

GALLAGHER BATHGATE LIMITED

Company Number 3850431

ANNUAL REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2008

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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 2008.

Business Review and Principal Activities

Gallagher Bathgate Limited ("GBL") is a joint venture between Taylor Wimpey Developments Limited (formerly Taylor Woodrow Developments Limited) and JJ Gallagher Limited. The Company operates a licence fee agreement over the commercial and residential development of a site situated at 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 £2,981,206 (2007: £1,408,731). At 31 December 2008 the Company had net assets of £6,747,291 (2007: £5,466,085).

A dividend of £1,700,000 was paid in the year (2007: 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 commercial and residential development of a site situated at Bathgate. Details of the management of the liquidity risk within the company are noted below.

The company is reliant on continued funding from Taylor Wimpey Developments Limited, a subsidiary of the Taylor Wimpey plc group. The Directors have received assurance from Taylor Wimpey plc that in so far that it is able under its financing arrangements, it will provide financial support to the company to ensure that the company is able to fulfil its financial obligations when they fall due, for a period not less than 12 months from the date of approval of these accounts. Taylor Wimpey plc is dependent upon debt financing. The external finance available to Taylor Wimpey plc matures on 3 July 2012 and is subject to certain financial covenants. The Directors of Taylor Wimpey plc are of the view that, the existing finance facilities are considered to be adequate in terms of both facility amounts and covenant headroom to enable the Group to operate within its terms for at least the next 12 months from the date of approval of these accounts. The directors of Taylor Wimpey plc have confirmed to the Company's directors that this is still the case. Based on enquiries, including inquiries of the directors of Taylor Wimpey plc, the Company's directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, these 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 which generates the license income due in the period. Acreage sold in 2008 amounted to 8.67 acres (2007: 8.93 acres). There was also a sale of land to Taylor Wimpey Developments Limited of 2.5 acres (2007: nil).

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 risk and reviewing operations to ensure best performance.

GALLAGHER BATHGATE LIMITED

DIRECTORS' REPORT (continued)

Directors

The following persons held office as directors during the year under review or in the post year end period to the date of signing this report:

D Knight Resigned 31 May 2008

G M Gosling

A C Gallagher

J MacLeod Appointed 28 July 2008 and resigned 1 May 2009

W R Burns Appointed 28 July 2008

G Smith Appointed 1 May 2009

AUDITORS

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 auditors are 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and an elective resolution dispensing with the need to re-appoint auditors on an annual basis has been passed.

Approved by the Board of Directors on 18 December 2009.

Signed on behalf of the Board



G Smith

Director

GALLAGHER BATHGATE LIMITED

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 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 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 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.

GALLAGHER BATHGATE LIMITED

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 2008 which comprise the Profit and Loss Account, the Reconciliation of Movement in Shareholders' Funds, 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

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).

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 31 December 2008 and of its profit for the year 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.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Birmingham, United Kingdom
23 December 2009

GALLAGHER BATHGATE LIMITED

Profit and loss account for the year to 31 December 2008

	Note	2008 £	2007 £
Turnover		6,762,864	3,798,222
Cost of sales		(2,377,213)	(1,881,764)
Gross profit		4,385,651	1,916,458
Administrative expenses		(297,350)	(156,361)
Operating profit		4,088,301	1,760,097
Interest receivable/ (payable) and similar charges	2	81,218	(2,704)
Profit on ordinary activities before taxation	3	4,169,519	1,757,393
Taxation	5	(1,188,313)	(348,662)
Profit for the financial year		2,981,206	1,408,731

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

Reconciliation of Movement in Shareholders' Funds for the year to 31 December 2008

	2008 £	2007 £
Opening shareholders' funds	5,466,085	4,057,354
Profit for the financial year	2,981,206	1,408,731
Dividend paid	(1,700,000)	-
Closing shareholders' funds	6,747,291	5,466,085

GALLAGHER BATHGATE LIMITED

Balance sheet at 31 December 2008

	Note	2008 £	2007 £
Current assets			
Stocks	7	710,316	2,443,902
Debtors	8	6,449,804	3,605,283
Cash at bank and in hand		1,056,237	2,637
		8,216,357	6,051,822
Creditors: amounts falling due within one year	9	(1,469,066)	(585,737)
Net current assets being net assets		6,747,291	5,466,085
Capital and Reserves			
Share capital	10	2	2
Profit and loss account	11	6,747,289	5,466,083
Total shareholders' funds		6,747,291	5,466,085

The financial statements were approved by the Board of Directors and authorised for issue on 18 December 2009.

