TAYLOR WIMPEY DEVELOPMENTS LIMITED

Company Number 643420

ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

TAYLOR WIMPEY DEVELOPMENTS LIMITED

CONTENTS

TAYLOR WIMPEY DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the financial statements for the year ended 31 December 2010

Business review and principal activity

The Company is a wholly owned subsidiary of Taylor Wimpey Holdings Limited with the ultimate parent company being Taylor Wimpey plc

The Company acts as an investment holding company

During the year, the Company made a profit for the financial year of £382 8 million (2009 Profit - £31 9 million) During the current year, the Company reversed £400 million relating to a previously impaired fixed asset investment (2009 £nil) Excluding for the effect of this, the profit before tax for the current and preceding year related mainly to interest on intra-group balances

The Directors consider the Company to have no Non Financial Key Performance Indicators (KPIs)

Dividends of 3 24p (2009 2 97p) per 1p preference share, 3 25p (2009 6 50p) per £1 'B' preference share and 3 45p (2009 4 93p) per £1 'C' preference share were accrued during the year ended 31 December 2010 (note 10)

The Directors anticipate the Company will continue to operate as an investment holding company for the foreseeable future, subject to the risks and uncertainties noted below

Going concern

The Company is reliant on its ultimate parent company Taylor Wimpey plc ("the Group") to support the recoverability of its investments and intercompany receivables The Directors of the Company have confirmed with Taylor Wimpey plc that it will continue to provide the necessary financial support to the Company, as limited by the Group's financing arrangements, for a period of at least 12 months from the date of approval of these financial statements

The Group completed its refinancing of its debt facilities on 15 December 2010, which provides the Group clear finance until at least November 2014, a longer maturity period than the pre-existing financing As part of these new facilities the Group has signed up to new covenants The Group was in full compliance with these covenants as at 31 December 2010 and based on the future forecasts the Group is expected to remain in compliance with the covenants and facility headroom for the foreseeable future

The Directors of the Company have made the necessary enquiries, including inquiries of the Directors of Taylor Wimpey plc, and are of the view, at the time of approving the financial statements, 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

Principal risks and uncertainties

As with any business, Taylor Wimpey Developments Limited 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 financial risk management objectives of the Company are to ensure that sufficient liquidity is maintained to meet its future obligations The Company does not undertake speculative or trading activities in financial instruments The Company operates within policies approved by the Board These policies establish the overall parameters for the capital structure together with guidelines in respect of interest and currency translation exposures

Transactions between the Company's Spanish branch and Taylor Wimpey de España S A are in Euros and it is therefore exposed to the movement in the Euro to Sterling exchange rate These risks are managed by the ultimate parent Company, Taylor Wimpey plc's treasury function

Pension

The Company is a participating employer in the Taylor Woodrow Group Pension and Life Assurance Fund (TWGP&LAF), a defined benefit pension scheme The Scheme was closed to new entrants in March 2002 and with effect from 30 November 2006 closed to future pension accrual

The results of the last valuation showed a shortfall of £264 0 million on the scheme assets of £758 0 million against estimated liabilities of £1,022 0 million resulting in a scheme funding level of 74%

The Company agreed a revised funding schedule under which the Company will make annual funding contributions of £22 0 million per annum over ten years from the valuation date of 31 March 2010 Previously the Company was making annual funding contributions of £20 0 million per annum over eight years from 2008

There have been two significant post valuation events, the future revaluation of deferred member benefits to be based on CPI from 1 January 2011, which will reduce liabilities by £20 0 million and an additional £37 5 million that was paid into the Scheme following the Group's debt refinancing in December 2010 has increased its assets

DIRECTORS' REPORT continued

Directors
The following held office as directors during the period under review and to date

Peter Andrew	
Christopher Carney	(resigned 28 January 2011)
Peter Anthony Carr	
Ryan Mangold	(appointed 28 January 2011)
Fergus McConnell	
Peter Truscott	

Qualifying Third party indemnities
Taylor Wimpey plc has granted indemnities in favour of the Directors and officers of its group subsidiary companies against financial exposure that they may incur during their professional duties (including the Directors and officers of this Company) These have been granted in accordance with section 234 of the Companies Act 2006

Auditor
Each of the persons who are 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 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 auditor is aware of that information

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 indicated their willingness to be re-appointed 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 on 30 June 2011

