

GALLAGHER BATHGATE LIMITED

Company Number 3850431

ANNUAL REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2011



GALLAGHER BATHGATE LIMITED

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GALLAGHER BATHGATE LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2011

Business Review and Principal Activities

Gallagher Bathgate Limited ("GBL" or the "Company") is a joint venture between Taylor Wimpey UK Limited and JJ Gallagher Limited. The Company operates a licence fee agreement over the residential development of a site situated in Bathgate.

There have been no significant changes in the Company's activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Results and Dividends

The Company generated a profit after taxation of £301,909 (2010: £280,812). At 31 December 2011 the Company had net assets of £7,233,863 (2010: £6,931,954).

The Directors do not recommend the payment of a dividend for the year ending 31 December 2011 (2010: £nil).

Going Concern

The day to day working capital requirements of the Company are met through the revenue generated from the licence fee agreement over the residential development and other land sales from a site situated in Bathgate. The Directors of the Company have made the necessary enquiries, including reviewing cashflow forecasts for a period of at least 12 months, and have formed judgement at the time of approving the financial statements, that there is reasonable expectation that the Company has adequate resources to continue in operating existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Key Performance Indicators

The main indicator in GBL is monitoring the acreage of land sold for residential and commercial purposes. Acreage sold in 2011 amounted to 2.22 acres (2010: 2.06 acres).

Principal Risks and Uncertainties

The key risk the Company faces in the course of its day to day operations is the exposure of Price Risk. The Company's exposure to Price Risk consists mainly of movements in the selling prices of residential property as indirectly any impact on consumer demand will impact on acreage sold and therefore the license income due to GBL.

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Company finances operations through internal cash resources. The Company is therefore not exposed to interest rate fluctuations.

The Joint Venture parties are committed to mitigating the Company's principal risks and reviewing operations to maximise performance.

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DIRECTORS' REPORT (continued)

Directors

The following persons held office as Directors throughout the year under review and to the date of signing this report

A C Gallagher

G H Gosling

W R Burns

G Smith

Qualifying Third Party Indemnities

Taylor Wimpey plc has executed a deed poll of indemnity in favour of, amongst others, the Directors and officers appointed to act on its behalf pursuant to a contractual right of Taylor Wimpey plc or any of its Group undertakings to nominate or appoint one or more of the officers of an associated company or a company in which Taylor Wimpey plc holds, directly or indirectly, a minority shareholding. This indemnity covers the Taylor Wimpey nominated Directors and officers of this company, and such beneficiaries are indemnified against certain financial exposure that they may incur during the discharge of their professional duties as Director or officer of the Company. The indemnity is granted in accordance with section 234 of the Companies Act 2006 and Taylor Wimpey plc's articles of association.

Small Company Provisions

This report has been prepared in accordance with the special provisions of section 415A of the Companies Act 2006 relating to small companies.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors on 28 June 2012

Signed on behalf of the Board



C R Clapham

Company Secretary

Registered Office

15 Hockley Court, Hockley Heath

Solihull

West Midlands B94 6NW

GALLAGHER BATHGATE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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). 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 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.

GALLAGHER BATHGATE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALLAGHER BATHGATE LIMITED

We have audited the financial statements of Gallagher Bathgate Limited for the year ended 31 December 2011 which comprise Profit and Loss Account, the Balance Sheet, and the related notes 1 to 15. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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 annual 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.

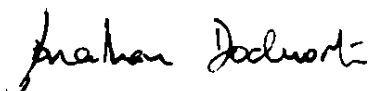
Opinion on other matter prescribed by the Companies Act 2006

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, or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report.



Jonathan Dodworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
Date

28 June 2012

GALLAGHER BATHGATE LIMITED

Profit and loss account for the year to 31 December 2011

	Note	2011 £	2010 £
Turnover		1,097,678	800,910
Cost of sales		(680,097)	(394,014)
Gross profit		417,581	406,896
Administrative expenses		(7,173)	(16,021)
Operating profit		410,408	390,875
Net Interest receivable/(payable) and similar charges	3	353	(963)
Profit on ordinary activities before taxation	4	410,761	389,912
Taxation	6	(108,852)	(109,100)
Profit for the financial year		301,909	280,812

All results reported above for both the current and previous year relate solely to continuing operations

The Company had no recognised gains or losses in either period other than the results reported above, accordingly no separate statement of total recognised gains or losses is presented

GALLAGHER BATHGATE LIMITED

Balance sheet at 31 December 2011

	Note	2011 £	2010 £
Current assets			
Stocks	7	4,646,280	4,335,006
Debtors	8	3,921,393	3,815,085
Cash at bank and in hand		69,277	74,849
		8,636,950	8,224,940
Creditors amounts falling due within one year	9	(816,510)	(706,409)
Net Current Assets		7,820,440	7,518,531
Provisions for liabilities	10	(586,577)	(586,577)
Net Assets		7,233,863	6,931,954
Capital and Reserves			
Share capital	11	2	2
Profit and loss account	12	7,233,861	6,931,952
Shareholders' funds		7,233,863	6,931,954

