

**Gerald Wood Homes Limited**

**Registered number: 3586768**

**Annual report and financial statements**

**Year ended 30 June 2009**

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# **Gerald Wood Homes Limited**

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# **Gerald Wood Homes Limited**

## **Directors and advisers**

### **Directors**

WE Cawse  
RJ Hayman  
G Hutton  
A Lane  
T J Douglas  
K Foley  
D W Tilman  
I Baker

### **Company secretary**

R Barraclough

### **Registered office**

Cowley Business Park  
Cowley  
Uxbridge  
Middlesex  
UB8 2AL

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
The Atrium  
Harefield Road  
Uxbridge  
Middlesex  
UB8 1EX

### **Bankers**

Barclays Bank plc  
15 Colmore Row  
Birmingham  
B3 2WN

# **Gerald Wood Homes Limited**

## **Directors' report for the year ended 30 June 2009 (continued)**

The directors submit their annual report and the audited financial statements of Gerald Wood Homes Limited ("the company") for the year ended 30 June 2009.

### **Principal activities**

The principal activities of the company are residential property development.

### **Review of business and future developments**

The first half of the financial year showed sales at unprecedented lows following the financial crises in September 2008. Consumer confidence, the economic climate and decreased mortgage availability hit the business hard to December 2008. From this low, the directors have seen sales gradually improve due to the increased availability in numbers of mortgage products.

The strategy for the year has been to concentrate on maximising our cash position by minimising land expenditure and controlling expenditure. Our strategy was also to minimise costs whilst retaining the required skills base to ensure that as the economic conditions improved the business would be ready to resume growth.

During the spring of 2009 the market showed signs of stabilisation and mortgage availability began to return. This has led to controlled building programmes recommencing and controlled purchasing of land to grow future profits as economic conditions start to improve.

The directors anticipate that the future and present market will be more stable compared to recent years, although conditions will remain challenging.

During the year the company sold 7 units (2008: 25) giving rise to turnover of £5,030,000, which is a decrease on the prior year (2008: £12,357,000).

The staff previously employed by the company have now been transferred to a fellow subsidiary company and it is expected that the level of activity within this company will reduce over the coming year as sites are completed.

### **Results and dividends**

A summary of the results of the year's trading is given on page 6 of the financial statements.

The company's loss for the financial year was £21,000 (2008: loss £118,000). The loss arose due to the downturn in the housing market.

The company did not pay an interim dividend (2008: £718,000). The directors do not recommend the payment of a final dividend (2008: £Nil).

### **Directors**

The present directors of the company are set out on page 1, all of whom served throughout the year and up to the date of signing the financial statements, except where indicated. There were no directorial resignations during the year.

Following shareholder approval, the company has provided an indemnity for its directors and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity was in force throughout the year and up to the date of signing these financial statements.

# **Gerald Wood Homes Limited**

## **Directors' report for the year ended 30 June 2009 (continued)**

### **Financial risk management**

The company's operations expose it to a variety of financial risks, including the effects of price risk, credit risk, liquidity risk and interest rate risk. The policies in place to mitigate the potential impact of these financial risks are as follows:

Where appropriate, credit checks are made prior to the acceptance of a new customer and these are reviewed on a periodic basis together with ongoing checks in respect of existing customers. Monthly reviews of the debtor's ledger are carried out with the finance and sales teams and action initiated, as appropriate, to collect any overdue amounts, thus optimising the company's liquidity position.

The rate of interest earned and paid on the company's cash balances and loans and overdrafts are monitored, by the ultimate holding company Galliford Try plc, on an ongoing basis by continuing review of rates available in the market. Deposits, loans and overdrafts are made with reference to these rates, in conjunction with projections of future cash requirements.

Galliford Try plc actively maintains an appropriate level of cash reserves that is available for operations and planned expansions. Galliford Try plc ensures that the company has sufficient liquid resources to continue its operation.

### **Principal risks, uncertainties and key performance indicators**

From the perspectives of the company, the principal risks and uncertainties are integrated with that of the Group and are not managed separately. These are discussed within the Group's Annual Report on page 4.

The directors of Galliford Try plc manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the housebuilding division of Galliford Try plc, which includes the company, is discussed in the group's annual report which does not form part of this report.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' 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 judgements and accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

# **Gerald Wood Homes Limited**

## **Directors' report for the year ended 30 June 2009 (continued)**

### **Statement of directors' responsibilities (continued)**

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.

### **Disclosure of information to auditors**


Each of the persons who is a director at the date of the approval of this report confirms that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself 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 Section 418 of the Companies Act 2006.

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next AGM.

