

STRADA DEVELOPMENTS LIMITED

Company Number SC235707

ANNUAL REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2012

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STRADA DEVELOPMENTS LIMITED

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STRADA DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2012.

Business Review and Principal Activities

Strada Developments Limited is a joint venture between Taylor Wimpey UK Limited and Bett Homes Limited.

The site comprises around 17 acres, is located some 4 miles north of Edinburgh city centre and the site has detailed planning permission for 646 dwellings.

During the year the Company generated a gross profit of £1,201,059 (2011: £601,516). After deducting administrative expenses, adding net interest receivable and deducting corporation tax payable, the profit after tax for the year is £618,177 (2011: £221,873). At 31 December 2012 the net assets of the Company were £10,673,804 (2011: £10,055,627). The Directors did not authorise the payment of a dividend during the year (2011: £1,500,000). 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.

Key Performance Indicators

The Directors monitor several key performance indicators on a monthly basis comparing actual figures with those budgeted. The main indicators include monitoring the volume of houses (units) sold on an annual basis, the average selling price of the units sold and the square footage this encompasses.

	2012	2011
• No of units sold (per annum)	29	20
• Average selling price (per unit)	£168k	£146k
• Gross margin	24.7%	20.6%
• Total square footage sold	23,928	14,304
• Average square footage sold (per unit)	825	715
• Net cash	£4.4m	£3.1m

Going Concern

The day to day working capital requirements of the Company are met through the revenue generated from the sale of houses. Details of the management of the liquidity risk within the Company are noted below.

The Directors of the Company have made the necessary enquiries, including reviewing forecasts of the business and available resources for a period of at least 12 months from the date of signing these financial statements. Following their review the Directors are of the view that there is reasonable expectation the Company will be able to remain in existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Financial Risk Management Objectives and Policies

The Company faces a number of risks and uncertainties in the course of its day-to-day operations. By effectively identifying and managing these risks the Company is able to improve its performance. The Company uses various financial instruments and these include loans, cash, equity investments as well as various items such as trade debtors and trade creditors that arise directly from operations.

The main risks arising from the Company's financial instruments include market risk, credit risk and liquidity risk. The Directors review and agree policies for managing those risks and they are summarised below:

Market Risk

Market risks affecting the Company can be split into two types of risk; price risk and mortgage availability. Current activity in the Edinburgh new build market is well below recent historical levels. However through detailed sales management, we have been able to recognise sales price adjustments where required to enable the stock plot position to be cleared and also generate an acceptable sales rate for the development overall.

STRADA DEVELOPMENTS LIMITED

DIRECTORS' REPORT (continued)

As a result of the restricted availability of mortgages to first time buyers, we have introduced various incentives including a shared equity product which has enabled us to achieve sales from this market segment.

Liquidity Risk

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.

Credit Risk

The principal credit risk arises from trade debtors. In order to manage the credit risk, aged debtors are monitored on a monthly basis and outstanding amounts chased by our solicitors regularly.

Risk Management

The Board of Strada Developments Limited constantly monitors sales prices, sales rates and availability against relevant competition in order that prices can be maximised whilst achieving an acceptable sales rate. Likewise the Board constantly reviews the range of incentives and financial products available in order that our proposition to the customer is both relevant and competitive.

The Joint Venture partners are committed to communicating and reviewing the operations to ensure best practice is maintained. Methods include regular Board meetings, team briefings and opportunities to ensure senior management meet face to face.

Sustainability and the Environment

Taylor Wimpey UK Limited and Bett Homes Limited are committed to continuous improvement in the design and construction of new homes and enhancing the built environment for people who live in and near its communities.

Qualifying Third Party Indemnities

Taylor Wimpey plc has executed a deed poll of indemnity in favour of, among 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.

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:-

C E Lewis
S Fowler
K R Douglas
S C Brown
K J Armstrong

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 are aware of that information.

STRADA DEVELOPMENTS LIMITED

DIRECTORS' REPORT (continued)

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

Re-appointment of Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor for another term. Appropriate arrangements have been put in place for them to be deemed re-appointed as auditor in the absence of an annual general meeting.

