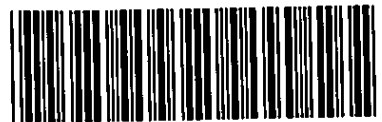


**TAWNYWOOD DEVELOPMENTS LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**31 DECEMBER 2006**

WEDNESDAY



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# TAWNYWOOD DEVELOPMENTS LIMITED

## DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 2006

### Principal Activity

The company did not trade during the period Any expenses of the company have been met by George Wimpey UK Limited

The company had no transactions during the year and has made neither a profit nor a loss No profit and loss account has therefore been prepared

### Business Review

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

### Dividends

The directors do not recommend payment of a dividend (2005 Nil)

### Directors and their Interests

The directors who held office during the period are given below

None of the directors had a beneficial interest in the shares of the company

The interests of the directors in the shares and share options of the ultimate parent company, George Wimpey Plc, as at 31 December 2006 and 1 January 2006, were as follows

|                                     | Ordinary Shares           |                           |
|-------------------------------------|---------------------------|---------------------------|
|                                     | 31/12/2006 <sup>(2)</sup> | 01/01/2006 <sup>(1)</sup> |
| P J Bourne                          | 3,946                     | 3,946                     |
| J B Gainham                         | 22,076                    | 21,726                    |
| N A E Hastie (appointed 19/04/2006) | <sup>(3)</sup>            | <sup>(3)</sup>            |
| J Phillips (resigned 19/04/2006)    | 5,986                     | 23,686                    |
| M J Rushe                           | 1,086                     | 5                         |
| J Symons                            | -                         | -                         |
| D J Turner                          | -                         | -                         |
| J M Wilson                          | -                         | -                         |

<sup>(1)</sup> Or on appointment

<sup>(2)</sup> Or on resignation

<sup>(3)</sup> N A E Hastie was a director of George Wimpey West Scotland during the year and her interests in the share capital and share options of George Wimpey plc are disclosed in the financial statements of that company

# TAWNYWOOD DEVELOPMENTS LIMITED

## DIRECTORS' REPORT (continued)

### Directors' Interests in Options over Ordinary Shares

|             | Options at<br>31/12/2006 <sup>(2)</sup> | Granted<br>2006 | Exercised<br>2006 | Lapsed<br>2006 | Options at<br>01/01/2006 <sup>(1)</sup> |
|-------------|---|-----------------|-------------------|----------------|---|
| P J Bourne  | 30,323                                  | 5,660           | -                 | -              | 24,663                                  |
| J B Gainham | 51,310                                  | -               | -                 | -              | 51,310                                  |
| J Phillips  | 2,458                                   | -               | -                 | -              | 2,458                                   |
| M J Rushe   | 30,794                                  | 6,292           | 1,081             | -              | 25,583                                  |
| J Symons    | 32,403                                  | 11,034          | -                 | -              | 21,369                                  |
| D J Turner  | 27,087                                  | 5,718           | -                 | -              | 21,369                                  |
| J M Wilson  | 26,003                                  | 5,372           | -                 | -              | 20,631                                  |

Details of share options exercised by the directors during the year are

|           | Share<br>Options<br>Exercised | Option<br>Scheme | Date of<br>Exercise | Exercise<br>Price | Market Price<br>at Date of<br>Exercise |
|-----------|-------------------------------|------------------|---------------------|-------------------|--|
| M J Rushe | 1,081                         | 1993 SAYE        | 01/12/2006          | 156 00p           | 545 50p                                |

### Long Term Incentive Plan

Under the George Wimpey plc Long-Term Incentive Plan approved by shareholders in 2002  
Details of interests are set out below

|             | Interest at<br>31/12/2006 <sup>(2)</sup> | Granted<br>2006 | Lapsed<br>2006 | Exercised<br>2006 | Interest at<br>01/01/2006 <sup>(1)</sup> |
|-------------|--|-----------------|----------------|-------------------|--|
| J B Gainham | 31,244                                   | 31,244          | -              | -                 | -  |
| J Phillips  | 201,422                                  | -               | -              | -                 | 201,422                                  |

All the interests were held beneficially

All the options were granted under the terms of the ultimate parent company's savings related and executive share option schemes

No director was materially interested during the year in any contract which was significant in relation to the business of the company

## **TAWNYWOOD DEVELOPMENTS LIMITED**

### **DIRECTORS' REPORT (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

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

#### **Audit Information**

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

#### **Registered auditors**

The company has previously passed an elective resolution under Section 386 of the Companies Act 1985 to dispense with the obligation to re-appoint the auditors, PricewaterhouseCoopers LLP, annually

By order of the board



M J Rushe  
Director  
15 June 2007

## **TAWNYWOOD DEVELOPMENTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAWNYWOOD DEVELOPMENTS LIMITED**

We have audited the financial statements of Tawnywood Developments Limited for the year ended 31 December 2006 which comprise 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.