The report of the directors was approved by the board of directors on 24 November 2009 and signed on its behalf by:

  
R Barraclough  
Company secretary

## **Independent auditors' report to the members of Gerald Wood Homes Limited**

We have audited the financial statements of Gerald Wood Homes Limited for the year ended 30 June 2009 which comprise the profit and loss account, the balance sheet and the related notes. 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities set out on page 3 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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 30 June 2009 and of its loss 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.



Andrew Duxbury (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge

26 November 2009

# Gerald Wood Homes Limited

## Profit and loss account for the year ended 30 June 2009

	<i>Note</i>	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
<b>Turnover</b>	<b>2</b>	<b>5,030</b>	<b>12,357</b>
<b>Cost of sales</b>		<b>(4,808)</b>	<b>(11,601)</b>
<b>Gross profit</b>		<b>222</b>	<b>756</b>
<b>Administrative expenses</b>		<b>(3)</b>	<b>(512)</b>
<b>Operating profit</b>	<b>5</b>	<b>219</b>	<b>244</b>
Interest receivable and similar income	<b>6</b>	<b>3</b>	<b>-</b>
Interest payable and similar charges	<b>7</b>	<b>(253)</b>	<b>(411)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(31)</b>	<b>(167)</b>
<b>Tax credit on the loss on ordinary activities</b>	<b>8</b>	<b>10</b>	<b>49</b>
<b>Loss for the financial year</b>	<b>18</b>	<b>(21)</b>	<b>(118)</b>

All amounts relate to continuing operations.

There are no recognised gains and losses other than those shown in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the results shown in the profit and loss account above and their historical cost equivalents.

# Gerald Wood Homes Limited

## Balance sheet as at 30 June 2009

	Note	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Tangible fixed assets	10	-	-
<b>Current assets</b>			
Developments	11	3,705	7,343
Debtors	12	391	201
		4,096	7,544
<b>Creditors: amounts falling due within one year</b>	13	(3,366)	(6,761)
<b>Net current assets</b>		730	783
<b>Total assets less current liabilities</b>		730	783
<b>Creditors: amounts falling due after more than one year</b>	14	-	(32)
<b>Net assets</b>		730	751
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Profit and loss account	17	730	751
<b>Total shareholders' funds</b>	18	730	751

The financial statements on pages 6 to 14 were approved by the board of directors on 24 November 2009 and signed on its behalf by:

  
RJ Hayman  
Director

# **Gerald Wood Homes Limited**

## **Notes to the financial statements for the year ended 30 June 2009**

### **1 Principal accounting policies**

#### **Basis of accounting**

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The accounting policies have been consistently applied throughout the year and are set out below.

#### **Turnover**

Turnover comprises the value of legal completions of private house building, contracted development sales and the construction work executed during the year, and excludes value added tax.

Turnover on long term contracts is recognised based upon an internal assessment of the value of works carried out. This assessment is arrived at after due consideration of the performance against the programme of works, measurement of the works, detailed evaluation of the costs incurred and comparison to external certification of the work performed. The amount of profit to be recognised is calculated based on the proportion that costs to date bear to the total estimated costs to complete. The results for the year include adjustments for the outcome of contracts executed in both the current and preceding years. These adjustments arise from claims by customers or third parties and variations on customers or third parties for variations on the original contract. Provisions for claims against the company is made as soon as it is believed that a liability will arise, but claims and variations made by the company are not recognised in the profit and loss account until the outcome is reasonably certain. Where it is foreseen that a loss will arise on a contract, full provision for this loss is made.

Amounts recoverable on contracts are stated at cost plus attributable profit less any foreseeable losses and payments on account and are included in debtors.

#### **Cash flow statement**

The company is a wholly owned subsidiary company of a group headed by Galliford Try plc, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement.

#### **Operating leases**

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### **Tangible fixed assets**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over their expected useful economic lives. The principal annual rates used for this purpose are:

Fixtures and fittings	33% per annum on cost
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#### **Impairment review**

In addition to systematic depreciation, the book value of fixed assets would be written down to estimated recoverable amount should any permanent impairment in the respective carrying values be identified.

# **Gerald Wood Homes Limited**

## **Notes to the financial statements for the year ended 30 June 2009 (continued)**

### **1 Principal accounting policies (continued)**

#### **Developments**

Developments are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost, including attributable overheads, and net realisable value. Land inventory is recognised at the time a liability is recognised which is generally after the exchange of conditional contracts once an unavoidable obligation arises and it is virtually certain the contract will be completed.

