Company Registration Number: 1901392

CLIPPER INVESTMENTS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 2007

CLIPPER INVESTMENTS LIMITED

DIRECTORS' REPORT AND ACCOUNTS 2007

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CLIPPER INVESTMENTS LIMITED

REPORT OF THE DIRECTORS' TO THE MEMBERS FOR THE YEAR ENDED 31 DECEMBER 2007

The directors submit their annual report and the audited accounts for the year ended 31 December 2007.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 246 (4) of the Companies Act 1985.

The financial statements have been prepared on the going concern basis.

The company is reliant on the recoverability of a balance owing from Taylor Wimpey plc to fund its own operations.

The Taylor Wimpey plc half-yearly report for the six months ended 30 June 2008 was issued on 26 August 2008 and explained that there is a likely covenant breach when tested for the full year to 31 December 2008. On the 24 December 2008, subsequent to the announcement of the half year results, Taylor Wimpey plc Group announced that it had agreed deferral of testing dates of certain 31 December 2008 financial covenants until March 2009. Constructive discussions with the relevant lenders are ongoing and the Group directors are not aware of any issues that would prevent the required amended terms being agreed.

The company's dependence on Taylor Wimpey plc for its continued funding and the uncertainty relating to Taylor Wimpey plc, referred to above, represents a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern such that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business and a material uncertainty as to the recoverability of intercompany receivables. These financial statements do not include any adjustments that would result if the going concern basis of preparation is inappropriate nor does it include any adjustments that would result if these receivables were irrecoverable. Further information has been included in note 1 to the financial statements.

Directors

The following held office during the period under review and to date:

A Wilby	(resigned 3 July 2007)
R Taylor	(resigned 2 May 2008)
G Parker	(appointed 3 July 2007, resigned 6 March 2008)
C Carney	(appointed 9 December 2008)
P R Andrew	(appointed 9 December 2008)

Activities and future prospects

The company's sole activity during the year was the fulfilling of obligations arising from the sale of property in previous periods.

Results and dividend

The results for the year ended 31 December 2007 are set out in the profit and loss account on page 6. The directors do not recommend payment of a dividend in respect of the year ended 31 December 2007 (2006: £nil).

Election of directors

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

Directors' interests in contracts

No director had any interest in any contract or arrangement of a material nature with the company, its fellow subsidiaries or its ultimate parent company during the year under review.

Auditors

Each of the persons who is at director a 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.

Deloitte & 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. On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP.

Approved by the Board of Directors and signed on behalf of the Board.

KLAtterbury

K L Atterbury
Secretary

29 January 2009

CLIPPER INVESTMENTS LIMITED

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

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.

INDEPENDENT REPORT OF THE AUDITORS TO THE MEMBERS OF

CLIPPER INVESTMENTS LIMITED

We have audited the financial statements of Clipper Investments Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. 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.

INDEPENDENT REPORT OF THE AUDITORS TO THE MEMBERS OF

CLIPPER INVESTMENTS LIMITED

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 2007 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.

Emphasis of matter – going concern and recoverability of intercompany receivables

Without qualifying our opinion, we draw attention to Note 1 to the financial statements, which indicates that the company is reliant on the recoverability of a balance owing from Taylor Wimpey plc to fund its own operations. Taylor Wimpey plc, whilst currently in full compliance with all its debt covenants, is likely to breach its interest cover covenants when next tested. If such a covenant breach were to occur the lenders would be able to request early repayment of all outstanding borrowings and cancel their commitments. As a result, the Group has entered into discussions with the relevant lenders to agree amended terms on the assumption that sufficient financing based on projected trading will continue to be provided by its lenders to enable the Group to meet its liabilities as they fall due.

This position, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the Group's and therefore company's ability to continue as a going concern and the recoverability of amounts due from group companies.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, UK
29 January 2009

CLIPPER INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007

Continuing Operations	**Notes**	**2007** **£000**	**2006** **£000**
Administrative expenses		(6)	12
Operating (loss)/profit	2	(6)	12
Interest receivable		140	169
Bank Interest payable and similar charges		-	(79)
Profit on ordinary activities before taxation		134	102
Tax charge on profit on ordinary activities	4	(45)	(58)
Profit on ordinary activities after taxation for the financial year		89	44
Retained profit for the financial year	9	89	44

There are no recognised gains or losses for either period other than those shown above, consequently no statement of total recognised gains or losses is presented.

CLIPPER INVESTMENTS LIMITED

BALANCE SHEET AT 31 DECEMBER 2007

	Notes	2007 £000	2006 £000
Current assets			
Debtors	5	2,611	2,525
Creditors: amounts falling due within one year	6	(858)	(785)
Net current assets		1,753	1,740
Creditors: amounts falling due after more than one year	7	-	(76)
Net assets		1,753	1,664
Called up ordinary share capital	8	1,000	1,000
Profit and loss account	9	753	664
Shareholders' funds	10	1,753	1,664

The accounts on pages 6 to 12 were approved by the Board of Directors on 29 January 2009.

Signed on behalf of the Board of Directors

C Carney
Director

1. **Accounting definitions and policies**

The following accounting definitions and policies have been used consistently unless otherwise stated in dealing with items which are considered material.

Basis of accounting

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

Basis of preparation

The financial statements have been prepared on a going concern basis.

The company is reliant on the recoverability of a balance owing from Taylor Wimpey plc to fund its own operations.

