees, including executive directors, during the year, split by activity was as follows:

	2008 Number	2007 Number
Production and sales	105	94
Administration	74	75
	179	169
	2008 £'000	2007 £'000
Staff costs:		
Wages and salaries	6,641	6,178
Social security costs	707	641
Other pension costs (see note 18)	1,246	2,238
Share based payments (see note 22)	59	31
	8,653	9,088

4 Directors' emoluments

	2008 £'000	2007 £'000
Aggregate emoluments	771	1,224
Amounts receivable (other than shares and share options) under long term incentive schemes	150	-
Company pension contributions to money purchase schemes	63	20
	984	1,244

	2008 No.	2007 No.
Number of directors to whom retirement benefits are accruing under pension schemes:		
Money purchase	8	9

Highest paid director

	2008 £'000	2007 £'000
Aggregate emoluments	150	279
Amounts receivable (other than shares and share options) under long term incentive schemes	150	-
Company pension contributions to money purchase schemes	14	13
	314	292

Defined benefit scheme:		
Accrued pension at the year end	20	19

The emoluments of K Foley, DW Tilman, J Macey and I Baker are paid by other subsidiaries within the group. These directors are also directors of a number of fellow subsidiaries of Galliford Try plc and it is not possible to make an accurate apportionment in respect of their emoluments to this subsidiary. Accordingly the above details include no emoluments in respect of these directors. Their emoluments are disclosed where appropriate in the financial statements of the companies where significant costs are relevant.

Midas Homes Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

5 Operating profit

	2008 £'000	2007 £'000
The operating profit is stated after charging:		
Depreciation of tangible fixed assets:		
Owned assets	161	164
Operating leases:		
Plant and machinery	252	148
Other	195	186
Auditors' remuneration		
Audit fees	13	23

During the year as a result of the downturn in the housing market the company incurred exceptional operating costs of £249,000 relating to redundancy costs. These amounts are included within administration expenses. In addition land write downs amounting to £4,954,000 have been charged within cost of sales.

6 Interest receivable and similar income

	2008 £'000	2007 £'000
Other interest	17	8

7 Interest payable and similar charges

	2008 £'000	2007 £'000
Payable on bank loans and overdrafts	5,133	3,419
Payable to group companies	12	11
Other	8	5
	5,153	3,435

Midas Homes Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

8 Tax (credit)/charge on (loss)/profit on ordinary activities

	2008 £'000	2007 £'000
Current tax:		
UK corporation tax on (losses)/profits of the year	(1,404)	1,766
Deferred tax:		
Origination and reversal of timing differences – current year	(18)	(2)
Tax (credit)/charge on (loss)/profit on ordinary activities	(1,422)	1,764
The tax assessed for the period is lower (2007: higher) than the year end standard rate of corporation tax in the UK of 28% (2006: 30%). The differences are explained below:		
(Loss)/profit on ordinary activities before tax	(4,066)	5,805
(Loss)/profit on ordinary activities multiplied by standard rate of tax in the UK	(1,138)	1,742
Effects of:		
Accelerated capital allowances and other timing differences	-	(1)
Non taxable income	(211)	-
Expenses not deductible for tax purposes	8	37
Land remediation relief	(17)	(12)
Change in rate of taxation	(61)	-
Other	15	-
Current tax (credit)/charge for the year	(1,404)	1,766

9 Dividends

	2008 £'000	2007 £'000
Dividend paid of £19.04 per £1 share (2007 £4.10 per £1 share)	4,759	1,024

The directors do not propose a final dividend for 2008 (2007:£Nil).

Midas Homes Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

10 Tangible fixed assets

	Short leasehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 July 2007	303	433	446	1,182
Additions	-	59	26	85
At 30 June 2008	303	492	472	1,267
Accumulated depreciation				
At 1 July 2007	254	300	407	961
Charge for year	42	71	48	161
At 30 June 2008	296	371	455	1,122
Net book value				
At 30 June 2008	7	121	17	145
At 30 June 2007	49	133	39	221

11 Investments

	Shares in group undertakings £'000
Cost	
At 1 July 2007 and 30 June 2008	5,306
Impairment	
At 1 July 2007 and 30 June 2008	(4,220)
Net book value	
At 30 June 2007 and 30 June 2008	1,086

The directors believe that the book value of the investments is not more than the value of the underlying net assets.