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



Simon Brown

Director

Unit C, Ground Floor, Cirrus Building

Glasgow Airport Business Park

Marchburn Drive

Abbotsinch

Paisley

Scotland

PA3 2SJ

12th September 2013

STRADA DEVELOPMENTS 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.

STRADA DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STRADA DEVELOPMENTS LIMITED

We have audited the financial statements of Strada Developments Limited for the year ended 31 December 2012 which comprise Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Net Funds and the related notes 1 to 17. 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 auditor's 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 2012 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.



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

13 September 2013

STRADA DEVELOPMENTS LIMITED

Profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	4,857,704	2,916,769
Cost of sales		(3,656,645)	(2,315,253)
Gross profit		1,201,059	601,516
Administrative expenses		(514,322)	(453,401)
Operating profit		686,737	148,115
Net interest receivable	3	107,385	149,557
Profit on ordinary activities before taxation	4	794,122	297,672
Taxation	6	(175,945)	(75,799)
Profit for the financial year		618,177	221,873

All results reported above for both the current and prior 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 and losses is presented.

STRADA DEVELOPMENTS LIMITED

Balance sheet at 31 December 2012

	Note	2012 £	2011 £
Current assets			
Stocks	8	4,327,055	5,870,449
Debtors (including £2,403,873 due after more than one year (2011: £1,816,434))	9	2,429,032	1,841,041
Cash at bank and in hand		4,448,205	3,061,705
		11,204,292	10,773,195
Creditors: amounts falling due within one year	10	(530,488)	(717,568)
Net assets		10,673,804	10,055,627
Capital and Reserves			
Share capital	11	1,000	1,000
Profit and loss account	12	10,672,804	10,054,627
Shareholders' funds	15	10,673,804	10,055,627

The financial statements of Strada Developments Limited, registered number SC235707, were approved by the Board of Directors and authorised for issue on 12th September 2013.

They were signed on its behalf by:



Simon Brown
Director

STRADA DEVELOPMENTS LIMITED

Cash flow statement for the year ended 31 December 2012

	Note	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	13	1,289,031	(207,385)
Returns on investments and servicing of finance		-	-
Net Interest receivable		107,385	149,557
Net cash inflow from returns on investments and servicing of finance		107,385	149,557
Equity dividends paid		-	(1,500,000)
Taxation			
UK corporation tax paid		(9,916)	-
Net cash outflow from taxation		(9,916)	-
Increase/(Decrease) in cash		1,386,500	(1,557,828)

Reconciliation of net cash flow to movement in net funds

	Note	2012 £	2011 £
Increase/(Decrease) in cash		1,386,500	(1,557,828)
Change in net funds resulting from cash flows		1,386,500	(1,557,828)
Movement in funds in year	14	1,386,500	(1,557,828)
Net funds at beginning of year		3,061,705	4,619,533
Net funds at end of year		4,448,205	3,061,705

STRADA DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31 December 2012

1. Accounting policies

The following accounting policies have been used consistently in the current and prior years 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 Directors' Report describes the financial position of the Company, its cashflow and liquidity position. The Directors of the Company have made necessary enquiries, reviewed cashflow forecasts for a period of at least 12 months from the date of signing these financial statements. Following their review the Directors are of the view that there is reasonable expectation the Company will be able to remain in existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Turnover

Turnover arises principally from the sale of residential properties, 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 is taken on legal completion. Residential development profit is calculated based on total expected revenue less total expected costs.

Deferred tax

Deferred tax is recognised 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. Cost represents direct costs plus site and selling overheads.

Trade Debtors

Trade debtors on normal terms do not carry interest and are stated at their initial value reduced by appropriate allowances for estimated irrecoverable amounts. Trade debtors on extended terms, particularly in respect of shared equity debtors are recorded at their fair value at the date of the sale of the asset to which they relate. The asset is discounted at inception with the discount being unwound through the period of the contract (being the shorter of 10 years and the sale of the property by the individual for shared equity debtors).

2. Segmental analysis

All results are attributable to one continuing activity, being the development and sales of houses and all trading was in the United Kingdom.