Signed on behalf of the Board

P R Andrew

Director

Gate House
Turnpike Road
High Wycombe
Buckinghamshire
HP12 3NR

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 estimates that are reasonable and prudent,
* state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAYLOR WIMPEY DEVELOPMENTS LIMITED

We have audited the financial statements of Taylor Wimpey Developments Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet and the related notes 1 to 23 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 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 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 (APB'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

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 2010 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

Jonathan Dodworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Birmingham, United Kingdom
Date
30 June 2011

TAYLOR WIMPEY DEVELOPMENTS LIMITED
Profit and Loss Account
for the year to 31 December 2010

£ million	Note	2010	2009
Administrative expenses			
Exceptional reversal of impairment	3	**400 0**	-
Other administrative expenses		**(0 2)**	(0 2)
Profit / (Loss) on ordinary activities before interest		**399 8**	(0 2)
Interest receivable and similar income	4	**50 0**	65 3
Interest payable and similar charges	5	**(49 6)**	(63 4)
Other finance income	6	**2 3**	6 5
Profit on ordinary activities before taxation	7	**402 5**	8 2
Tax (charge)/credit	3,9		
Non exceptional		**(19 7)**	-
Exceptional		**-**	23 7
Profit for the financial year		**382 8**	31 9

TAYLOR WIMPEY DEVELOPMENTS LIMITED

Statement of Total Recognised Gains and Losses for the year to 31 December 2010

£ million	Note	2010	2009
Profit for the financial year		**382 8**	31 9
Actuarial loss recognised on the defined benefit pension scheme	16	**(19 0)**	(91 6)
Movement on deferred tax relating to pension liability	12	**3 6**	32 0
Total recognised gains and losses relating to the year		**367 4**	(27 7)

TAYLOR WIMPEY DEVELOPMENTS LIMITED

Reconciliation of Movement in Shareholders' Funds for the year to 31 December 2010

£ million	Note	2010	2009
Opening shareholders' funds		**667 4**	245 1
Profit for the financial year		**382 8**	31 9
Actuarial loss recognised on the defined benefit pension scheme	16	**(19 0)**	(91 6)
Movement on deferred tax relating to pension liability		**3 6**	32 0
Shares issued in the year	17	**150 0**	450 0
Closing shareholders' funds		**1,184 8**	667 4

TAYLOR WIMPEY DEVELOPMENTS LIMITED

Balance Sheet
at 31 December 2010

£ million	Note	2010	2009
Fixed assets			
Investments	11	**1,136 2**	586 2
		1,136 2	586 2
Current assets			
Debtors	13	**1,139 8**	1,107 7
Cash at bank and in hand		**2 1**	2 3
		1,141 9	1,110 0
Creditors amounts falling due within one year	14	**(954 1)**	(872 3)
Net current assets		**187 8**	237 7
Total assets less current liabilities		**1,324 0**	823 9
Creditors amounts falling due after more than one year	15	**(13 2)**	(13 2)
Defined benefit pension liability	16	**(126 0)**	(143 3)
Net assets		**1,184 8**	667 4
Capital and reserves			
Called up share capital	17	**1,228 1**	1,078 1
Share premium account	18	**901 8**	901 8
Capital redemption reserve	19	**6 0**	6 0
Profit and loss account	20	**(951 1)**	(1,318 5)
Shareholders' funds		**1,184 8**	667 4

The financial statements of Taylor Wimpey Developments Limited, registered number 643420 were approved by the Board of Directors and authorised for issue on 30 June 2011 They were signed on its behalf by

P R Andrew
Director

TAYLOR WIMPEY DEVELOPMENTS LIMITED

Notes to the financial statements for the year to 31 December 2010

1 **Accounting policies**

The following accounting policies have been consistently applied in the current and prior year

Basis of accounting

The financial statements have been prepared in accordance with applicable law and United Kingdom accounting standards, under the historical cost convention

Basis of preparation

The financial statements contain information about Taylor Wimpey Developments Limited as an individual company and do not contain consolidated financial information as the parent of a group The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, Taylor Wimpey plc, a company registered in England and Wales

The Company is reliant on its ultimate parent company Taylor Wimpey plc ("the Group") to support the recoverability of its investments and inter company receivables The Directors of the Company have confirmed with Taylor Wimpey plc that it will continue to provide the necessary financial support to the Company, as limited by the Group's financing arrangements, for a period of at least 12 months from the date of approval of these financial statements