Subsidiary undertakings owned by Midas Homes Limited are as follows:

	% ordinary share held	Principal activity
Gerald Wood Homes Limited	100	Housebuilding
Knapp Group Limited	100	Non - trading
Charles Scott Homes (South West) Limited	100	Non - trading
Metrobrook (Newquay) Limited	100	Non - trading

Midas Homes Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

12 Developments

	2008	2007
	£'000	£'000
Land	44,934	68,153
Work in progress	36,431	20,338
Part exchange properties	1,265	1,092
	82,360	89,583

13 Debtors

	2008	2007
	£'000	£'000
Amounts falling due within one year:		
Amounts recoverable on contracts	2,022	542
Trade debtors	2,585	1,718
Amounts owed by group undertakings	4,010	3,898
Corporation tax recoverable	2,180	-
Other debtors	346	495
Prepayments and accrued income	88	68
	11,231	6,721
Amounts falling due after more than one year:		
Amounts recoverable on contracts	-	457
Trade debtors	29	-
Deferred taxation (note 16)	58	40
	11,318	7,218

Amounts owed by group undertakings have no interest chargeable or repayment date.

14 Creditors: amounts falling due within one year

	2008	2007
	£'000	£'000
Bank loans and overdrafts	75,235	62,487
Trade creditors	7,372	5,235
Development land creditors	3,453	12,895
Amounts owed to group undertakings	2,041	2,567
Corporation tax	-	619
Other taxation and social security	35	43
Other creditors	2,975	3,664
Accruals and deferred income	2,062	2,067
	93,173	89,577

Amounts owed to group undertakings are unsecured and have no interest chargeable or repayment date.

The bank loans and overdrafts shown above, which bear a variable rate of interest based on bank base rate, are secured by charges over certain of the company's and fellow subsidiaries developments.

Midas Homes Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

15 Creditors: amounts falling due in more than one year

	2008	2007
	£'000	£'000
Amounts recoverable on contracts	482	497
Development land creditors	1,200	688
	1,682	1,185

16 Deferred taxation

	2008	2007
	£'000	£'000
Deferred tax asset recognised in the financial statements is calculated on the liability method at 28% (2007 : 30%) and comprises:		
Tax effect of differences due to:		
Accelerated capital allowances	58	40
	58	40
The movement in the deferred tax asset was as follows:		£'000
At 1 July 2007		40
Credited to the profit and loss account		18
At 30 June 2008		58

The deferred tax asset has been recognised as it is believed it will be recoverable in future years. There are no unrecognised deferred tax assets or liabilities.

17 Provision for liabilities and charges

	Redundancy provision
	£'000
At 1 July 2007	-
Charged to the profit and loss account	249
At 30 June 2008	249

The redundancy provision made in the year relates to the cost of redundancies following the downturn in the housing market. The provision is expected to be fully utilised within one year.

Midas Homes Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

18 Pension commitments

The company participates in a group operated defined benefit pension scheme for the benefit of certain of its employees, the assets of which are held separately from those of the company in independently administered funds. This scheme was closed to new members in 2001 and was closed to future service accruals with effect from 31 March 2007. All employees are now entitled to join the Galliford Try Pension Scheme, a defined contribution scheme established as a stakeholder plan, with a company contribution on a scale dependent upon the employee's age and the amount they choose to contribute. The cost of providing for pensions is charged to the profit and loss account on an accruals basis.

The company is unable to identify its share of the assets and liabilities of the group defined benefit scheme. This is because of historical changes within the group and the pension scheme, which means that it is not possible to accurately identify the original employer of all active and deferred pensioners. Hence, the company accounts for contributions as if they were to a defined contribution pension scheme. Details of the latest actuarial valuation of the scheme are set out in the consolidated financial statements of Galliford Try plc.