STRADA DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

3. Net Interest receivable

	2012 £	2011 £
Interest receivable on bank deposits	-	43,800
Interest unwind on shared equity debtors	107,385	105,757
	107,385	149,557

4. Profit on ordinary activities before taxation

	2012 £	2011 £
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	8,000	8,000

5. Staff costs

The Company had no employees other than its Directors (2011: none).
The Directors are paid by other Group companies and received no remuneration in respect of their services to the Company (2011: £nil).

6. Taxation

The tax charge comprises

	2012 £	2011 £
Current tax:		
UK corporation tax	(175,945)	(75,799)
Total tax charge on profit on ordinary activities	(175,945)	(75,799)

The standard rate of current tax for the year tax is 24.5% (2011: 26.5%)

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

	2012 £	2011 £
Profit on ordinary activities before tax	794,122	297,672
Tax at the UK corporation tax rate of 24.5% (2011: 26.5%)	(194,560)	(78,883)
Prior year adjustment	18,615	3,084
Tax (charge)/credit for the year	(175,945)	(75,799)

There is no unrecognised deferred tax asset or liability (2011: nil)

STRADA DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

7. Dividends

	2012 £	2011 £
Amounts recognised as distributions to shareholders in year of nil (2011: £1,500) per ordinary share	-	1,500,000

8. Stocks

	2012 £	2011 £
Land	2,028,575	2,920,389
Development and construction costs	2,098,480	2,950,060
Part Exchange stock	200,000	-
	4,327,055	5,870,449

9. Debtors

	2012 £	2011 £
Amounts falling due within one year:		
Other debtors	25,159	24,607
	25,159	24,607
Amounts falling due greater than one year		
Trade debtors	2,403,873	1,816,434
	2,403,873	1,816,434

10. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	20,568	212,543
Accruals and deferred income	255,092	416,226
Corporation tax	254,828	88,799
	530,488	717,568

STRADA DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

11. Share capital

	2012 £	2011 £
Authorised:		
500 'A' ordinary shares of 100p each	500	500
500 'B' ordinary shares of 100p each	500	500
	1,000	1,000
Issued and fully paid:		
500 'A' ordinary shares of 100p each	500	500
500 'B' ordinary shares of 100p each	500	500
	1,000	1,000

As at 31 December 2011, the ordinary 'A' shares of the Company are owned by Bett Homes Limited and the ordinary 'B' shares of the Company are owned by Taylor Wimpey UK Limited. Both of the above classes of share confer the right to appoint three Directors, equal rights with respect to dividends and rank equally in the event of winding-up.

12. Profit and loss account

	£
At 1 January 2012	10,054,627
Profit for the financial year	618,177
At 31 December 2012	10,672,804

13. Reconciliation of operating profit to operating cash flows

	2012 £	2011 £
Operating profit	686,737	148,115
Decrease/(increase) in stocks	1,543,394	(269,187)
Increase in debtors	(587,991)	(542,712)
(Decrease)/increase in creditors	(353,109)	456,399
Net cash inflow from operating activities	1,289,031	(207,385)

14. Analysis of net funds

	Cash at bank and in hand	Total £
At 1 January 2012	3,061,705	3,061,705
Cash flow	1,386,500	1,386,500
At 31 December 2012	4,448,205	4,448,205

STRADA DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

15. Reconciliation of Movement in Shareholders' Funds

	Note	2012 £	2011 £
Opening shareholders' funds		10,055,627	11,333,754
Profit for the financial year		618,177	221,873
Equity dividends paid in year	7	-	(1,500,000)
Closing shareholders' funds		10,673,804	10,055,627

16. Related party transactions

During the year, the Company incurred expenditure for professional fees by its shareholders and their fellow Group companies as follows:

	2012 £	2011 £
Taylor Wimpey UK Limited		
Management fees	<u>60,680</u>	<u>60,680</u>

17. Ultimate controlling party

The Company is a joint venture between Taylor Wimpey UK Limited (incorporated in England and Wales) and Bett Homes Limited (incorporated in Scotland).