The Group completed its refinancing of its debt facilities on 15 December 2010, which provides the Group clear finance until at least November 2014, a longer maturity period than the pre-existing financing As part of these new facilities the Group has signed up to new covenants The Group was in full compliance with these covenants as at 31 December 2010 and based on the future forecasts the Group is expected to remain in compliance with the covenants and facility headroom for the foreseeable future

The Directors of the Company have made the necessary enquiries, including inquiries of the Directors of Taylor Wimpey plc, and are of the view, at the time of approving the financial statements, 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

Joint Ventures

Undertakings are deemed to be a joint venture when the Company has joint control via either voting rights or a formal agreement which includes that unanimous consent is required for strategic, financial and operating decisions These undertakings are included in the Company's financial statements at an amount equal to the cost of the investment in that undertaking less any provision for impairment

Cash flow statement

Under Financial Reporting Standard 1 (revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent company includes the Company in its own published consolidated financial statements

Taxation

The tax charge represents the sum of the tax currently payable and deferred tax

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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Any liability or credit in respect of group relief in lieu of current tax is also calculated using corporation tax rates that have been enacted or substantively enacted by the balance sheet date unless a different rate (including a nil rate) has been agreed within the group

Deferred tax

Deferred taxation is provided 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 and deferred tax are charged or credited in the Profit and Loss Account, except when they relate to items charged or credited through the Statement of Total Recognised Gains and Losses when they are charged or credited there

Notes to the financial statements (continued) for the year ended 31 December 2010

1 **Accounting policies** continued

Interest payable
Interest payable is expensed as incurred Interest payable includes the dividend payment on preference shares, as such shares carry the characteristics of a financial liability

Interest receivable
Interest income on bank deposits and group loans are recognised on an accruals basis

Foreign currencies
Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date Gains and losses arising on the retranslation are included within the profit and loss account for the period

Pension costs
For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs Past service costs are recognised immediately in the profit and loss account if the benefits have vested If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

Defined benefit schemes are funded, with the assets of the Scheme held separately from those of the Group, in separate trustee administered funds Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities The actuarial valuations are obtained at least triennially and are updated at each balance sheet date The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet

Investments in subsidiary undertakings
Investments are included in the Company's balance sheet at cost less any provision for permanent diminution in value

At each balance sheet date, the Company reviews the carrying amounts of its fixed asset investments to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any)

The recoverable amount is the higher of the present value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount

An impairment loss is recognised in the profit and loss account immediately

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount A reversal of an impairment loss is recognised immediately as a credit to the profit and loss account

Notes to the financial statements (contınued) for the year ended 31 December 2010

2 Segmental analysıs

The Company ıs an ınvestment holdıng company

Geographıcal ınformatıon about thıs actıvıty ıs presented below

£ mıllıon	**2010**	2009
Profit before taxatıon		
Unıted Kıngdom	**405 8**	9 0
Spaın	**(3 3)**	(0 8)
	402 5	8 2
Net Assets		
Unıted Kıngdom	**1,203 8**	675 8
Spaın	**(19 0)**	(8 4)
	1,184 8	667 4

3 Exceptıonal Items

	2010 £m	2009 £m
Reversal of ımpaırment agaınst carryıng value of ınvestment	**400 0**	-
Tax credıt	-	23 7
	400 0	23 7

Durıng the year, £400 mıllıon (2009 £nıl) was credıted to the profit and loss account ın relatıon to the reversal of ımpaırments recognısed ın prevıous perıods The reason for the reversal was on the grounds that estımated future dıscounted cash flows were consıdered to be suffıcıently hıgher than the carryıng amount of the ınvestment

The exceptıonal tax credıt of £23 7m relates to the recognıtıon of the deferred tax asset on the defined benefit pensıon scheme lıabılıty

4 Interest receıvable and sımılar ıncome

£ mıllıon	**2010**	2009
Interest on ıntra-group balances	**50 0**	65 3

Notes to the financial statements (continued) for the year ended 31 December 2010

