

Registration number 4801810

SIP Home Limited

Directors' report and financial statements

for the year ended 30 September 2006

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SIP Home Limited

Company information

Directors	Andrew Scrivener Andrew R Cunningham
Secretary	Marie Glanville
Company number	4801810
Registered office	Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE
Independent auditors	PricewaterhouseCoopers LLP 89 Sandyford Road Newcastle Upon Tyne NE1 8HW
Business address	Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE
Bankers	Barclays Bank Plc Barclays House 71 Grey Street Newcastle Upon Tyne NE99 1JP
Solicitors	Ward Hadaway Sandgate House 102 Quayside Newcastle Upon Tyne NE1 3DX

SIP Home Limited

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SIP Home Limited

Directors' report for the year ended 30 September 2006

The directors present their report and the audited financial statements for the year ended 30 September 2006

Principal activity and review of the business

The principal activity of the company was the design, building and manufacture of buildings

A decision was made to close the business during the previous year although the company is continuing to ensure the fulfillment of all remaining contracts and obligations. Accordingly the financial statements have not been prepared on a going concern basis but instead have been prepared on a cessation basis. Adjustments have been made in the financial statements to reduce assets to their estimated realisable values and to provide for liabilities arising from the decision.

Results and dividends

The results for the year are set out on page 5

The directors do not recommend the payment of a dividend (2005 £nil)

Auditors and disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and establish that the company's auditors are aware of that information.

Directors and their interests

The directors who served during the year are as stated below

Andrew Scrivener	Appointed 13/07/2007
J Cotterill	Resigned 02/11/2005
J S Taylor	Resigned 21/02/2006
Andrew R Cunningham	
Andrew D James	Resigned 31/01/2007
R Exley	Appointed 31/01/2007, resigned 13/07/2007

The interests of the directors at the year end in the shares of the company were as follows

	Ordinary 5p shares 30 September 2006	Ordinary 5p shares 30 September 2005
J Cotterill	-	51
J S Taylor	-	51

The beneficial interests of the following directors in the shares of the ultimate holding company, Grainger plc (formerly Grainger Trust plc), are shown in the annual report of Grainger plc

Andrew R Cunningham

The beneficial interests of Andrew D James in the shares of the ultimate holding company, Grainger plc, are shown in the annual report of Northumberland and Durham Property Trust Limited

SIP Home Limited

Directors' report for the year ended 30 September 2006

The beneficial interests of Richard Exley in the shares of the ultimate holding company, Grainger plc, are shown in the annual report of Hatch Warren 1992 Limited

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 confirm that they have complied with the above requirements in preparing the financial statements

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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors of the company will be put to the Annual General Meeting

This report was approved by the Board on 19 October 2007 and signed on its behalf by

Marie Glanville
Secretary



SIP Home Limited

Independent auditors' report to the members of SIP Home Limited

We have audited the financial statements of SIP Home Limited for the year ended 30 September 2006 which comprise the profit and loss account, 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 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.

SIP Home Limited

Independent auditors' report to the members of SIP Home Limited

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 30 September 2006 and of its loss 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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants & Registered Auditors
Newcastle Upon Tyne
29 January 2008

SIP Home Limited

**Profit and loss account
for the year ended 30 September 2006**

	Notes	2006 £	2005 £
Turnover	2	1,291,071	505,714
Trading profits/(losses)		280,480	(887,246)
Other income		-	48,275
		<u>280,480</u>	<u>(838,971)</u>
Distribution costs		(25,465)	(66,935)
Administrative expenses		<u>(395,410)</u>	<u>(1,027,568)</u>
Loss on ordinary activities before taxation	3	(140,395)	(1,933,474)
Tax on loss on ordinary activities	5	<u>42,119</u>	<u>-</u>
Loss on ordinary activities after taxation		<u>(98,276)</u>	<u>(1,933,474)</u>
Loss for the year		<u>(98,276)</u>	<u>(1,933,474)</u>
Accumulated loss brought forward		(2,119,430)	(185,956)
Accumulated loss carried forward		<u>(2,217,706)</u>	<u>(2,119,430)</u>

A decision was made during the previous year to close the business, therefore all results relate to discontinued operations

There are no recognised gains or losses other than the loss for the above two financial years and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the loss for the financial years stated above, and their historical cost equivalents

The notes on pages 7 to 12 form an integral part of these financial statements.

SIP Home Limited

**Balance sheet
as at 30 September 2006**

		2006		2005	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6		1,957		28,009
Current assets					
Debtors	7	138,790		53,237	
Cash at bank and in hand		1,425		27,415	
		<u>140,215</u>		<u>80,652</u>	
Creditors: amounts falling due within one year	8	<u>(2,359,868)</u>		<u>(1,257,970)</u>	
Net current liabilities			<u>(2,219,653)</u>		<u>(1,177,318)</u>
Total assets less current liabilities			<u>(2,217,696)</u>		<u>(1,149,309)</u>
Provisions for liabilities and charges	9		-		(970,111)
Deficiency of assets			<u>(2,217,696)</u>		<u>(2,119,420)</u>
Capital and reserves					
Called up equity share capital	10		10		10
Profit and loss account			<u>(2,217,706)</u>		<u>(2,119,430)</u>
Equity shareholders' funds	11		<u>(2,217,696)</u>		<u>(2,119,420)</u>

The financial statements were approved by the Board on 19 October 2007 and signed on its behalf by



Andrew R Cunningham
Director

The notes on pages 7 to 12 form an integral part of these financial statements.

SIP Home Limited

Notes to the financial statements for the year ended 30 September 2006

1. Statement of accounting policies

The financial statements have been prepared 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.

