

Linden Homes Chiltern Limited

Registered number: 3193571

Annual report and financial statements

Six months ended 30 June 2007

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Linden Homes Chiltern Limited

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Linden Homes Chiltern Limited

Directors and advisers

Directors

G J Durden
P B Golding
P I Parkhouse
G Taylor
H A Todd
C G M Coates
T M Nicholson (appointed 9 May 2007)
D W Tilman
R L Wyke (appointed 9 May 2007)

Secretary

P D Money (appointed 14 March 2007)

Registered office

Cowley Business Park
Cowley
Uxbridge
Middlesex
UB8 2AL

Independent auditors

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

Bankers

HSBC Bank
165 High Street
Southampton
SO14 2NZ

Linden Homes Chiltern Limited

Directors' report for the six months ended 30 June 2007

The directors submit the annual report and the audited financial statements of Linden Homes Chiltern Limited ("the company") for the six month period ended 30 June 2007. The comparative figures are for the year ended 31 December 2006.

Principal activities

The principal activities of the company are residential property development on brownfield sites purchased for development within the United Kingdom.

Review of business and future developments

Following the acquisition of Linden Holdings Limited by Galliford Try plc, the company's ultimate parent company, the housebuilding businesses of Galliford Try plc have been reorganised. With effect from the close of business on 30 June 2007, the trade and assets and liabilities of Linden Homes Chiltern Limited were transferred to Linden Limited (formerly known as Try Homes Limited) and the company has ceased to trade.

In the period the Company sold 90 (year ended 31 December 2006: 275) homes. The percentage of homes completed which were provided for social housing remained at 5% (year ended 31 December 2006: 5%). With the continuing influence of government planning guidelines increasing development density, the number of private apartments completed in the year remained high at 57% (year ended 31 December 2006: 78%) of private homes.

Total sales revenue in the period was £24,255,000 (year ended 31 December 2006: £86,569,000), with the average selling price of private homes increasing to £305,000 (year ended 31 December 2006: £281,000) reflecting the higher level of private house with a higher average selling price. As a result of improved land buying, a strong focus on customer service and rigorous cost reduction programmes, the gross profit percentage on homes has been maintained above target levels at 24.3% (year ended 31 December 2006: 21.2%).

Total overheads for the period were £1,690,000 (year ended 31 December 2006: £4,468,000) and have increased as a percentage of sales to 6.9% (year ended 31 December 2006: 5.1%) as a result of the reduced turnover in the period under review. Operating profit – expressed as a percentage of sales – has been maintained at a high level of 17.3% (year ended 31 December 2006: 16.0%).

Results and dividends

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

The company's profit for the six month ended 30 June 2007 was £2,998,000 (year ended 31 December 2006: profit £8,246,000).

Financial risk management

The company's operations expose it to a variety of financial risks, including the effects of credit risk, liquidity risk and interest rate risk. The policies in place to mitigate the potential impact of these financial risks are as follows:

Where appropriate, credit checks are made prior to the appointment 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.

Linden Homes Chiltern Limited

Directors' report for the six months ended 30 June 2007 (continued)

Financial risk management (continued)

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.

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 stated.

P J Davies and I Ralston resigned as directors of the company on 6 March 2007 and 9 May 2007 respectively.

Donations

Charitable donations made by the company during the period amounted to £2,054 (year ended 31 December 2006 £3,185).

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 the affairs of the company.

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 which 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.

Linden Homes Chiltern Limited

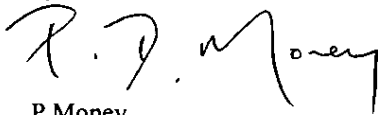
Disclosure of information to auditors

So far as each director is 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.

Auditors

PricewaterhouseCoopers LLP were appointed as auditors during the period and they 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 *5 December* 2007 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'P. Money', is written over the word 'by'.