5 Interest payable and similar charges

£ million	2010	2009
Interest on intra-group balances	36 9	47 6
Final dividend paid of 3 24p (2009 2 97p) per Irredeemable 1p preference share	0 1	0 1
Annual dividend paid of 3 25p (2009 6 50p) per Irredeemable 'B' £1 preference share	0 4	0 8
Annual dividend paid of 3 45p (2009 4 93p) per Irredeemable 'C' £1 preference share	0 1	0 1
Total excluding net interest on pension liability	37 5	48 6
Expected return on pension scheme assets	(38 4)	(32 6)
Interest on pension scheme liabilities	50 5	47 4
Notional net interest on pension liability	12 1	14 8
Total including net interest on pension liability	49 6	63 4

6 Other finance income

£ million	2010	2009
Foreign exchange differences on Euro denominated payable loans	(2 3)	(6 5)

7 Profit on ordinary activities before taxation

In 2010, the fees payable to the Company's auditor for the audit of the Company's accounts of £3,000 (2009 £3,000) were borne by another Group undertaking There were no non-audit fees in the year (2009 nil)

8 Employee costs and Directors' remuneration

	2010	2009
The average monthly number of employees	9	9
The cost of these employees is split	£million	£million
Wages and salaries	0 5	0 6
Social security costs	0 1	0 1
Pension costs	-	-
	0 6	0 7

The Directors received no remuneration from the Company during the current or preceding year

No Directors (2009 none) accrued any retirement benefits during the year

Notes to the financial statements (continued) for the year ended 31 December 2010

9 Tax charge / (credit) for the year

£ million		2010	2009
Current tax			
UK corporation tax	Current year	-	-
	Prior year	7 0	-
		7 0	-
Deferred tax			
UK deferred tax	Current year	12.7	(23 7)
		12 7	(23 7)
		19 7	(23 7)

Corporation tax is calculated at 28% (2009 28%)

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

£ million	2010	2009
Profit before tax	402 5	8 2
Tax at the UK corporation tax rate of 28% (2009 28%)	112 7	2 3
Non-taxable income	(0 6)	(1 8)
Permanent disallowables	0 2	0 3
Movement in short-term timing differences	(5 3)	(1 5)
Revaluation of investments	(112 0)	-
Group relief surrendered for no payment	-	0 7
Losses carried forward	5 0	-
Prior year adjustment to write off tax debtor	7 0	-
Tax charge for the year	7 0	-

10 Dividends

£ million	2010	2009
Final dividend paid of nil (2009 nil) per ordinary share	-	-

During the year a dividend of 3 45p (2009 4 93p) per Irredeemable 'C' £1 preference share, 3 24p (2009 2 97p) per 1p preference share and 3 25p (2009 6 50p) per £1 Irredeemable 'B' preference share were accrued and treated as finance costs, see note 5

Notes to the financial statements (contınued) for the year ended 31 December 2010

11 Investments

£ mıllıon	Subsıdıary undertakıngs	Total
Cost and carryıng value		
At 1 January 2010	1,970 6	1,970 6
Addıtıons	150 0	150 0
At 31 December 2010	2,120 6	2,120 6
Provısıons for ımpaırment		
At 1 January 2010	1,384 4	1,384 4
Reversal of ımpaırment provısıon	(400 0)	(400 0)
At 31 December 2010	984 4	984 4
Net book value		
At 1 January 2010	586 2	586 2
At 31 December 2010	1,136 2	1,136 2

On 7 Aprıl 2010, the Company subscrıbed for 150,000,000 ordınary shares of £1 each ın the share capıtal of Taylor Wımpey UK Lımıted, a subsıdıary undertakıng As a result, the Company ıncreased ıts ınvestment by a further £150 0 mıllıon

Durıng the year, the Company reversed £400 mıllıon of a provısıon for ımpaırment recognısed ın prevıous perıods

Partıculars of sıgnıficant subsıdıary undertakıngs are as follows

Country of incorporatıon	Name of subsıdıary	Prıncıpal Actıvıty	Taylor Wımpey Developments Lımıted ınterest ın the ıssued ordınary share capıtal
UK	Admıral Homes Lımıted	Dormant	100%
UK	BGS (Pentıan Green) Holdıngs Lımıted	Dormant	100%
UK	Bryant Group Servıces Lımıted	Dormant	100%
UK	Bryant Homes Lımıted	Dormant	100%
UK	Bryant Propertıes Lımıted	Holdıng company	100%
UK	Grand Unıon Vısıon Lımıted	House buılder	100%
UK	Taylor Wımpey UK Lımıted	House buılder	100%
Spaın	Taylor Wımpey de España S A U	House buılder	100%
UK	The Garden Vıllage Partnershıp Lımıted	Land Development	100%
UK	TWCP (Stockport) Holdıngs Lımıted	Dormant	100%

