

Registration number 4864724

**Valad Residential (UK) Limited
(formerly SDG Residential Limited)**

Director's Report and Financial Statements
for the Year Ended 28 February 2007

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Valad Residential (UK) Limited (formerly SDG Residential Limited)

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Valad Residential (UK) Limited (formerly SDG Residential Limited)
Officers and Advisers

Director	Europa Director Ltd
Secretary	Teesland Secretarial Services Ltd
Registered office	Europa House 20 Esplanade Scarborough YO11 2AQ
Solicitors	Shepherd & Wedderburn Condor House 10 St Paul's Churchyard London EC4M 8AL
Bankers	Bank of Scotland 2nd floor 21-23 Hill Street Mayfair London W1J 5JW
Auditors	PricewaterhouseCoopers LLP Benson House 33 Wellington Street Leeds LS1 4JP

Valad Residential (UK) Limited (formerly SDG Residential Limited)

Director's Report for the Year Ended 28 February 2007

The director presents their report and the audited financial statements for the year ended 28 February 2007

Director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, 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, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Statement of disclosure of information to auditors

In accordance with section 234 of the Companies Act, the director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The director confirms that there is no relevant information that they know of and which they know the auditors are unaware of

Principal activity and business review

The principal activity of the company is that of a holding company

On 11 July 2007, Valad Property Group, an Australian listed entity, acquired the Valad (Hurst) Limited group (formerly Scamp Holdings Limited), of which the company is a member. The company's ultimate parent undertaking therefore became Valad Property Group with effect from 11 July 2007

Both the level of activity for the year and the financial position at the end of the year were as anticipated and the directors expect that the current level of activity will be sustained for the foreseeable future

Results and dividends

The results for the company are set out in the financial statements

The director does not recommend the payment of a dividend (2006 £Nil)

Valad Residential (UK) Limited (formerly SDG Residential Limited)
Director's Report for the Year Ended 28 February 2007

continued

Principal risks and uncertainties

The principal risks and uncertainties mainly relate to volatility of interest rates and the state of the UK property market. These risks and uncertainties are managed on a group basis and are discussed in more detail in the annual report of Valad (Hurst) Limited, the parent undertaking of the smallest group for which group accounts are drawn up and of which the company is a member.

Key performance indicators ('KPIs')

Given the straightforward nature of the business, the director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Directors and their interests

The director who held office during the year and up to the date of this report was as follows:

- Europa Director Ltd

The director did not have an interest in the shares of the company at any time during the year.

Auditors

Mazars LLP resigned as independent auditors during the year and PricewaterhouseCoopers LLP were appointed by the directors. PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them as independent auditors and to allow the directors to fix their remuneration will be proposed at the annual general meeting.

Approved by the Board and signed on its behalf by



Europa Director Ltd
Director

Date *21 February 2008*

Independent Auditors' Report to the Members of

Valad Residential (UK) Limited (formerly SDG Residential Limited)

We have audited the financial statements of Valad Residential (UK) Limited (formerly SDG Residential Limited) for the year ended 28 February 2007 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 director's 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 Director's 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 Director's 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 Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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.

Independent Auditors' Report to the Members of

Valad Residential (UK) Limited (formerly SDG Residential Limited)

continued

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 28 February 2007 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 Director's Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Benson House
33 Wellington Street
Leeds
LS1 4JP

Date *26 February 2008*

Valad Residential (UK) Limited (formerly SDG Residential Limited)
Profit and Loss Account for the Year Ended 28 February 2007

	Note	2007 £	2006 £
Turnover		-	-
Administrative expenses		(436)	(2,150)
Operating loss	2	<u>(436)</u>	<u>(2,150)</u>
Loss on ordinary activities before taxation		<u>(436)</u>	<u>(2,150)</u>
Tax on loss on ordinary activities	5	131	-
Loss for the financial year		<u>(305)</u>	<u>(2,150)</u>
Retained loss for the financial year		<u><u>(305)</u></u>	<u><u>(2,150)</u></u>

Turnover and operating loss derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

There is no material difference between the result reported above and the result on an unmodified historical cost basis

The notes on pages 8 to 12 form an integral part of these financial statements

Valad Residential (UK) Limited (formerly SDG Residential Limited)
Balance Sheet as at 28 February 2007

		2007	2006
	Note	£	£
Fixed assets			
Investments	6	50	50
Current assets			
Debtors	7	617,745	619,788
Creditors: Amounts falling due within one year	8	(2,174)	(3,912)
Net current assets		<u>615,571</u>	<u>615,876</u>
Net assets		<u>615,621</u>	<u>615,926</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss reserve	10	615,620	615,925
Equity shareholders' funds	11	<u>615,621</u>	<u>615,926</u>

These accounts were approved by the Director on *21 February 2008*



Europa Director Ltd
Director

The notes on pages 8 to 12 form an integral part of these financial statements

Valad Residential (UK) Limited (formerly SDG Residential Limited)