The financial statements of Gallagher Bathgate Limited, registered number 3850431, were approved by the Board of Directors and authorised for issue on 28 June 2012

They were signed on its behalf by



G Smith
Director

GALLAGHER BATHGATE LIMITED

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies

The following accounting policies have been used consistently in both the current and preceding year unless otherwise stated in dealing with items which are considered material

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, under the historical cost convention

Going concern

The day to day working capital requirements of the Company are met through the revenue generated from the licence fee agreement over the residential development and other land sales from a site situated in Bathgate. The Directors of the Company have made the necessary enquiries, including reviewing cashflow forecasts for a period of at least 12 months, and have formed judgement at the time of approving the financial statements, that there is reasonable expectation that the Company has adequate resources to continue in operating existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Cash flow statement

Under Financial Reporting Standard 1, Paragraph 5(f) the Company is exempt from the requirement to prepare a cash flow statement as it meets the criteria of a small company per the Companies Act 2006

Turnover

Turnover arises principally from the sale of residential properties and land sales, recognised on legal completion, but excludes the subsequent sale of properties accepted in part exchange

Profit recognition

Profit arising from the sale of residential properties and land sales is taken on legal completion. Residential development profit is calculated based on total expected revenue less total expected costs

Deferred tax

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Stocks

Stocks are valued at the lower of cost and net realisable value less provision for impairment. Cost represents direct costs plus site and selling overheads.

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Notes to the financial statements for the year ended 31 December 2011 (continued)

2 Segmental analysis

All results are attributable to one continuing activity and all trading was in the United Kingdom

3 Net interest receivable/ (payable) and similar charges

	2011 £	2010 £
Other interest receivable / (payable)	353	(963)

4 Profit on ordinary activities before tax

	2011 £	2010 £
Profit on ordinary activities before taxation is after charging.		
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	6,400	6,400

5 Staff costs

The Company had no employees other than its Directors (2010: none). The Directors received no remuneration in respect of their services to the Company (2010: £nil).

6 Tax on profit on ordinary activities

	2011 £	2010 £
Current tax		
UK corporation tax	(108,852)	(109,176)
Current year	-	76
Prior year	(108,852)	(109,100)

The charge for the year can be reconciled to profit before tax as follows

	2011 £	2010 £
Profit before tax	410,761	389,912
Tax at the UK corporation tax rate of 26.5% (2010: 28%)	(108,852)	(109,176)
Prior Year adjustment	-	76
Tax charge for the year	(108,852)	(109,100)

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Notes to the financial statements for the year ended 31 December 2011 (continued)

7 Stocks

	2011 £	2010 £
Land	848,609	1,007,168
Infrastructure costs	3,797,671	3,327,838
	4,646,280	4,335,006

8 Debtors - current

	2011 £	2010 £
Trade debtors	175	174
Amounts due from related parties (note 14)	3,921,218	3,814,911
	3,921,393	3,815,085

9 Creditors amounts falling due within one year

	2011 £	2010 £
Trade creditors	15,074	28,132
Amounts due to related parties (note 14)	692,584	569,101
Corporation tax	108,852	109,176
	816,510	706,409

10 Provisions for liabilities

	£
At 31 December 2011 and 31 December 2010	586,577

Provisions are in respect of site rectifications

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Notes to the financial statements for the year ended 31 December 2011 (continued)

11 Share capital

	2011 £	2010 £
Authorised		
5,000 'A' ordinary shares of £1 each	5,000	5,000
5,000 'B' ordinary shares of £1 each	5,000	5,000
	10,000	10,000
Issued and fully paid		
1 'A' ordinary share of £1	1	1
1 'B' ordinary share of £1	1	1
	2	2

The ordinary 'A' shares of the Company are owned by Taylor Wimpey UK Limited and the ordinary 'B' shares of the Company are owned by JJ Gallagher Limited. Both of the above classes of share have equal voting rights.

12 Profit and loss account

	£
At 1 January 2011	6,931,952
Profit for the financial year	301,909
At 31 December 2011	7,233,861

13 Reconciliation of Movements in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	6,931,954	6,651,142
Profit for the financial year	301,909	280,812
Closing shareholders' funds	7,233,863	6,931,954

14 Related party transactions

Included within debtors is a balance due from Taylor Wimpey Developments Limited of £3,921,218 (2010 £3,814,911) in relation to licence income net of infrastructure costs.

Included within creditors is a balance due to JJ Gallagher Limited of £40 (2010 £nil).

Included within creditors is a balance due to Taylor Wimpey Developments Limited of £692,544 (2010 £569,101).

Included within turnover are sales of £1,097,678 (2010 £800,910) to Taylor Wimpey UK Limited under the terms of the licence fee agreement.

15 Ultimate Controlling party

The Company is a joint venture between Taylor Wimpey UK Limited and JJ Gallagher Limited. Both Companies are incorporated in England and Wales.

The ultimate controlling parties are Taylor Wimpey plc and Mr A C Gallagher by virtue of his ownership of the majority of the issued share capital of Gallagher UK Limited. A copy of Taylor Wimpey plc's financial statements may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.