Partıculars of sıgnıficant Joınt Ventures are as follows

Country of incorporatıon	Name of joınt arrangements	Prıncıpal Actıvıty	Taylor Wımpey Developments Lımıted ınterest ın the ıssued ordınary share capıtal
UK	Greenwıch Mıllennıum Vıllage Lımıted	House buılder	50%
UK	North Central Management Holdıng Company Lımıted	Holdıng company	50%

12 Deferred Tax

The deferred tax asset is made up of -

£ million	2010	2009
Pension deferred tax asset	**46 6**	55 7
Asset at 1 January	**55 7**	-
Statement of total recognised gains and losses credit	**3 6**	32 0
Profit and loss account (charge) / credit	**(12 7)**	23 7
Asset at 31 December	**46 6**	55 7

As at 31 December 2010, there is a recognised pension deferred tax asset of £46 6 million (2009 £55 7 million) In the prior year the Company reinstated the deferred tax asset relating to the pension deficit on the basis that the deficit is a long term liability that will be satisfied from future profitability

The deferred tax asset is calculated at a corporation tax rate of 27% (2009 28%) following the reduction in rate applicable from 1 April 2011, enacted in July 2010 The effect of the rate reduction from 28% to 27% is £1 7 million and has been reflected in these accounts

In his budget day speech on 23 March 2011, the Chancellor of the Exchequer announced an amendment to the rate applicable from 1 April 2011 from 27% to 26% and also indicated the intention to lower corporation tax rates by a further 1% each year until it reaches a rate of 23% from 1 April 2014 The potential effect of the reduction to 26% would be a further £1 7 million This has not been reflected in these accounts because this change in rate had not been enacted or substantively enacted at the balance sheet date It has not been possible to quantify the effects of the further corporation tax rate reductions on the deferred tax asset in future years due to the various uncertainties involved

In accordance with FRS17, the defined benefit scheme deficit is recognised on the balance sheet net of the related deferred tax asset (note 16)

As at 31 December 2010, there is an unrecognised deferred tax asset relating to capital losses of £0 4 million (2009 £0 4 million) available for offset against future capital profits but which are not expected to be utilised in the foreseeable future There is also an unrecognised deferred tax asset relating to income losses and other timing differences amounting to £44 6 million (2009 nil) which are not expected to be utilised in the near future

13 Debtors

£ million	2010	2009
Receivable within one year		
Loan due from Group undertakings	**1,139 8**	1,089 3
Loan due from joint venture	**-**	0 6
Corporation Tax	**-**	17 8
	1,139 8	1,107 7

The majority of the balance due from Group undertakings is an interest bearing loan of £1,139 5 million (2009 £1,088 9 million) due from the Company's subsidiary, Taylor Wimpey UK Limited The rate applied to this loan was 4 50% (2009 6 75% until 1 October 2009 after which the rate reduced to 4 50%) The remaining balance does not attract interest

The loan of £nil (2009 £0 6 million) due from the Company's joint venture, Greenwich Millennium Village Limited, is unsecured, interest free and has no fixed repayment date

Notes to the financial statements (contınued) for the year ended 31 December 2010

14 Credıtors amounts fallıng due wıthin one year

£ mıllıon	2010	2009
Payable wıthın one year		
Amounts due to Group undertakıngs	**33 2**	32 6
Amounts due to ultımate parent company	**920 7**	839 5
Other credıtors and accruals	**0 2**	0 2
	954 1	872 3

Loans of £920 7 mıllıon (2009 £839 5 mıllıon) payable to the Company's ultımate parent undertakıng, Taylor Wımpey plc, ıs an ınterest bearıng loan account The rate applıed to these loans was 4 50% (2009 6 75% untıl 1 October 2009 after whıch the rate reduced to 4 50%)

Loans due to other Group undertakıngs of £33 2 mıllıon (2009 £32 6 mıllıon) are unsecured, ınterest free and have no fixed repayment date