P Money
Secretary

Linden Homes Chiltern Limited

Independent auditors' report to the members of Linden Homes Chiltern Limited

We have audited the financial statements of Linden Homes Chiltern Limited for the period ended 30 June 2007 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

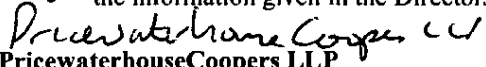
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 and of its profit for the period 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

2 December 2007

Linden Homes Chiltern Limited

Profit and loss account for the six months ended 30 June 2007

	<i>Note</i>	Six month period ended 30 June 2007 £'000	Year ended 31 December 2006 £'000
Turnover	2	24,255	86,569
Cost of sales		(18,358)	(68,243)
Gross profit		5,897	18,326
Administrative expenses		(1,690)	(4,468)
Operating profit	5	4,207	13,858
Exceptional item – surplus on sale of property	10	1,011	-
Interest receivable and similar income	6	2	6
Interest payable and similar charges	7	(1,108)	(2,051)
Profit on ordinary activities before taxation		4,112	11,813
Tax charge on the profit on ordinary activities	8	(1,114)	(3,567)
Profit for the financial period	17	2,998	8,246

All amounts relate to discontinued 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

Linden Homes Chiltern Limited

Notes to the financial statements for the six months ended 30 June 2007

Balance sheet as at 30 June 2007

	<i>Note</i>	30 June 2007 £'000	31 December 2006 £'000
Fixed assets			
Tangible assets	10	-	676
Current assets			
Developments	11	-	69,313
Debtors			
-amounts falling due after more than one year	12	-	698
-amounts falling due within one year	12	22,434	2,431
		22,434	72,442
Creditors amounts falling due within one year	13	-	(50,832)
Net current assets/(liabilities)		22,434	21,610
Total assets less current liabilities		-	22,286
Net assets		22,434	22,286
Capital and reserves			
Called up share capital	15	10	10
Other reserve	16	78	78
Profit and loss reserve	16	22,346	22,198
Total equity shareholders' funds	17	22,434	22,286

The financial statements on pages 6 to 16 were approved by the Board on 5 December 2007 and signed on its behalf by



D W Tilman
Director

Linden Homes Chiltern Limited

Notes to the financial statements for the six months ended 30 June 2007

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.

Turnover

Turnover relates to the sale of houses (recognised on the financial completion of the sale of the house) and of land (recognised on the unconditional exchange of contracts). The recognition of Housing Association turnover is dependent on the stage of completion based on an external valuation.

Cash flow

The company is a wholly owned subsidiary company of a group headed by Galliford Try plc, and is included in the consolidated accounts 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.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided in equal instalments over the estimated useful lives of the assets and is calculated on the cost of the assets. Depreciation is not provided on freehold land.

Freehold Buildings	2% per annum on cost
Office equipment, fixtures and fittings	20-33% per annum on cost

Impairment review

In addition to systematic depreciation or amortisation, the book value of fixed assets would be written down to estimated recoverable amount should any permanent impairment occur.

Developments

Developments, including development land and work in progress, are valued at the lower of actual cost (including attributable overheads) and net realisable value. Part exchange properties are included at the lower of cost or net realisable value.

Linden Homes Chiltern Limited

Notes to the financial statements for the six months ended 30 June 2007 (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 payment

The company has applied the requirements of FRS 20 Share-based Payment. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002, that were unvested as at 1 January 2006

The group issues equity-settled share based payments to certain employees. Equity-settled share-based payments are measured at their fair value (excluding the effect of non-market based market conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions

Fair value is measured by use "binomial" or "lattice" option pricing method, with suitable modifications. The expected number of awards vesting is based on the Company's best estimate of the number of employees to remain in service

Pensions

The Company participates in a Group Personal Pension Plan which is a defined contribution scheme. The pension cost charge represents contributions payable by the Company to the plan for the year. Differences between contributions payable in the year and contributions actually paid are included within accruals and prepayments

Debtors

The company operates a shared equity scheme, under which part of the agreed sales price for a residential property can be deferred until the earlier of 10 years, remortgage or resale of the property. Amounts receivable by the company under this scheme are disclosed as debtors due after more than one year and are fair valued at each year end, with the corresponding movement in fair value being recognised through revenue

