

Company Registration No. 3850431

Gallagher Bathgate Limited

Report and Financial Statements

31 December 2003



**Deloitte & Touche LLP
Birmingham**

Gallagher Bathgate Limited

Report and financial statements 2003

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

Gallagher Bathgate Limited

Report and financial statements 2003

Officers and professional advisers

Directors

A C Gallagher
G H Gosling
D J Knight
R J Phillips

Secretary

J P Hastings

Registered Office

15 Hockley Court
Hockley Heath
Solihull
West Midlands
B94 6NW

Registered Number

3850431 (England and Wales)

Auditors

Deloitte & Touche LLP
Chartered Accountants
Birmingham

Gallagher Bathgate Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Activities

The principal activity of the company in the year under review was that of property development.

During the year Taylor Woodrow Developments Limited purchased the 'A' share from J J Gallagher Limited. Both shares carry equal voting rights.

Review of developments

The results for the year and financial position of the company are as shown in the annexed financial statements.

Both the result for the year, and the year-end financial position were satisfactory.

Dividends

The directors do not recommend the payment of a dividend.

Future prospects

The directors consider the future prospects to be satisfactory.

Election of directors

In accordance with the Articles of Association, the directors do not retire by rotation.

Directors and their interests

The directors during the year under review were:

A C Gallagher

G H Gosling

D J Knight Appointed 2 June 2003

R J Phillips Appointed 2 June 2003

The directors holding office at 31 December 2003 did not hold any beneficial interest in the issued share capital of the company at 1 January 2003 or 31 December 2003.

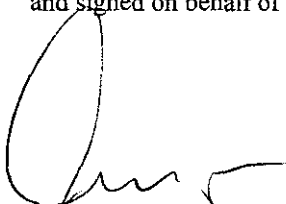
Gallagher Bathgate Limited

Directors' report

Auditors

Deloitte & Touche LLP have been appointed as auditors to the company. An elective resolution dispensing with the need to reappoint auditors annually has been passed.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a series of loops and a horizontal stroke at the end.

Secretary

28 OCT 2004²⁰⁰⁴

Gallagher Bathgate Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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 accounting standards have been followed;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Gallagher Bathgate Limited

We have audited the financial statements of Gallagher Bathgate Limited for the year ended 31 December 2003, which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

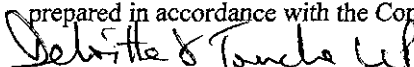
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Birmingham

29 October 2004

Gallagher Bathgate Limited

Profit and Loss Account Year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	2	40,798	50,000
Cost of sales		(20,250)	(208,090)
Gross profit/(loss)		<u>20,548</u>	<u>(158,090)</u>
Administrative expenses		(18,420)	(29,016)
Other operating income		(2,543)	24,208
Operating loss	4	<u>(415)</u>	<u>(162,898)</u>
Interest payable and similar charges		(26,634)	-
Loss on ordinary activities before taxation		<u>(27,049)</u>	<u>(162,898)</u>
Tax on loss on ordinary activities	5	7,012	48,567
Loss for the financial year		<u>(20,037)</u>	<u>(114,331)</u>
Retained profit brought forward		<u>644,068</u>	<u>758,399</u>
Retained profit carried forward		<u>624,031</u>	<u>644,068</u>

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses in the current year and prior year.

All results are from continuing operations.

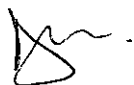
Gallagher Bathgate Limited

Balance Sheet 31 December 2003

	Note	2003 £	2002 £
Current assets			
Stocks	6	4,438,786	2,200,000
Debtors	7	134,918	143,955
Cash at bank and in hand		26,935	1
		<u>4,600,639</u>	<u>2,343,956</u>
Creditors: amounts falling due within one year	8	(3,976,606)	(1,699,886)
Net current assets (liabilities)		<u>624,033</u>	<u>644,070</u>
Total assets less current liabilities		<u>624,033</u>	<u>644,070</u>
Creditors: amounts falling due after more than one year		-	-
		<u>624,033</u>	<u>644,070</u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	624,031	644,068
Total equity shareholders' funds		<u>624,033</u>	<u>644,070</u>

These financial statements were approved by the Board of Directors on **28 OCT 2004** 2004.

Signed on behalf of the Board of Directors



Director

Gallagher Bathgate Limited

Notes to the accounts

Year ended 31 December 2003

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

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

Cash Flow statement

The company is a joint venture company between J J Gallagher Limited and Taylor Woodrow Developments Limited and is included in the consolidated accounts of A C Gallagher Holdings Limited and Taylor Woodrow Plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised).

Turnover

Turnover represents the value of land sales and invoiced work done resulting from property development activities.

