

STRADA DEVELOPMENTS LIMITED
(formerly Mitreshelf 337 Limited)

Report and Financial Statements

21 August 2002 to 31 December 2003

Deloitte & Touche LLP
London



STRADA DEVELOPMENTS LIMITED
(formerly Mitreshelf 337 Limited)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2003

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STRADA DEVELOPMENTS LIMITED
(formerly Mitreshelf 337 Limited)

REPORT OF THE DIRECTORS (Continued)

The directors submit their annual report and the audited financial statements for the period from 21 August 2002 to 31 December 2003.

The company was incorporated on 21 August 2002 and commenced trading on 22 April 2003. The company changed its name from Mitreshelf 337 Limited to Strada Developments Limited on 12 February 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF DEVELOPMENTS

The activity of the company is the building and developments of residential accommodation at the site of the former VA Tech Works, Pilton Drive, Edinburgh.

Work on the site began during the period and is progressing in line with the directors' expectations.

Results and dividends

During the period under review, the company did not generate any turnover, but incurred administrative expenses and net interest charges and as a result, there is a retained loss for the period of £395,436. The net interest charge for the period includes interest charge of £226,204 relating to long term finance loans held by group companies in the period. The directors do not recommend the payment of a dividend.

Directors and their interests

The following persons held office as directors during the period under review:

David Knight	Appointed 11 December 2002
Alexander Anderson	Appointed 30 June 2003
David Gaffney	Appointed 18 July 2003
Kenneth Haldane	Appointed 18 July 2003
David Mitchell	Appointed 18 July 2003
Richard Phillips	Appointed 18 July 2003
Ronald Hanna	Appointed 11 December 2002; resigned 30 June 2003
Mitreshelf Directors Limited	Appointed 21 August 2002; resigned 11 December 2002

Election of directors

In accordance with the Articles of Association, the directors do not retire by rotation.

Directors' interests in shares of the company

No directors have any interests in the shares of the company.

Directors' interests in contracts

No director has an interest in any contracts or arrangements with the company other than by virtue of directorships, or other interests, held in the member companies, or other companies within their respective groups.

Going concern

The company has long term funding for the development of the site. The financial statements have therefore been prepared on a going concern basis.

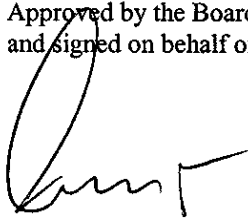
STRADA DEVELOPMENTS LIMITED
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REPORT OF THE DIRECTORS (Continued)

Auditors

During the period, the consent of the company was given to the Board to treating the appointment of Deloitte & Touche as auditors to the company as extending to Deloitte & Touche LLP, pursuant to Section 26(5) of the Companies Act 1989. Pursuant to Section 386 of the Companies Act 1985, an elective resolution has been passed dispensing with the requirement to appoint auditors annually. In accordance with section 386(2) Deloitte & Touche LLP therefore continue in office until the company or the auditors determine otherwise.

Approved by the Board of Directors *9 June 2004*
and signed on behalf of the Board



J P HASTINGS

Secretary

STRADA DEVELOPMENTS LIMITED
(formerly Mitreshelf 337 Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that . In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 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.

STRADA DEVELOPMENTS LIMITED
(formerly Mitreshelf 337 Limited)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STRADA
DEVELOPMENTS LIMITED**
(formerly Mitreshelf 337 Limited)

We have audited the financial statements of Strada Developments Limited (formerly Mitreshelf 337 Limited) for the period ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of the loss of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants
and Registered Auditors

London

16 June 2004

STRADA DEVELOPMENTS LIMITED
(formerly Mitreshelf 337 Limited)

PROFIT AND LOSS ACCOUNT FOR THE PERIOD
PERIOD FROM 21 AUGUST 2002 TO 31 DECEMBER 2003

	Note	21 August 2002 to 31 December 2003 £
Administrative expenses		(321,237)
OPERATING LOSS	2	(321,237)
Net interest payable	3	(217,764)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(539,001)
Tax credit/(charge) on loss on ordinary activities	5	143,565
RETAINED LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD	12	(395,436)

There are no recognised gains or losses other than those shown above and consequently, no statements of total recognised gains and losses is presented.