2 Turnover

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

Linden Homes Chiltern Limited

Notes to the financial statements for the six months ended 30 June 2007 (continued)

3 Employees

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

	Six month period ended 30 June 2007 No.	Year ended 31 December 2006 No
Administration and Management	45	44
Construction	25	26
Sales and Marketing	14	12
	84	82

	Six month period ended 30 June 2007 £'000	Year ended 31 December 2006 £'000
Staff costs:		
Wages and salaries	1,954	3,864
Social security costs	433	446
Other pension costs	51	82
Share based payments	-	54
	2,438	4,446

4 Directors' emoluments

	Six month period ended 30 June 2007	Year ended 31 December 2006
Aggregate emoluments (including benefits in kind)	944	1,207
Company contribution to money purchase schemes	31	45
	975	1,252

Highest paid director

	Six month period ended 30 June 2007 £'000	Year ended 31 December 2006 £'000
Aggregate emoluments	364	419
Defined benefit scheme		
Company contribution to money purchase schemes	15	14
Number of directors included in money purchase scheme	5	5

Linden Homes Chiltern Limited

Notes to the financial statements for the six months ended 30 June 2007 (continued)

5 Operating profit

	Six month period ended 30 June 2007 £'000	Year ended 31 December 2006 £'000
The operating profit is stated after charging		
Depreciation of tangible fixed assets		
Owned assets	5	33
Operating leases		
Plant and machinery	32	81
Auditors' remuneration		
Audit fees	13	22
Other services	5	13

6 Interest receivable and similar income

	Six month period ended 30 June 2007 £'000	Year ended 31 December 2006 £'000
Interest on loans, bank overdrafts and other loans	2	6

7 Interest payable and similar charges

	Six month period ended 30 June 2007 £'000	Year ended 31 December 2006 £'000
Group interest payable on intercompany balance	1,108	2,051

Linden Homes Chiltern Limited

Notes to the financial statements for the six months ended 30 June 2007 (continued)

8 Tax charge on profit on ordinary activities

	Six month period ended 30 June 2007 £'000	Year ended 31 December 2006 £'000
Current tax		
UK corporation tax on profit of the period	1,122	3,524
Adjustment to prior year	-	43
Total current tax	1,122	3,567
Deferred tax		
Origination and reversal of timing differences – current year (note 14)	(8)	-
Tax charge on profit on ordinary activities	1,114	3,567

The tax assessed for the period is lower than (2006 higher) the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

Profit on ordinary activities before tax	4,112	11,813
Profit on ordinary activities multiplied by standard rate of tax in the UK	1,234	3,544
Effects of		
Accelerated capital allowances and other timing differences	8	-
Expenses not deductible for tax purposes	5	33
Deferred tax previously unrecognised	(10)	-
Share based payments	(40)	-
Capital gains tax adjustment	(75)	-
Adjustments in respect of previous periods	-	43
Land remediation relief	-	(53)
Current tax charge for the year	1,122	3,567

A number of changes to the UK corporation tax system were announced in the March 2007 budget statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes have been substantively enacted at the balance sheet date and therefore the effect has been included in these financial statements.

The other changes to be enacted would have no further effects on the deferred tax provided at 30 June 2007.

9 Dividends

	Six month period ended 30 June 2007 £'000	Year ended 31 December 2006 £'000
Dividend paid of £285 per £1 share (2006 £0 per £1 share)	2,850	-

Linden Homes Chiltern Limited

Notes to the financial statements for the six months ended 30 June 2007 (continued)

10 Tangible fixed assets

	Freehold buildings £'000	Office equipment, fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2007	750	102	852
Disposals	(750)	-	(750)
Inter group transfers	-	(102)	(102)
At 30 June 2007	-	-	-
Accumulated depreciation			
At 1 January 2007	93	83	176
Charge for year	2	3	5
Disposals	(95)	-	(95)
Inter group transfers	-	(86)	(86)
At 30 June 2007	-	-	-
Net book value			
At 30 June 2007	-	-	-
At 31 December 2006	657	19	676

The disposal of freehold buildings is with respect to a sale and leaseback transaction with a group company. A profit on disposal of £1,011,000 has been treated as an exceptional item. The profit on disposal gave rise to an associated tax charge of £228,000.