Notes to the Financial Statements for the Year Ended 28 February 2007

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and the accounting policies set out below, in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom

Cash flow statement

In accordance with Financial Reporting Standard No 1 (revised) the company is exempt from the requirement to produce a cash flow statement on the basis that a consolidated cash flow statement is prepared by Valad (Hurst) Limited, the parent undertaking of the smallest group for which group accounts are drawn up and of which the company is a member

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value

Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability or asset at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted

Group Accounts

The company has taken advantage of the exemption under Section 228 of the Companies Act 1985 in not preparing group accounts, as the company is included in the consolidated accounts of Valad (Hurst) Limited, a company incorporated in Scotland. Accordingly, these accounts present information about the company as an individual undertaking and not of its group

2 Operating loss

Operating loss is stated after charging

	2007	2006
	£	£
Auditors' remuneration - audit services	331	1,550
Auditors' remuneration - non audit services	105	600

The auditors' remuneration for non audit services relates to tax compliance services

3 Particulars of employees

The company had no employees during the current or prior year

Valad Residential (UK) Limited (formerly SDG Residential Limited)
Notes to the Financial Statements for the Year Ended 28 February 2007

continued

4 Directors' emoluments

No emoluments were paid to the directors during the year (2006 - £nil)

5 Taxation

Analysis of current period tax credit

	2007 £	2006 £
Current tax		
Corporation tax credit	(131)	-

The tax assessed on the loss on ordinary activities for the year is the same as (2006 - higher than) the standard rate of UK corporation tax of 30%. The difference is explained below

	£	£
Loss on ordinary activities before taxation	(436)	(2,150)
	£	£
Loss on ordinary activities multiplied by standard UK tax rate	(131)	(645)
Losses surrendered to group companies	-	645
Total current tax	(131)	-

Factors which may affect future tax charges

There are no significant known factors that may affect future tax charges, other than the loss on ordinary activities before tax for the year

Valad Residential (UK) Limited (formerly SDG Residential Limited)

Notes to the Financial Statements for the Year Ended 28 February 2007

continued

6 Investments held as fixed assets

	Participating interests shares £
Cost	
As at 1 March 2006 and 28 February 2007	<u>50</u>
Net book value	
As at 28 February 2007	<u>50</u>
As at 28 February 2006	<u>50</u>

In the opinion of the directors, the aggregate value of the company's investments is not less than the amount at which they are stated in the accounts

The company holds more than 20% of the share capital of the following company

	Country of incorporation	Principal activity	Class	%
Associated holdings				
SDG Tulloch Homes Limited	Scotland	Property development	ordinary	50

7 Debtors

	2007 £	2006 £
Amounts owed by group undertakings	22,614	24,787
Amounts owed by undertakings in which the company has a participating interest	595,000	595,000
Other debtors	131	1
	<u>617,745</u>	<u>619,788</u>

8 Creditors. Amounts falling due within one year

	2007 £	2006 £
Accruals and deferred income	<u>2,174</u>	<u>3,912</u>

Valad Residential (UK) Limited (formerly SDG Residential Limited)
Notes to the Financial Statements for the Year Ended 28 February 2007

continued

9 Share capital

	2007 £	2006 £
Authorised		
Equity		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
Equity		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

10 Reserves

	Profit and loss reserve £
Balance at 1 March 2006	615,925
Transfer from profit and loss account for the year	<u>(305)</u>
Balance at 28 February 2007	<u>615,620</u>

11 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Loss attributable to members of the company	<u>(305)</u>	<u>(2,150)</u>
	(305)	(2,150)
Opening equity shareholders' funds	615,926	618,076
Closing equity shareholders' funds	<u>615,621</u>	<u>615,926</u>

12 Contingent liabilities

The company is party to a guarantee covering the bank loans and overdrafts of Valad (Hurst) Ltd and its subsidiaries, which at 28 February 2007 stood at £272,870,000 (2006 £146,385,000). The guarantee was secured by a standard security over fixed assets and a bond and floating charge over the assets of the respective companies.

Valad Residential (UK) Limited (formerly SDG Residential Limited)
Notes to the Financial Statements for the Year Ended 28 February 2007

continued

13 Related parties

Controlling entity

The company's immediate parent undertaking is Valad Property Holdings (UK) Limited

The company's ultimate parent undertaking is Valad Property Group, an Australian listed entity

The parent company of the smallest group for which group accounts are drawn up and of which the company is a member is Valad (Hurst) Limited, a company registered in Scotland. Copies of the accounts of Valad (Hurst) Limited can be obtained from 93 George Street, Edinburgh, EH2 3ES

Related party transactions

The company has taken advantage of the exemption permitted by FRS 8 not to disclose details of transactions with other group companies within the Valad (Hurst) Limited Group