15 Credıtors amounts fallıng due after more than one year

£ mıllıon	2010	2009
Preference share capıtal (note 17)	**13 2**	13 2

16 Pensıons

Taylor Wımpey plc operates defined benefit and defined contrıbutıon schemes The Taylor Woodrow Group Pensıon and Lıfe Assurance Fund (TWGP&LAF) ıs a defined benefit scheme managed through separate trustee admınıstered funds

The TWGP&LAF schemes were closed to new entrants ın March 2002 and wıth effect from 30 November 2006 to future pensıon accrual An alternatıve Defined Contrıbutıon arrangement, the Taylor Woodrow Personal Choıce Plan, ıs offered to new employees and from 1 December 2006 to employees who prevıously accrued benefits ın the TWGP&LAF

On 4 September 2008 the Company assumed the lıabılıty under thıs scheme of another Group company on ıts dısposal from the Taylor Wımpey plc Group for £1 As a result of thıs, the majorıty of the assets and lıabılıtıes of the Scheme could now be consıdered to be attrıbutable to the Company, and from thıs date the Company has accounted for the Scheme as a defined benefit scheme under FRS 17 The Scheme deficıt recognısed on the Company's balance sheet at 31 December 2010 was £172 6 mıllıon (2009 £199 0 mıllıon)

The Company paıd £20 0 mıllıon ınto the Scheme durıng 2010 and the Company ıs expected to pay £22 0 mıllıon ınto the scheme durıng 2011

The most recent formal trıennıal valuatıons of the TWGP&LAF scheme were carrıed out as at 31 March 2010 The Company agreed a revısed fundıng schedule under whıch the Company wıll make annual fundıng contrıbutıons of £22 0 mıllıon per annum (prevıously ıt was £20 0 mıllıon per annum) from the valuatıon date

The maın financıal assumptıons, whıch were used for the trıennıal fundıng valuatıon and are all relatıve to the ınflatıon assumptıon, are as set out below

Assumptıons	TWGP&LAF
RPI Inflatıon	3 60%
Dıscount rate – pre/post retırement	6 85%-5 10%
General pay ınflatıon	-
Real pensıon Increases	0%

Valuatıon results	TWGP&LAF
Market value of assets	£758 mıllıon
Past servıce lıabılıtıes	£1,022 mıllıon
Scheme fundıng levels	74%

Notes to the financial statements (continued) for the year ended 31 December 2010

16 Pensions continued

There have been two significant post valuation events, the future revaluation of deferred member benefits to be based on CPI from 1 January 2011, which will reduce liabilities by £20 0 million and an additional payment of £37 5 million made in 2010, which has increased assets in the scheme Annual funding contributions take into account these post valuation events

The principal actuarial assumptions used in the calculation of the FRS17 deficit are as follows

As at 31 December	**2010**	2009
Discount rate for scheme liabilities	**5 40%**	5 70%
Expected return for scheme assets	**5 55%-5 92%**	5 90%-6 20%
Deferred pension increases	**2 45%**	3 30%
Pension increases	**2 20-3 10%**	2 30%-3 20%

The bases for the above assumptions are scheme specific

The current life expectancies (in years) underlying the value of the accrued liabilities are

Life expectancy	**2010**	2009
Male		
Member currently age 65	**86**	86
Member currently age 45	**88**	87
Female		
Member currently age 65	**90**	89
Member currently age 45	**92**	90

The fair value of assets and present value of obligations of the Company's defined benefit pension scheme are set out below

At 31 December 2010	Expected rate of return % p a	Total plans £ million	Percentage of total plan assets held
Assets			
Equities	7 65%	348 7	42%
Bonds	5 40%	226 3	28%
Gilts	4 15%	192 2	23%
Other assets	3 20%	54 3	7%
		821 5	
Present value of defined benefit obligations		(994 1)	
Deficit on the defined benefit pension scheme		(172 6)	
Deferred tax asset on the scheme deficit		46 6	
Scheme deficit net of the related deferred tax asset		(126 0)	

Notes to the financial statements (continued) for the year ended 31 December 2010

16 Pensions continued

At 31 December 2009	Expected rate of return % p a	Total plans £ million	Percentage of total plan assets held
Assets			
Equities	7 90%	310 8	43%
Bonds	5 70%	204 0	28%
Gilts	4 40%	178 5	25%
Other assets	3 30%	33 5	4%
		726 8	
Present value of defined benefit obligations		(925 8)	
Deficit on the defined benefit pension scheme		(199 0)	
Deferred tax asset on the scheme deficit		55 7	
Scheme deficit net of the related deferred tax asset		(143 3)	