11 Developments

	30 June 2007 £'000	31 December 2006 £'000
Land and land options	-	57,946
Work in progress	-	10,599
Part exchange properties	-	768
	-	69,313

Linden Homes Chiltern Limited

Notes to the financial statements for the six months ended 30 June 2007 (continued)

12 Debtors

	30 June 2007 £'000	31 December 2006 £'000
Amounts falling due within one year:		
Trade debtors	-	1,974
Amounts owed by group undertakings	22,434	-
Other debtors	-	332
Prepayments and accrued income	-	125
	22,434	2,431
Amounts falling due after more than one year:		
Shared equity debtor	-	698

Amounts owed by group undertakings are unsecured, have no repayment date and no longer accrue interest

Shared equity debtors relate to amounts due from the sale of residential properties deferred until the earlier of 10 years, remortgage or resale of the property. The debt is secured against the property to which it relates

13 Creditors: amounts falling due within one year

	30 June 2007 £'000	31 December 2006 £'000
Bank loans and overdrafts	-	1,660
Trade creditors	-	6,365
Development land creditors	-	39,438
Amounts owed to group undertakings	-	549
Corporation tax	-	1,898
Other taxation and social security	-	139
Other Creditors	-	60
Accruals and deferred income	-	723
	-	50,832

Amounts owed to group undertakings are unsecured, have no repayment date and no longer accrue interest

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

Linden Homes Chiltern Limited

Notes to the financial statements for the six months ended 30 June 2007 (continued)

14 Deferred taxation

	30 June 2007 £'000	31 December 2006 £'000
Deferred tax provided in the accounts is calculated on the liability method at 28% (2006 30%) and comprises		
Tax effect of differences due to		
Accelerated capital allowances	8	-
Transferred to fellow subsidiary	(8)	-
	-	
The movement in the deferred tax provision was as follows		£'000
At 1 January 2007		-
Credited to the profit and loss account		8
Transfer to fellow subsidiary		(8)
At 30 June 2007		-

15 Share capital

	30 June 2007 £'000	31 December 2006 £'000
Authorised		
10,000 ordinary shares of £1 each	10	10
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	10	10

16 Reserves

	Other reserve £'000	Profit & loss account £'000	Total £'000
At 1 January 2007	78	22,198	22,276
Retained profit for the six month period (see note 17)	-	148	148
30 June 2007	78	22,346	22,424

17 Reconciliation of movement in equity shareholders' funds

	£'000
Profit for the six month period	2,998
Dividends	(2,850)
Retained profit for the six month period	148
Opening equity shareholders' funds	22,286
Closing equity shareholders' funds	22,434

Linden Homes Chiltern Limited

Notes to the financial statements for the six months ended 30 June 2007 (continued)

18 Capital commitments

The company had no commitments for capital expenditure at 30 June 2007 (2006 £Nil)

19 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 2007 such facilities had been utilised to the extent of £215,013,000 (2006 £144,968,000). 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 2007, were £226,600,000 (2006 £Nil).

20 Financial commitments

Leasing commitments

At 30 June 2007, the company had no further annual commitments under non-cancellable operating leases as these have been transferred to another Group company.

	Other	
	30 June	31 December
	2007	2006
	£'000	£'000
Operating leases which expire		
- within one year	-	11
- within two to five years	-	117
	-	128

21 Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard No. 8 for disclosing any relevant transactions, as it qualifies as a "90% subsidiary undertaking". As such, there are no matters to be disclosed.

22 Ultimate parent undertaking

The immediate parent undertaking is Try Homes Limited (formerly Linden Limited), which is registered in England and Wales. Since 6 March 2007 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.