Cost of Sales

Included within cost of sales are expenses relating to fees expended in acquiring and promoting the development through the planning system which are written off to the profit & loss account, as and when incurred, until planning consent has been secured.

Stocks

Work in progress, which includes land held for development and licence fees acquired by the joint venture partners, is valued at the lower of cost and net realisable value.

Deferred Tax

Full provision, on a non-discounted basis, is made for deferred tax assets and liabilities arising due to timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation at the current rate of tax. Deferred tax assets are only recognised when it is considered more likely than not that they will be realised.

2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to one activity, property development.

	2003 £	2002 £
Continuing Operations	40,798	50,000
	<u>40,798</u>	<u>50,000</u>

Gallagher Bathgate Limited

Notes to the accounts

Year ended 31 December 2003

3. Information regarding directors and employees

There were no staff costs for the year ended 31 December 2003 nor for the year ended 31 December 2002.

	2003 No.	2002 No.
Average number of persons employed		
Directors	-	-
	-	-

All directors' emoluments are borne by other group companies.

4. Operating loss

The operating loss is stated after charging:

	2003 £	2002 £
Auditors' remuneration	5,000	-
Directors' emoluments	-	-

5. Taxation

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows:

	2003 £	2002 £
Current Tax:		
United Kingdom corporation tax	-	-
Group relief receivable	(7,815)	(48,567)
Prior year adjustment	803	-
Total current tax	(7,012)	(48,567)

The current corporation tax credit differs from the standard United Kingdom corporation tax rate of 30% applied to the loss for the current period. The differences are:

	£	£
Loss for the year at 30%	(8,115)	(48,869)
Expenses not deductible for tax purposes	300	302
Prior year adjustment	803	-
	(7,012)	(48,567)

Gallagher Bathgate Limited

Notes to the accounts Year ended 31 December 2003

6. Stocks

	2003 £	2002 £
Work-in-progress	4,438,786	2,200,000
	<u>4,438,786</u>	<u>2,200,000</u>

7. Debtors

	2003 £	2002 £
Trade debtors	127,103	13,054
Amounts owed by group undertakings	7,815	48,567
Other debtors	-	76,306
VAT	-	6,028
	<u>134,918</u>	<u>143,955</u>

8. Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	3,539	28,780
Amounts owed to group undertakings	3,959,915	1,004,067
Taxation	-	214,068
Other creditors	-	276,359
Accruals and deferred income	11,000	176,612
VAT	2,152	-
	<u>3,976,606</u>	<u>1,699,886</u>

Gallagher Bathgate Limited

Notes to the accounts

Year ended 31 December 2003

9. Called up share capital

	2003 £	2002 £
Authorised:		
5000 Ordinary A shares of £1 each	5,000	5,000
5000 Ordinary B shares of £1 each	5,000	5,000
	<u>10,000</u>	<u>10,000</u>
Called up, allotted and fully paid		
1 Ordinary A share of £1 each	1	1
1 Ordinary B share of £1 each	1	1
	<u>2</u>	<u>2</u>

During the year, the one 'A' share, entitling the holder to the distributable results of subsequent residential development, was transferred to the ownership of Taylor Woodrow Developments Limited from J J Gallagher Limited. J J Gallagher Limited retain the 'B' share

Both shares have equal voting rights.

10. Reserves

	2003 £	2002 £
At 1 January	644,068	758,399
Deficit for the year	(20,037)	(114,331)
At 31 December	<u>624,031</u>	<u>644,068</u>

11. Reconciliation of movements in Shareholders' funds

	2003 £	2002 £
Loss for the financial year	(20,037)	(114,331)
Net reduction to shareholders' funds	<u>(20,037)</u>	<u>(114,331)</u>
Opening Shareholders' funds	644,070	758,401
Closing Shareholders' funds	<u>624,033</u>	<u>644,070</u>
Equity Interests	<u>624,033</u>	<u>644,070</u>

Gallagher Bathgate Limited

Notes to the accounts

Year ended 31 December 2003

12. Controlling Party

Gallagher Bathgate Limited is a joint venture company between J J Gallagher Limited and Taylor Woodrow Developments Limited. J J Gallagher Limited (incorporated in England and Wales) is a wholly owned subsidiary of Gallagher Residential Limited. Taylor Woodrow Developments Limited (incorporated in England and Wales) is a wholly owned subsidiary of Taylor Woodrow plc.

13. Related Party Disclosures

Group Companies

Included within creditors is a balance due to Taylor Woodrow Developments Limited of £2,238,786 (2002: £nil) in relation to the infrastructure works that Taylor Woodrow Developments Limited has completed on behalf of Gallagher Bathgate Limited. A further balance of £1,338,795 (2002: £nil) is due to Taylor Woodrow Developments Limited and is included within the creditors balance at 31st December 2003.

There were no other transactions with related parties during the year.