To develop the expected long term rate of return on assets assumption, the Company considered the current level of expected returns on investments (particularly government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class were then weighted based on the asset allocation to develop the expected long term rate of return on assets assumption for the portfolio

The expected return on scheme assets is based on market expectations at the beginning of the financial period for returns over the life of the related obligation The expected yield on bond investments with fixed interest rates can be derived exactly from their market value Some of these bond investments are issued by the UK Government The risk of default on these is very small The trustees also hold bonds issued by public companies There is a more significant risk of default on these which is assessed by various rating agencies

The trustees also have a substantial holding of equity investments The investment return related to these is variable, and they are generally considered 'riskier' investments

It is generally accepted that the yield on equity investments will contain a premium "the equity risk premium" to compensate investors for the additional risk of holding this type of investment There is significant uncertainty about the likely size of this risk premium

A summary of the target asset allocations of the major defined benefit schemes are shown below

	Target allocations
UK Equities	17%
Non-UK Equities	30%
Index-Linked Gilts	15%
Fixed-Interest Gilts	10%
Other UK bonds	25%
Property	3%

Amount (charged against) / credited to income £ million	**2010**	2009
Expected return on scheme assets	**38 4**	32 6
Interest cost on scheme liabilities	**(50 5)**	(47 4)
Total net interest charged recognised in other finance charges	**(12 1)**	(14 8)

The actual return on scheme assets was a gain of £75 4 million (2009 £88 2 million)

Notes to the financial statements (continued) for the year ended 31 December 2010

16 Pensions continued

Actuarial (losses) / gains in the Statement of Total Recognised Gains and Losses

£ million	2010	2009
Difference between actual and expected return on scheme assets	**37 0**	55 6
Experience (losses) / gains arising on scheme liabilities	**(35 9)**	13 0
Changes in assumptions	**(20 1)**	(160 2)
Total actuarial loss recognised in the Statement of Total Recognised Gains and Losses	**(19 0)**	(91 6)

The cumulative amount of actual gains and losses recognised in the statement of total recognised gains and losses is £133 4 million loss (2009 £114 4 million loss)

Movement in present value of defined benefit obligations

£ million	2010	2009
At 1 January	**925 8**	771 8
Benefits paid and expenses	**(38 2)**	(40 6)
Interest cost	**50 5**	47 4
Actuarial losses / (gains)	**56 0**	147 2
At 31 December	**994 1**	925 8

Movement in fair value of scheme assets

£ million	2010	2009
At 1 January	**726 8**	659 2
Expected return on scheme assets and expenses	**38 4**	32 6
Contributions – employer	**57 5**	20 0
Benefits paid	**(38 2)**	(40 6)
Actuarial gains / (losses)	**37 0**	55 6
At 31 December	**821 5**	726 8

History of experience gains and losses

£ million	2010	2009	2008
Fair value of scheme assets	**821 5**	726 8	659 2
Present value of defined benefit obligations	**(994 1)**	(925 8)	(771 8)
Deficit in the scheme	**(172 6)**	(199 0)	(112 6)
Related deferred tax asset	**46 6**	55 7	-
Net pension liability	**(126 0)**	(143 3)	(112 6)
Difference between actual and expected return on scheme assets			
Amount	**37 0**	55 6	(97 9)
Percentage of scheme assets	**4 50%**	7 65%	(14 9%)
Experience adjustments on scheme liabilities			
Amount	**(35 9)**	13 0	(5 3)
Percentage of scheme liabilities	**(3 6%)**	1 4%	(0 7%)

The Company's liability is the difference between the scheme assets and liabilities Changes in the assumptions may occur at the same time as changes in market value of the scheme assets The following table sets out the sensitivity of the value of the scheme's liabilities to changes in assumptions

Assumption	Change in assumption	Impact on scheme liabilities £ million
Discount rate	Increase 0 1%	(16 1) Decrease
Rate of inflation	Increase 0 1%	10 8 Increase
Rate of mortality	Increase 1 year	32 3 Increase

Notes to the financial statements (contınued) for the year ended 31 December 2010

