

Company number: 3599183

WATES LIMITED

Directors' report and financial statements

for the year ended

31 December 2011

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WATES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

WATES LIMITED
DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities

The Company trades property

Results and dividend

	£
Profit on ordinary activities before taxation	1,552
Taxation	-
Profit for the financial year	<u>1,552</u>

The directors do not propose the payment of a dividend for the year (2010 £nil)

Directors

The directors throughout the year were

D M Brocklebank
D H Davies
T A D Wates

Directors' indemnities

Certain directors benefited from qualifying pension scheme indemnity provisions during the financial year and benefit from these at the date of this report

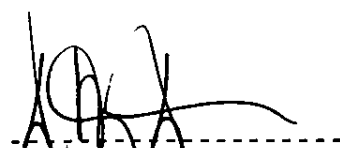
Statement of Disclosure of Information to Auditors

In the case of each of the persons who were directors at the time this report was signed, the following applies

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the 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 section 418 of the Companies Act 2006

Approved by the Board of Directors on 13 March 2012 and signed on its behalf by



D H DAVIES
SECRETARY

WATES LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATES LIMITED**

We have audited the financial statements of Wates Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes on pages 6 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

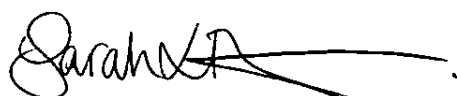
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Sarah Banham (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 March 2012

WATES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2011

	Notes	2011 £	2010 £
Rents receivable less expenses		225	(3,252)
Administrative expenses		<u>(14)</u>	<u>(15)</u>
OPERATING PROFIT/(LOSS)	2	211	(3,267)
Provision charged against investment		<u>-</u>	<u>(5,000)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		211	(8,267)
Net Interest receivable	3	<u>1,341</u>	<u>1,795</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,552	(6,472)
Taxation	4	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>1,552</u>	<u>(6,472)</u>

The historical result is the same as the reported result. A statement of movements in reserves is set out in note 8.

CONTINUING OPERATIONS

The above results have been derived from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the (loss)/profit for the above two financial years.

WATES LIMITED
Company number: 3599183
BALANCE SHEET AT 31 DECEMBER 2011

	Notes	£	2011 £	£	2010 £
CURRENT ASSETS					
Debtors					
Due within one year	5	411		363	
Due after more than one year	5	141,867		142,624	
	5	142,278		142,987	
Cash at bank		5,677		5,676	
			147,955		148,663
CREDITORS amounts falling due within one year	6		(10,852)		(13,112)
NET CURRENT ASSETS			<u>137,103</u>		<u>135,551</u>
NET ASSETS			<u>137,103</u>		<u>135,551</u>
CAPITAL AND RESERVES					
Called up share capital	7		100		100
Profit and loss account	8		<u>137,003</u>		<u>135,451</u>
SHAREHOLDERS' FUNDS	9		<u>137,103</u>		<u>135,551</u>

Approved by the Board of Directors on 13 March 2012 and signed on its behalf by



D H DAVIES
DIRECTOR

WATES LIMITED

31 DECEMBER 2011

NOTES TO THE ACCOUNTS

1 Accounting policies**i) Basis of accounting**

These accounts have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

ii) Turnover

Turnover represents the sales of residential properties and land on which unconditional exchange of contracts has taken place by the year end and is stated exclusive of VAT.

iii) Investments

Unquoted investments are stated at cost less any provision for impairment.

iv) Stocks and work in progress

Property stock of development land and work in progress is included at cost less any losses foreseen in completing and disposing of the development less any amounts received or receivable as progress payments or part disposals.

Where a property is being developed, cost includes cost of acquisition and development to date, including direct attributable fees, expenses and finance charges net of rental or other income attributable to the development. Where development property is not being actively developed, net rental income and finance costs are taken to the profit and loss account. Net realisable value for appropriate development sites comprises the estimated net proceeds receivable from development.

v) Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided fully and on a non-discounted basis at the average corporation tax rates 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.

WATES LIMITED

31 DECEMBER 2011

NOTES TO THE ACCOUNTS

(CONTINUED)

2 Operating loss

The audit fees have been paid for by a related Group company. The directors estimate that the cost of the audit in respect of the Company is £700 (2010 £1,000). There are no employees other than the directors, who do not receive remuneration from the Company.

3 Net interest receivable

	2011 £	2010 £
Interest receivable	1,416	1,795
Interest payable	(75)	-
	<u>1,341</u>	<u>1,795</u>

4 Taxation

a) Analysis of the charge in the year

	2011 £	2010 £
UK corporation tax on the profit for the year at 26.5 % (2010 28%)	-	-
Total current tax (note 4b)	-	-
Total tax charge on profit on ordinary activities	-	-

b) Factors affecting the tax charge for the year

The current charge for taxation is lower than the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below.

	2011 £	2010 £
Profit/(loss) on ordinary activities before taxation	<u>1,552</u>	<u>(6,472)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%)	411	(1,812)
Effects of		
Permanent disallowable costs	-	1,400
Group relief	<u>(411)</u>	<u>412</u>
Current tax charge for the year	-	-

c) Factors affecting future tax charge

The Company is not aware of any significant factor that may affect future tax charges other than the proposed reductions in the main rate of corporation tax by 1% per year to 23% by 1 April 2014, which are expected to be enacted separately each year. The rate of corporation tax has already been reduced from 26% to 25% from 1 April 2012 and this will impact the Company's tax charge from 1 April 2012.

WATES LIMITED
31 DECEMBER 2011
NOTES TO THE ACCOUNTS
(CONTINUED)

5 Debtors	2011	2010
	£	£
Amounts falling due within one year		
Trade debtors	363	363
Amounts owed by group undertakings	48	-
	<hr/>	<hr/>
	411	363
Amounts falling due after more than one year		
Other debtors	141,867	142,624
	<hr/>	<hr/>
	142,278	142,987
	<hr/>	<hr/>
6 Creditors: amounts falling due within one year	2011	2010
	£	£
Amounts owed to group undertakings	10,004	9,812
Accruals and deferred income	848	3,300
	<hr/>	<hr/>
	10,852	13,112
	<hr/>	<hr/>
7 Called up share capital	2011	2010
	£	£
Allotted and fully paid 100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
8 Profit and loss account		2011
		£
At 1 January		135,451
Profit for the financial year		1,552
		<hr/>
At 31 December		137,003
		<hr/>

WATES LIMITED
31 DECEMBER 2011
NOTES TO THE ACCOUNTS
(CONTINUED)

9 Reconciliation of movements in shareholders' funds

	2011	2010
	£	£
Shareholders' funds at 1 January	135,551	142,023
Profit for the financial year	<u>1,552</u>	<u>(6,472)</u>
Shareholders' funds at 31 December	<u>137,103</u>	<u>135,551</u>

10 Related party transactions

Under the exemption contained in FRS 8 'Related party disclosures', the Company is not required to report details of group transactions because it is a wholly owned subsidiary undertaking included in the consolidated accounts of Wates Group Limited

11 Ultimate parent company

The Company is a subsidiary undertaking of Wates Group Limited which is incorporated in Great Britain and registered in England and Wales. No other group financial statements include the results of the Company.

The consolidated financial statements for Wates Group Limited are available to the public and may be obtained from Wates House, Station Approach, Leatherhead, Surrey, KT22 7SW.