1.1. Accounting convention

These financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom which have been applied consistently throughout the year.

As disclosed in the director's report, during the previous year the directors took the decision to close the business. Accordingly the financial statements have not been prepared on a going concern basis but instead have been prepared on a cessation basis. Adjustments have been made in the financial statements to reduce assets to their estimated realisable values and to provide for liabilities arising from the decision.

1.2. Cash flow statement

The company is a wholly owned subsidiary of Grainger plc and the cash flows of the company are included in the consolidated cash flow statement of Grainger plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised 1996) from preparing a cash flow statement.

1.3. Turnover

Turnover comprises gross sale proceeds of trading properties and land, and sundry other income, exclusive of VAT. Sales of properties are only accounted for when the cash proceeds are received in full or the company has entered into a legally binding contract.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	25% straight line
Fixtures, fittings and equipment	-	25% straight line
Motor vehicles	-	25% straight line

Work in progress is valued at the lower of cost and net realisable value.

SIP Home Limited

Notes to the financial statements for the year ended 30 September 2006

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK as defined in the directors' report

3. Loss on ordinary activities before taxation

	2006 £	2005 £
Loss on ordinary activities before taxation is stated after charging		
Depreciation and other amounts written off tangible assets	-	106,193
Auditors' remuneration	400	400
	<u>400</u>	<u>400</u>

4. Employees

Number of employees

The average monthly numbers of employees (including the directors) during the year were

	2006	2005
Staff	-	20
	<u>-</u>	<u>20</u>

Employment costs

	2006 £	2005 £
Wages and salaries	9,602	515,880
Social security costs	5,096	51,625
	<u>14,698</u>	<u>567,505</u>

4.1. Directors' emoluments

	2006 £	2005 £
Remuneration and other emoluments	-	120,000
	<u>-</u>	<u>120,000</u>

SIP Home Limited

Notes to the financial statements for the year ended 30 September 2006

5. Tax on loss on ordinary activities

Analysis of charge in year	2006	2005
	£	£
Current tax		
UK corporation tax	(42,119)	-

Factors affecting tax charge for year

There is no difference between the tax assessed for the year and the standard rate of corporation tax in the UK (30 per cent)

	2006	2005
	£	£
Loss on ordinary activities before taxation	(140,395)	(1,933,474)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (30 September 2005 30%)	(42,119)	(580,042)
Effects of:		
Expenses not deductible for tax purposes	-	33,545
Net short term timing differences	-	375,424
Unrelieved losses carried forward	-	171,073
Current tax charge for period	(42,119)	-

There is no unprovided deferred tax liability or unrecognised deferred tax asset in these financial statements

Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. There are no other factors that are expected to significantly affect the taxation charge in future years.

SIP Home Limited

**Notes to the financial statements
for the year ended 30 September 2006**

6. Tangible fixed assets	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 October 2005	100,662	34,658	14,600	149,920
Disposals	(100,662)	(34,658)	(7,500)	(142,820)
At 30 September 2006	-	-	7,100	7,100
Depreciation				
At 1 October 2005	77,495	33,561	10,855	121,911
On disposals	(77,495)	(33,561)	(5,712)	(116,768)
At 30 September 2006	-	-	5,143	5,143
Net book values				
At 30 September 2006	-	-	1,957	1,957
At 30 September 2005	23,167	1,097	3,745	28,009

7. Debtors	2006 £	2005 £
Trade debtors	24,003	35,843
Other debtors	114,787	17,394
	138,790	53,237

8. Creditors: amounts falling due within one year	2006 £	2005 £
Bank overdraft	100,403	-
Net obligations under finance leases and hire purchase contracts	-	21,035
Trade creditors	141,930	593,443
Amounts owed to group undertakings	2,024,543	550,000
Other taxes and social security costs	5,096	-
Other creditors	-	4,952
Accruals and deferred income	87,896	88,540
	2,359,868	1,257,970

SIP Home Limited

**Notes to the financial statements
for the year ended 30 September 2006**

9. Provisions for liabilities and charges

	Other provisions £
At 1 October 2005	970,111
Utilised in the year	970,111
	<u>-</u>
At 30 September 2006	<u><u>-</u></u>

The above provision relates to foreseeable losses on contracts which had either commenced production by 30 September 2005 or had been signed prior to that date but where production had not yet commenced. The provision primarily relates to contracts, undertaken on a subcontract basis, to build two schools. Work on all contracts was completed during the year ended 30 September 2006.

10. Called up equity share capital	2006 £	2005 £
Authorised		
102 Ordinary A shares shares of 5p each	5	5
98 Ordinary B shares of 5p each	5	5
	<u>10</u>	<u>10</u>
Allotted, called up and fully paid		
100 Ordinary A shares shares of 5p each	5	5
100 Ordinary B shares of 5p each	5	5
	<u>10</u>	<u>10</u>
11. Reconciliation of movements in equity shareholders' funds	2006 £	2005 £
Loss for the year	(98,276)	(1,933,474)
Opening equity shareholders' funds	(2,119,420)	(185,946)
Closing equity shareholders' funds	<u>(2,217,696)</u>	<u>(2,119,420)</u>

SIP Home Limited

Notes to the financial statements for the year ended 30 September 2006

12. Related party disclosures

The company has taken advantage of the exemption available under Financial Reporting Standard No 8 and has not disclosed transactions with companies that are part of the Grainger plc group

13. Ultimate parent undertaking

The directors regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial statements may be obtained from The Secretary, Grainger plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE

14. Immediate parent

Derwent Developments Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company