They were signed on its behalf by:



Graeme Smith
Director

Company number: 3850431

GALLAGHER BATHGATE LIMITED

Notes to the financial statements for the year ended 31 December 2008

1. Accounting policies

The following accounting policies have been used consistently in both the current and preceeding 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 commercial and residential development of a site situated at Bathgate. Details of the management of the liquidity risk within the company are noted below.

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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 1985.

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 taxation

Deferred taxation 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 taxation

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.

Interest payable

Interest payable is written off as incurred.

GALLAGHER BATHGATE LIMITED

Notes to the financial statements for the year ended 31 December 2008

1. Accounting policies (continued)

Stocks

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

2. Interest receivable/ (payable) and similar charges

	2008 £	2007 £
Other interest receivable/ (payable)	81,218	(2,704)

3. Profit on ordinary activities before taxation

	2008 £	2007 £
Profit on ordinary activities before taxation is after charging		
Auditors remuneration:		
Fees payable to the company's auditors for the audit of the company's annual accounts.	6,000	5,250
Fees payable to the company's auditors for other services to the company:		
- Tax services	-	3,400

4. Staff costs

The company had no employees other than its directors (2007: none). The directors received no remuneration in respect of their services to the Company (2007: £nil)

5. Taxation on profit on ordinary activities

	2008 £	2007 £
Current tax:		
UK corporation tax: Current year	(1,188,313)	(527,217)
Prior year	-	178,555
	(1,188,313)	(348,662)

GALLAGHER BATHGATE LIMITED

Notes to the financial statements for the year ended 31 December 2008

5. Taxation on profit on ordinary activities (continued)

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

	2008 £	2007 £
Profit before tax	4,169,519	1,757,393
Tax at the UK corporation tax rate of 28.5% (2007: 30%)	(1,188,313)	(527,217)
Prior period current tax credits	-	178,555
Tax expense for the year	(1,188,313)	(348,662)

6. Dividends

	2008 £	2007 £
Interim dividend for the year ended 31 December 2008 of £1,700,000 (2007: nil) per Ordinary B Share	1,700,000	-

7. Stocks

	2008 £	2007 £
Land	33,444	1,310,559
Infrastructure costs	676,872	1,133,343
	710,316	2,443,902

8. Debtors

	2008 £	2007 £
Trade debtors	3,173	6,612
VAT debtor	472	5,492
Amounts due from related parties	6,446,159	3,593,179
	6,449,804	3,605,283

9. Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	583,816	351
Amounts due to related parties	58,823	432,338
Other creditors and accruals	14,500	17,500
Corporation tax	811,927	135,548
	1,469,066	585,737

GALLAGHER BATHGATE LIMITED

Notes to the financial statements for the year ended 31 December 2008

10. Share capital

	2008 £	2007 £
Authorised:		
5,000 'A' ordinary shares of 100p each	5,000	5,000
5,000 'B' ordinary shares of 100p each	5,000	5,000
	10,000	10,000
Issued and fully paid:		
1 'A' ordinary shares of 100p each	1	1
1 'B' ordinary shares of 100p each	1	1
	2	2

During the year, there were no movements in the Issued Share Capital. The ordinary 'A' shares of the company are owned by Taylor Wimpey Developments 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.

11. Profit and loss account

	£
At 1 January 2008	5,466,083
Profit for the financial year	2,981,206
Dividends paid	(1,700,000)
At 31 December 2008	6,747,289

12. Related party transactions

Included within debtors is a balance due from Taylor Wimpey Developments Limited of £6,446,159 (2007: £3,593,179) in relation to licence income net of infrastructure costs.

Included within creditors is a balance due to JJ Gallagher Limited of £58,823 (2007: £432,338).

Included within turnover are sales of £3,262,865 (2007: £3,798,222) to Taylor Wimpey Developments Limited under the terms of the licence fee agreement.

Included within turnover are sales of £3,500,000 (2007: nil) to Taylor Wimpey Developments Limited for a land sale.

13. Ultimate controlling party

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