The Taylor Wimpey plc half-yearly report for the six months ended 30 June 2008 was issued on 26 August 2008 and explained that:

"The Taylor Wimpey plc group is currently in full compliance with the financial covenants contained in all of its borrowing agreements. However, as a consequence of the rapid decline in the UK housing market a breach of the Group's interest cover covenants is likely when tested for the full year to 31 December 2008 and the Group has therefore entered discussions with the relevant lenders to agree amended terms. If such a covenant breach were to occur then the lenders would be able to request early repayment of all outstanding borrowings and cancel their commitments.

If the Group is not able to agree the required amendments, on terms which accommodate management's latest forecasts, and in the absence of other funding alternatives, the Group would be unable to repay the borrowings. As a result, there exists a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern such that the Group could be unable to realise its assets and discharge its liabilities in the normal course of business. Accordingly, assets may be realised at significantly less than book value and additional liabilities may arise.

In the Group directors' view, constructive discussions with the relevant lenders are ongoing and the Group directors are not aware of any issues which would prevent the required amendments from being agreed.

Based on these discussions and the projected trading for the Group, the Group directors are of the view that a satisfactory conclusion to the negotiations will be reached and are therefore confident that the Group will have adequate resources to continue in operational existence for the foreseeable future."

On the 24 December 2008, subsequent to the announcement of the half year results, Taylor Wimpey plc Group announced that it had agreed deferral of testing dates of certain 31 December 2008 financial covenants until March 2009.

1. **Accounting definitions and policies (continued)**

The Group's directors have confirmed to the Company's directors that this is still the case and have noted that they continue to make progress with the negotiations with their debt providers and believe new facilities will be agreed prior to the end of the deferral period.

Based on this, the Company's directors continue to adopt the going concern basis in preparing the financial statements.

However, the company's dependence on Taylor Wimpey plc for its continued funding and the uncertainty relating to Taylor Wimpey plc, referred to above, represents a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern such that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. These financial statements do not include any adjustments that would result if the going concern basis of preparation is inappropriate.

The failure of Taylor Wimpey to conclude these negotiations by the date of approval of these accounts means that there is an uncertainty as to the valuation of the amounts due from group companies. These financial statements do not include any adjustments that would result if these amounts were not recovered in full from the group companies.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard 1 (revised) to prepare a cash flow statement as it is a wholly owned subsidiary of Taylor Wimpey plc, which prepares consolidated financial statements that include a consolidated cash flow statement and are publicly available.

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

Deferred taxation

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.

2. **Operating (loss)/profit**

	2007 £000	2006 £000
Operating (loss)/profit includes:		
Rents on investment properties less outgoings	-	12

Auditors' remuneration for the audit of the company's annual accounts of £1,100 (2006: £1,050) has been borne by another group company.

3. Directors and employees

No director received any emoluments from the company during the year (2006: £nil).

The company has no employees (2006: nil).

4. Tax charge on profit on ordinary activities

	2007 £000	2006 £000
United Kingdom corporation tax at 30% (2005: 30%)	(40)	(31)
Deferred tax	(1)	(1)
	(41)	(32)
Prior year		
Corporation tax	-	(29)
Deferred tax	(4)	3
	(45)	(58)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax current charge of the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2007 £000	2006 £000
Profit before tax per profit and loss account	134	102
Tax on profit at 30%	40	31
Adjustment in respect of prior years	-	29
Corporation tax charge for the year	40	60

5. Debtors

	2007 £000	2006 £000
Group undertakings – ultimate parent company	2,611	2,520
Deferred Tax asset	-	5
	2,611	2,525

	2007 £000
Deferred taxation:	
At 1 January 2007	5
Charge to the profit and loss account – prior year	(4)
– current year	(1)
31 December 2007	-

5. Debtors (continued)

The elements of the deferred tax asset are as follows:

	2007 £000	2006 £000
Short-term timing differences	-	5

6. Creditors: Amounts falling due within one year

	2007 £000	2006 £000
Group undertakings – parent company	57	-
Group undertakings – fellow subsidiaries	611	611
Payable to ultimate parent regarding corporation tax	70	79
Other taxation and social security	20	20
Accruals and deferred income	100	75
	858	785

7. Creditors: Amounts falling due after more than one year

	2007 £000	2006 £000
Accruals and deferred income	-	76

8. Called up share capital

	2007 £000	2006 £000
Authorised		
75,000,000 shares of £1 each	75,000	75,000
	£000	£000
Called, up allotted and fully paid		
1,000,000 shares at £1 each	1,000	1,000

9. Retained profit and loss account

	£000
1 January 2007	664
Profit for the year retained	89
31 December 2007	753

10. Reconciliation of movement in shareholder's funds

	2007 £000	2006 £000
Profit for financial year	89	44
Net increase in shareholders' funds	89	44
Opening shareholders' funds at 1 January	1,664	1,620
Closing shareholders' funds	1,753	1,664

11. Related party disclosures and ultimate controlling company

The company's immediate parent company is St. Katharine by the Tower Limited and ultimate parent company and controlling entity is Taylor Wimpey plc, both of which are incorporated in Great Britain and registered in England and Wales.

The company has taken advantage of the exemption contained in FRS8 (Related Party Transactions) which allows it not to disclose transactions with group entities or investees of the group qualifying as related parties.

The largest undertaking for which group accounts are drawn up and of which the company is a member, is Taylor Wimpey plc. No other group accounts are prepared. Copies of the group accounts of Taylor Wimpey plc, can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.