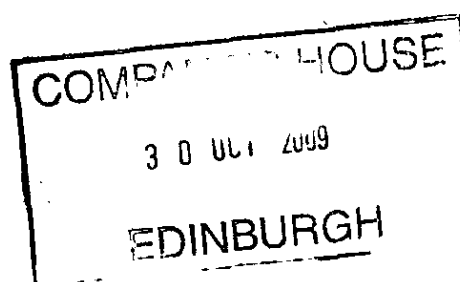


STRADA DEVELOPMENTS LIMITED

Company Number SC235707

ANNUAL REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2008



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STRADA DEVELOPMENTS LIMITED

CONTENTS

Directors' Report	2
Statement of Directors' Responsibilities	5
Independent Auditors' Report	6
Profit and Loss Account	7
Reconciliation of Movement in Shareholders' Funds	8
Balance Sheet	9
Cash Flow Statement	10
Notes to the Financial Statements	11

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 2008.

Business Review and Principal Activities

Strada Developments Limited is a joint venture between Taylor Wimpey UK Limited (formerly Taylor Wimpey Developments Limited) and Gladedale (Northern Division) 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 £1,777,728 (2007: £5,692,533). After deducting administrative expenses and net interest payable the retained profit after tax for the year is £1,332,516 (2007: £3,794,293). At 31 December 2008 the net assets of the company were £11,756,332 (2007: £10,423,816). The Directors do not recommend the payment of a dividend. 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.

	2008	2007
• No of units sold (per annum)	40	130
• Average selling price (per unit)	£200k	£194k
• Gross margin	22.2%	22.6%
• Total square footage sold	37,765	125,259
• Average square footage sold (per unit)	944	964
• Cash and borrowing levels (net)	£0.4m	£4.4m

Going Concern

The day to day working capital requirements of the company are met through the revenue generated from the sale of houses and the investment provided by the joint venture partners. Details of the management of the liquidity risk within the company is noted below.

After making enquiries and reviewing cashflow forecasts and available facilities for a period of at least 12 months, the Directors have formed judgment 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.

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.

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.

STRADA DEVELOPMENTS LIMITED

DIRECTORS' REPORT (continued)

Interest Rate Risk

The Company finances operations through a combination of retained profits and shareholder loans. The Company is therefore not exposed to interest rate fluctuations.

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.

The maturity of borrowings is set out in note 10 to the financial statements.

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 (formerly Taylor Wimpey Developments Limited) and Gladedale (Northern Division) 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.

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:-

David Knight	Resigned 31 May 2008
David Gaffney	
Steven Fowler	
Keith Douglas	
Joanne MacLeod (nee Bell)	Resigned 24 March 2009
Crawford Copstick	Resigned 28 July 2008
Angus Macleod	Appointed 28 July 2008
William Burns	Appointed 28 July 2008, Resigned 26 March 2009
Simon Brown	Appointed 26 March 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.

STRADA DEVELOPMENTS LIMITED

DIRECTORS' REPORT (continued)

Re-appointment of Auditors

Deloitte LLP (formerly Deloitte and Touche 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 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Simon Brown', with a stylized, cursive script.

Simon Brown

Director

30 October 2009

STRADA DEVELOPMENTS 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;
- 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 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.

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 2008 which comprise the Profit and Loss Account, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Net Debt and the related notes 1 to 16. 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

30 October 2009

STRADA DEVELOPMENTS LIMITED

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover		7,999,809	25,231,982
Cost of sales		(6,222,081)	(19,539,449)
Gross profit		1,777,728	5,692,533
Administrative expenses		(123,498)	(40,036)
Operating profit		1,654,230	5,652,497
Net interest receivable/(payable)	3	209,429	(232,078)
Profit on ordinary activities before taxation	4	1,863,659	5,420,419
Taxation	6	(531,143)	(1,626,126)
Profit for the financial year		1,332,516	3,794,293

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 and losses is presented.

STRADA DEVELOPMENTS LIMITED

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

	2008 £	2007 £
Opening shareholders' funds	10,423,816	6,629,523
Profit for the financial year	1,332,516	3,794,293
Closing shareholders' funds	11,756,332	10,423,816

STRADA DEVELOPMENTS LIMITED

Balance sheet at 31 December 2008

	Note	2008 £	2007 £
Current assets			
Stocks	7	13,085,027	16,116,225
Debtors (including £204,694 due after more than one year (2007: nil))	8	328,643	306,371
Cash at bank and in hand		3,307,358	5,100,867
		16,721,028	21,523,463
Creditors: amounts falling due within one year	9	(1,823,814)	(2,958,765)
Net current assets		14,897,214	18,564,698
Creditors: amounts falling due after more than one year	10	(3,140,882)	(8,140,882)
Net assets		11,756,332	10,423,816
Capital and Reserves			
Share capital	11	1,000	1,000
Profit and loss account	12	11,755,332	10,422,816
Total shareholders' funds		11,756,332	10,423,816

The financial statements were approved by the Board of directors and authorised for issue on 30 October 2009.