All results derive from continuing operations.

STRADA DEVELOPMENTS LIMITED
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BALANCE SHEET AS AT 31 December 2003

	Note	2003 £
CURRENT ASSETS		
Stocks	6	24,292,458
Debtors	7	239,073
Cash at bank and in hand		171,753
		<u>24,703,284</u>
CREDITORS: amounts falling due within one year	8	(4,786,516)
NET CURRENT ASSETS		<u>19,916,768</u>
CREDITORS: amounts falling due after more than one year	9	(20,311,204)
NET LIABILITIES		<u>(394,436)</u>
CAPITAL AND RESERVES		
Called up share capital	11	1,000
Profit and loss account	12	(395,436)
EQUITY SHAREHOLDERS' DEFICIT	12	<u>(394,436)</u>

These financial statements were approved by the Board of Directors on 9 June 2004
Signed on behalf of the Board of Directors



David Knight
Director

The notes on pages 7-13 form part of these financial statements.

STRADA DEVELOPMENTS LIMITED
(formerly Mitreshelf 337 Limited)

NOTES TO THE ACCOUNTS FOR THE PERIOD
FROM 21 AUGUST 2002 TO 31 DECEMBER 2003

1. ACCOUNTING POLICIES

The principal accounting policies of the company are as follows:

Basis of accounting

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

Turnover

Turnover comprises sales of properties where construction has been completed and the property has been legally transferred to the purchaser.

Profit

Profit is taken on legal completion of sale of each property.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value. Cost of stocks comprises land acquisition, construction and other development expenditure.

Deferred taxation

Deferred taxation is provided in full on timing differences which 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 items of income and expenditure in taxation computations in periods different from those in which they are included in 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.

STRADA DEVELOPMENTS LIMITED
(formerly Mitreshelf 337 Limited)

NOTES TO THE ACCOUNTS FOR THE PERIOD
FROM 21 AUGUST 2002 TO 31 DECEMBER 2003

2. OPERATING LOSS

Operating loss is after charging:

21 August
2002 to 31
December
2003
£

Auditors' remuneration – audit of company

5,000

3. NET INTEREST (PAYABLE)/RECEIVABLE

21 August
2002 to 31
December
2003
£

Interest payable and similar charges:

Interest of financing loans

(226,204)

Interest receivable:

Bank interest receivable

8,440

Net interest payable

(217,764)

£113,102 interest payable is due to Taylor Woodrow Developments and £113,102 is due to Bank of Scotland. Both amounts are included within creditors at the year end as notes in note 9.

STRADA DEVELOPMENTS LIMITED
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**NOTES TO THE ACCOUNTS FOR THE PERIOD
FROM 21 AUGUST 2002 TO 31 DECEMBER 2003**

4. EMPLOYEES' AND DIRECTORS' EMOLUMENTS

None of the directors received any emoluments in respect of their services to the company during the period.
In the current period, the company had no employees.

5. TAXATION

a) Analysis of credit in the period

**21 August
2002 to 31
December
2003
£**

Current tax

United Kingdom corporation tax at 30%

-

Current tax charge for the period

-

Deferred tax

Origination and reversal of timing differences

143,565

Tax credit on loss in the year

143,565

b) Factors affecting the tax charge for the period

**2003
£**

Loss on ordinary activities before taxation

(539,001)

Tax credit at 30% thereon

161,700

Effects of:

Expenses not deductible for tax purposes

(18,135)

Tax losses carried forward

(143,565)

Current tax charge for period (5a)

-

6. STOCKS

**2003
£**

Development land and work in progress

Land

16,500,000

Construction and other costs

7,792,458

24,292,458

STRADA DEVELOPMENTS LIMITED
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NOTES TO THE ACCOUNTS FOR THE PERIOD
FROM 21 AUGUST 2002 TO 31 DECEMBER 2003

7. DEBTORS

	2003
	£
VAT	90,330
Other debtors	5,178
Deferred tax asset (note 10)	143,565
	<u>239,073</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003
	£
Trade creditors	317
Corporation tax	-
Other creditors	297,102
Accruals and deferred income	4,489,187
	<u>4,786,516</u>

Included within the 'other creditors' balance is an amount of £164,910 that relates to Taylor Woodrow Construction Limited sub-contractor retention of the main build contract.