## TAWNYWOOD DEVELOPMENTS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAWNYWOOD DEVELOPMENTS LIMITED (continued)

#### 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 31 December 2006,
- 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*

*PricewaterhouseCoopers LLP*

*Chartered Accountants and Registered Auditors*

*London*

*19 June 2007*

# TAWNYWOOD DEVELOPMENTS LIMITED

## BALANCE SHEET

As at 31 December 2006

|  | Notes | 2006<br>£        | 2005<br>£        |
|--|-------|------------------|------------------|
| <b>Creditors due after more than one year:</b> |       |                  |                  |
| - amounts owed to group undertakings           | 3     | (111,663)        | (111,663)        |
| <b>Net Liabilities</b>                         |       | <u>(111,663)</u> | <u>(111,663)</u> |
| <b>Capital and Reserves</b>                    |       |                  |                  |
| Called up share capital                        | 4     | 64               | 64               |
| Profit and loss account                        |       | (111,727)        | (111,727)        |
| <b>Equity Shareholder's Funds</b>              |       | <u>(111,663)</u> | <u>(111,663)</u> |

The accounts on pages 6 to 8 were approved by the board of directors on 15 June 2007 and signed on its behalf by



M J Rushe  
Director

# **TAWNYWOOD DEVELOPMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

### **1. Accounting Policies**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and United Kingdom applicable accounting standards. The principal accounting policies are set out below.

#### **Going Concern**

The directors of the immediate parent undertaking have indicated that they will continue to support the company to ensure that all external liabilities are met in full.

#### **Cash Flow Statement and Related Party Transactions**

The company is a wholly owned subsidiary of George Wimpey Plc and is included in the consolidated financial statements of George Wimpey Plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the George Wimpey Plc group or investees of the George Wimpey Plc group.

### **2. Ultimate Parent Company**

Auditors' remuneration has been borne by the group company George Wimpey UK Limited.

Directors' remuneration paid by the company in the year amounted to Nil. All directors' remuneration is borne by the group company George Wimpey UK Limited.

The company is a wholly owned subsidiary of George Wimpey Midland Limited, a company registered in England.

The ultimate parent company and controlling party is George Wimpey Plc, a company registered in England. A copy of the group financial statements may be obtained from the Group Company Secretary, George Wimpey Plc, Manning House, 22 Carlisle Place, London SW1P 1JA.

### **3. Creditors falling due after more than one year**

|                                   | <b>2006</b>      | <b>2005</b>      |
|-----------------------------------|------------------|------------------|
|                                   | <b>£</b>         | <b>£</b>         |
| Amounts due to group undertakings | <u>(111,663)</u> | <u>(111,663)</u> |

Amounts due to group undertakings are unsecured, non-interest bearing and repayable on demand.



## TAWNYWOOD DEVELOPMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

#### 4. Share Capital

|                                    | 2006       | 2005       |
|------------------------------------|------------|------------|
|                                    | £          | £          |
| Authorised                         |            |            |
| 100 ordinary shares of £1 each     | 100        | 100        |
| 10,000 ordinary shares of US\$0.01 | 62         | 62         |
|                                    | <u>162</u> | <u>162</u> |
|                                    |            |            |
| Allotted, called up and fully paid |            |            |
| 2 ordinary shares of £1 each       | 2          | 2          |
| 10,000 ordinary shares of US\$0.01 | 62         | 62         |
|                                    | <u>64</u>  | <u>64</u>  |

#### 5. Post Balance Sheet event

On 4 June 2007 the shareholders of George Wimpey Plc (the ultimate parent holding company of Tawnywood Developments Limited) voted to recommend the merger of George Wimpey Plc and Taylor Woodrow Plc to be affected by means of a scheme of arrangement under section 235 of the Companies Act 1985. It is anticipated that the scheme will become effective on 3 July 2007.

#### 6. Indemnity

In 2005 the company signed an agreement to act as an undisclosed agent for George Wimpey UK Limited, a fellow subsidiary of the George Wimpey Plc group. As a result, George Wimpey UK Limited has given an indemnity to the company under which it will meet all past, present and future liabilities that may arise.