They were signed on its behalf by:



Simon Brown
Director

Company number: SC235707

STRADA DEVELOPMENTS LIMITED

Cash flow statement for the year ended 31 December 2008

	Note	2008 £	2007 £
Net cash inflow from operating activities	13	3,861,392	16,205,948
Returns on investments and servicing of finance			
Net Interest receivable/(payable)		209,429	(323,906)
Net cash inflow/(outflow) from returns on investments and servicing of finance		209,429	(323,906)
Taxation			
UK corporation tax paid		(864,330)	(1,659,489)
Net cash outflow from taxation		(864,330)	(1,659,489)
Financing			
Repayment of loans to shareholder		(5,000,000)	(10,998,192)
Net cash outflow from financing		(5,000,000)	(10,998,192)
(Decrease)/ increase in cash		(1,793,509)	3,224,361

Reconciliation of net cash flow to movement in net debt

	Note	2008 £	2007 £
(Decrease)/ increase in cash		(1,793,509)	3,224,361
Cash flow from decrease in debt		5,000,000	10,998,192
Change in net debt resulting from cash flows		3,206,491	14,222,553
Movement in debt in year	14	3,206,491	14,222,553
Net debt at beginning of year		(3,040,015)	(17,262,568)
Net debt at end of year		166,476	(3,040,015)

STRADA DEVELOPMENTS LIMITED

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

1. Accounting policies

The following accounting policies have been used consistently 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. After making enquiries the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

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 taxation

Deferred taxation 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 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.

Stocks

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

2. Segmental analysis

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

3. Net Interest receivable/ (payable)

	2008 £	2007 £
Interest receivable on bank loans and overdrafts	209,429	126,091
Interest payable on bank loans and overdrafts	-	(358,169)
	<u>209,429</u>	<u>(232,078)</u>

STRADA DEVELOPMENTS LIMITED

Notes to the financial statements (continued)

4. 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	6,700	6,000
Fees payable to the company's auditors for other services pursuant to legislation		
- Tax services	-	1,704

5. Staff costs

The company had no employees other than its directors (2007: none).

The directors are paid by other group companies and received no remuneration in respect of their services to the Company (2007: £nil).

6. Taxation on profit on ordinary activities

The tax charge comprises

	2008 £	2007 £
Current tax:		
UK corporation tax	(531,143)	(1,626,126)
Total tax on profit on ordinary activities	(531,143)	(1,626,126)

The standard rate of current tax for the year, based on the weighted average of the UK standard rate of corporation tax is 28.5% (2007: 30%)

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

	2008 £	2007 £
Profit on ordinary activities before tax	1,863,659	5,420,419
Tax at the UK corporation tax rate of 28.5% (2007: 30%)	(531,143)	(1,626,126)
Tax charge for the year	(531,143)	(1,626,126)

7. Stocks

	2008 £	2007 £
Land	5,299,028	5,753,673
Development and construction costs	6,886,501	9,934,080
Part Exchange Stock	899,498	428,472
	13,085,027	16,116,225

STRADA DEVELOPMENTS LIMITED

Notes to the financial statements (continued)

8. Debtors

	2008 £	2007 £
Amounts falling due within one year:		
Trade debtors	29,326	100,337
Other debtors	94,623	206,034
	123,949	306,371
Amounts falling due greater than one year:		
Trade debtors	204,694	-

9. Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	44,520	16,553
Accruals and deferred income	1,496,464	2,326,195
Corporation tax	282,830	616,017
	1,823,814	2,958,765

Included within 'accruals and deferred income' is an amount of £1,101,093 (2007: £1,976,691) that relates to the Taylor Woodrow Construction Limited Sub-Contractor retention for the main build contract.

10. Creditors: amounts falling due after more than one year

	2008 £	2007 £
Loan due to shareholder – Taylor Wimpey UK Limited	1,570,441	4,070,441
Loan due to shareholder – Gladedale (Northern Division) Ltd.	1,570,441	4,070,441
	3,140,882	8,140,882

The non-interest bearing equity funding loans due to shareholders are due in more than two years but not more than five years. These loans are unsecured.

STRADA DEVELOPMENTS LIMITED

Notes to the financial statements (continued)

11. Share capital

	2008 £	2007 £
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 2008, the ordinary 'A' shares of the company are owned by Gladedale (Northern) Limited and the ordinary 'B' shares of the company are owned by Taylor Wimpey Developments Limited. On 1 January 2008, the ordinary 'B' shares transferred from Taylor Wimpey Developments Limited to 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 2008	10,422,816
Profit for the financial year	1,332,516
At 31 December 2008	11,755,332

13. Reconciliation of operating profit to operating cash flows

	2008 £	2007 £
Operating profit	1,654,230	5,652,497
Decrease in stocks other than residential land	3,031,198	9,832,026
(Increase)/ decrease in debtors	(22,272)	421,416
(Decrease)/ increase in creditors	(801,764)	300,009
Net cash inflow from operating activities	3,861,392	16,205,948

14. Analysis of net debt

	Cash at bank and in hand	Debt due within one year	Debt due after one year	Total £
At 1 January 2008	5,100,867	-	(8,140,882)	(3,040,015)
Cash flow	(1,793,509)	-	5,000,000	3,206,491
At 31 December 2008	3,307,358	-	(3,140,882)	166,476

STRADA DEVELOPMENTS LIMITED

Notes on the financial statements (continued)

15. Related party transactions

During the year, the company incurred expenditure for professional fees by its shareholders and their fellow group companies as follows:-

	2008 £	2007 £
Taylor Wimpey UK Limited		
Management fees	<u>57,979</u>	<u>51,250</u>

Under the terms of the joint venture agreement, Taylor Wimpey UK Limited matches specific fees incurred by Bank of Scotland.

During the year, payments were made to Taylor Woodrow Construction Limited for certificated works on the project. These amounted to £939,676 (2007: £8,180,358) and have been included in the stock balance (note 7). A proportion of these costs have been taken to cost of sales during the year. There is an accrual to Taylor Woodrow Construction Limited at the year-end amounting to £1,101,093 (2007: £1,976,691) the value of which is included within the stock balance (note 7).

16. Ultimate controlling party

The Company is a joint venture between Taylor Wimpey UK Limited and Gladedale (Northern Division) Limited. Both companies are incorporated in England and Wales.