17 Share capıtal

£ mıllıon	2010	2009
Authorısed		
4,800,000,000 (2009 4,200,000,000) ordınary shares of 25p each	**1,200 0**	1,050 0
5,000,000 (2009 5,000,000) Irredeemable preference shares of 1p each	**0 1**	0 1
100,000,000 (2009 100,000,000) Irredeemable 'B' preference shares of £1 each	**100 0**	100 0
11,000,000 (2009 11,000,000) Irredeemable 'C' preference shares of £1 each	**11 0**	11 0
	1,311 1	1,161 1

On 7 Apnl 2010, the Company ıncreased ıts authonsed share capıtal to £1,311,050,000 by the creatıon of 600,000,000 addıtıonal Ordınary Shares of 25p each

Issued and fully paıd		
4,572,577,817 (2009 3,972,577,817) ordınary shares of 25p each	**1,143 1**	993 1
4,402,928 (2009 4,402,928) Irredeemable preference shares of 1p each	**-**	-
87,200,000 (2009 87,200,000) Irredeemable 'B' preference shares of £1 each	**87 2**	87 2
11,000,000 (2009 11,000,000) Irredeemable 'C' preference shares of £1 each	**11 0**	11 0
	1,241 3	1,091 3

On 7 Apnl 2010, the Company's parent undertakıng, Taylor Wımpey Holdıngs Lımıted subscnbed for 600,000,000 ordınary Shares at par of 25p each As a result, the Company's ıssued ordınary share capıtal ıncreased by £150,000,000 to £1,143,144,454

Presentatıon of ıssued share capıtal

The followıng table splıts out the ıssued share capıtal of the Company between that dısclosed as equıty and that whıch ıs shown as debt

£ mıllıon	2010	2009
Credıtors amounts fallıng due after one year		
87,200,000 (2009 87,200,000) Irredeemable 'B' preference shares of 13 99p each	**12 2**	12 2
4,402,928 (2009 4,402,928) Irredeemable preference shares of 1p each	**-**	-
11,000,000 (2009 11,000,000) Irredeemable 'C' preference shares of 9 091p each	**1 0**	1 0
	13 2	13 2
Share Capıtal		
87,200,000 (2009 87,200,000) Irredeemable 'B' preference shares of 86 01p each	**75 0**	75 0
4,572,577,817 (2009 2,172,557,717) ordınary shares of 25p each	**1,143 1**	993 1
11,000,000 (2009 11,000,000) Irredeemable 'C' preference shares of 90 909p each	**10 0**	10 0
	1,228 1	1,078 1
	1,241 3	1,091 3

18 Share premıum account

£ mıllıon	
Balance at 1 January 2010 and 31 December 2010	**901 8**

19 Capıtal redemptıon reserve

£ mıllıon	
Balance at 1 January 2010 and 31 December 2010	**6 0**

Notes to the financial statements (continued) for the year ended 31 December 2010

20 Profit and loss account

£ million	
As at 31 December 2009	**(1,318 5)**
Profit for the financial year	**382 8**
Actuarial loss recognised on the defined benefit pension scheme (note 16)	**(19 0)**
Movement on deferred tax relating to the defined benefit pension scheme liability	**3 6**
At 31 December 2010	**(951 1)**

21 Related party transactions

No director had an interest in any contract or arrangements of a material nature with the Company, its parent or its ultimate parent company during the year under review

As all of the Company's voting rights are controlled within the Group headed by Taylor Wimpey plc, the Company has taken advantage of the exemption contained within Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the Group The consolidated financial statements of Taylor Wimpey plc, within which this company is included, can be obtained from the address given in note 22

22 Ultimate Parent Company

The largest and smallest group in which the results of the Company are consolidated is Taylor Wimpey plc, the Company's ultimate parent company and controlling party Taylor Wimpey plc is a company registered in England and Wales A copy of the group financial statements may be obtained from the Group Company Secretary, Taylor Wimpey plc, Gate house, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR

The Company's immediate parent company is Taylor Wimpey Holdings Limited, which is registered in England and Wales

23 Commitments and contingent liabilities

As part of the financial arrangements of the ultimate parent company, Taylor Wimpey plc, the Company has granted security over certain assets in favour of certain creditors of its parent

The Company agreed to make £22 0 million per annum pension deficit reduction payments over ten years following the latest triennial valuation as at 31 March 2010