Pension costs:

	2008	2007
	£'000	£'000
Defined benefit schemes	969	2,225
Defined contribution schemes	277	103
	1,246	2,328

19 Share capital

	2008	2007
	£'000	£'000
Authorised		
1,000,000 (2007: 1,000,000) ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
250,000 (2007: 250,000) ordinary shares of £1 each	250	250

20 Profit and loss account

	£'000
At 1 July 2007	7,171
Retained loss for the financial year (note 21)	(7,403)
Share based payments	59
At 30 June 2008	(173)

Midas Homes Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

21 Reconciliation of movement in shareholders' funds

	2008 £'000
Loss for the financial year	(2,644)
Dividends	(4,759)
Retained loss for the financial year	(7,403)
Share based payments	59
Opening shareholders' funds	7,421
Closing shareholders' funds	77

22 Share based payments

Galliford Try plc, the ultimate parent company, operates an HM Revenue and Customs approved savings related option scheme ("SAYE") under which employees are granted an option to purchase ordinary shares in the Company at up to 20% less than the market price at grant, in either three or five years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. These funds are used to fund the option exercise. This scheme is open to all employees. No performance criteria are applied to the exercise of SAYE options.

The total charge for the year relating to employee share based payment plans was £59,000 (2007: £31,000), all of which related to equity settled share based payment transactions.

The options were valued using the binomial option-pricing model. The fair value per option granted, subsequent to November 2002, and the assumptions used in the calculation are as follows:

Grant date	Share price at grant date (pence)	Exercise price (pence)	Expected volatility	Option life (years)	Risk free rate	Dividend yield	Employee turnover before vesting	Fair value per option
01.06.03	26.25p	18.0p	40%	5	4.0%	5.7%	10%	9.0p
01.02.06	90.0p	68.5p	31%	3	4.3%	2.3%	10%	31.2p
01.02.06	90.0p	68.5p	37%	5	4.3%	2.3%	10%	37.3p
01.01.07	150.0p	102.0p	26%	3	4.9%	1.7%	10%	59.7p
01.01.07	150.0p	102.0p	33%	5	4.8%	1.7%	10%	69.2p
01.01.08	126.75p	126p	31%	3	4.6%	2.4%	10%	30.8p
01.01.08	126.75p	126p	31%	5	4.6%	2.4%	10%	37.5p

The expected volatility is based on historical volatility in the movement in the share price over the last three or five years up to the date of grant depending on the option life. The expected life is the average expected period to exercise. The risk free rate is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

Further details of the savings related share awards are included in the consolidated financial statements of Galliford Try plc.

Midas Homes Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

23 Contingent liabilities

There were contingent liabilities under composite guarantees given by the parent company and the subsidiaries in respect of the HSBC, Barclays, Royal Bank of Scotland and Bank of Scotland bank facilities of group companies. At 30 June 2008 such facilities had been utilised to the extent of £155,559,000 (2007: £215,013,000). There were also contingent liabilities in respect of composite guarantees of other bank and performance bonds entered into by the Group in the normal course of business which, at 30 June 2008, were £117,707,000 (2007: £226,600,000).

24 Financial commitments

Leasing commitments

At 30 June 2008, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Operating leases which expire:				
- within one year	-	-	29	10
- within two to five years	85	66	132	110
	85	66	161	120

25 Related party transactions

The company has taken advantage of the exemption under FRS8, "Related party disclosures" for disclosing any relevant transactions, as it qualifies as a "90% subsidiary undertaking". Consequently intra-group transactions are not disclosed.

26 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Galliford Try Homes Limited, which is registered in England and Wales. The ultimate parent undertaking and controlling party is Galliford Try plc, which is registered in England and Wales. This is the only company that consolidates this company's financial statements. Copies of the consolidated group financial statements of Galliford Try plc are publicly available from Galliford Try plc, Cowley Business Park, High Street, Cowley, Uxbridge, UB8 2AL.