STRADA DEVELOPMENTS LIMITED
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**NOTES TO THE ACCOUNTS FOR THE PERIOD
FROM 21 AUGUST 2002 TO 31 DECEMBER 2003**

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003
	£
Debt falling due in more than two years but not more than five years	
- Bank of Scotland	7,143,203
- Taylor Woodrow Developments Limited	7,143,203
- Bett Homes Limited	3,012,399
- Taylor Woodrow Developments Limited	3,012,399
	<u>20,311,204</u>

The above creditors represent amounts owed in respect of bank loans and shareholder loans.

Interest on the bank loan is treated as a finance cost and is charged to the profit and loss account.

10. DEFERRED TAX

	2003
	£
Movement on deferred taxation balance in the period	
Opening balance (Dr)/(Cr)	-
Credit to profit and loss account (note 5a)	(143,565)
	<u>(143,565)</u>
Closing balance (Dr)/Cr	<u>(143,565)</u>
Analysis of deferred tax balance	
Losses	(143,565)
	<u>(143,565)</u>
Deferred tax asset (note 7)	<u>(143,565)</u>

There are no unprovided deferred tax balances. A deferred tax asset has been recognised in respect of tax losses carried forward since the directors are of the opinion, based on forecast trading, that there will be sufficient profits in the next financial year to absorb the losses.

STRADA DEVELOPMENTS LIMITED
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**NOTES TO THE ACCOUNTS FOR THE PERIOD
FROM 21 AUGUST 2002 TO 31 DECEMBER 2003**

11. CALLED UP SHARE CAPITAL

	2003 £
Authorised	
500 ordinary 'A' shares of £1 each	500
500 ordinary 'B' ordinary shares of £1 each	500
	<u>1,000</u>
Called up, issued and fully paid	
500 ordinary 'A' shares of £1 each	500
500 ordinary 'B' shares of £1 each	500
	<u>1,000</u>

During the period, the company issued 1,000 ordinary share at par. 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 Woodrow Developments 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. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' DEFICIT AND
STATEMENT OF MOVEMENT ON RESERVES**

	Issued share capital £	Profit and loss account £	Total £
At 21 August 2002	-	-	-
Share capital issued	1,000	-	1,000
Loss for the period	-	(395,436)	(395,436)
At 31 December 2003	<u>1,000</u>	<u>(395,436)</u>	<u>(394,436)</u>

13. CASH FLOW STATEMENT

The company has taken advantage of the exemption contained in paragraph 5(f) of FRS1, 'Cash Flow Statements' and has not produced a cash flow statement as it meets the criteria of a small company per the Companies Act 1985.

STRADA DEVELOPMENTS LIMITED
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NOTES TO THE ACCOUNTS FOR THE PERIOD
FROM 21 AUGUST 2002 TO 31 DECEMBER 2003

14. RELATED PARTIES

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

	2003
	£
Taylor Woodrow Developments Limited:	
Management fees	9,000
Arrangement fees	62,500
Matching fees	56,937
	<hr/>
	190,937
	<hr/>

Under the terms of the joint venture agreement, Taylor Woodrow Developments Limited match specific fees incurred by Bank of Scotland.

During the period, payments were made to Taylor Woodrow Construction Limited for certificated works on the project. These amounted to £5,092,500 and have been included in the stock balance (note 6). There is an accrual to Taylor Woodrow Construction Limited at the year-end amounting to £239,590, the value of which is included within the stock balance (note 6). The creditors in note 9 and the interest payable in note 3 are both due to related parties.

During the period the wife of Alexander Anderson, a director of both Bett Homes Limited and Strada Developments Limited, entered into a contract to purchase two properties of Strada Developments. The values of the properties are £165,000 and £225,000 respectively, which represent the market value of the properties. As at year-end Mrs Anderson had paid £4,400 by way of deposit, which is included on the housing sales ledger as a credit balance. Post year-end Mrs Anderson has paid a further £500 to Strada Developments. The balances will be settled in full upon legal completion of the two properties.