Where a development is in progress net realisable value is assessed by considering the expected future revenues and the total costs to complete the development. To the extent that the company anticipates selling a development in its current state then net realisable value is taken as its open market value at the balance sheet date less any anticipated selling costs.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

#### **Pensions**

The company participated in a group operated defined benefit pension scheme for the benefit of the majority of its employees, the assets of which are held separately from those of the company in independently administered funds.

This scheme was closed to new members in 2001 and was closed to future service accruals with effect from 31 March 2007. All employees are now entitled to join the Galliford Try Pension Scheme, a defined contribution scheme established as a stakeholder plan, with a company contribution on a scale dependent upon the employee's age and the amount they choose to contribute. The cost of providing for pensions is charged to the profit and loss account on an accruals basis.

Contributions to the group's defined contribution scheme are determined as a percentage of employee's earnings and are charged to the profit and loss account on an accruals basis.

#### **Dividend policy**

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

### **2 Turnover**

The turnover is attributable to the principal activities undertaken by the company solely within the United Kingdom.

# Gerald Wood Homes Limited

## Notes to the financial statements for the year ended 30 June 2009 (continued)

### 3 Employees

The average monthly number of employees, including executive directors, during the year, split by activity was as follows:

	2009 Number	2008 Number
Production and sales	-	4
Administration	-	2
	-	6

	2009 £'000	2008 £'000
<b>Staff costs:</b>		
Wages and salaries	-	312
Social security costs	-	31
Other pension costs (see note 15)	-	57
	-	400

### 4 Directors' emoluments

	2009 £'000	2008 £'000
Aggregate emoluments	-	91
Company pension contributions	-	6
	-	97

	2009 Number	2008 Number
Number of directors to whom retirement benefits are accruing under pension schemes:		
Money purchase scheme	-	-

The emoluments of K Foley, DW Tilman and I Baker are paid by other subsidiaries within the group. These directors are also directors of a number of fellow subsidiaries of Galliford Try plc and it is not possible to make an accurate apportionment in respect of their emoluments to this subsidiary. Accordingly the above details include no emoluments in respect of these directors. Their emoluments are disclosed where appropriate in the financial statements of the companies where significant costs are relevant.

The emoluments of WE Cawse, RJ Hayman, G Hutton, A Lane, and TJ Douglas are paid by Midas Homes Limited, which makes no recharge to the company. These directors are also directors of a number of fellow subsidiaries of Galliford Try plc and it is not possible to make an accurate apportionment in respect of their emoluments to these subsidiaries. Accordingly the above details include no emoluments in respect of these directors. Their emoluments are fully disclosed in the financial statements of Midas Homes Limited which are publicly available.

# Gerald Wood Homes Limited

## Notes to the financial statements for the year ended 30 June 2009 (continued)

### 5 Operating profit

	2009 £'000	2008 £'000
The operating profit is stated after charging:		
Depreciation of tangible fixed assets (note 10):		
Owned assets	-	1
Operating leases:		
Plant and machinery	30	23

The auditors' remuneration of £2,000 (2008: £2,000) is borne by Midas Homes Limited the company's immediate parent undertaking.

### 6 Interest receivable and similar income

	2009 £'000	2008 £'000
Other interest	3	-

### 7 Interest payable and similar charges

	2009 £'000	2008 £'000
Payable on bank loans and overdrafts	253	411

### 8 Tax credit on loss on ordinary activities

	2009 £'000	2008 £'000
<b>Current tax:</b>		
UK corporation tax on losses of the year	(10)	(49)
The tax assessed for the year is lower (2008: lower) than the year end standard rate of corporation tax in the UK of 28% (2008: 28%). The differences are explained below:		
Loss on ordinary activities before taxation	(31)	(167)
Loss on ordinary activities multiplied by standard rate of tax in the UK	(9)	(47)
Effects of:		
Change in rate of tax	-	(2)
Expenses not deductible for tax purposes	-	1
Land remediation relief	(1)	(1)
Current tax credit for the year	(10)	(49)

There are no unrecognised deferred tax assets or liabilities in 2009 or 2008.

# Gerald Wood Homes Limited

## Notes to the financial statements for the year ended 30 June 2009 (continued)

### 9 Dividends

	2009 £'000	2008 £'000
Dividend paid of £Nil per £1 share (2008 £7,180 per £1 share)	-	718

The directors do not propose a final dividend for 2009 (2008: £Nil).

### 10 Tangible fixed assets

	Fixtures and fittings £'000
Cost	
At 30 June 2008 and 30 June 2009	11
Accumulated depreciation	
At 1 July 2008 and 30 June 2009	11
Net book value	
At 30 June 2008 and 30 June 2009	-

### 11 Developments

	2009 £'000	2008 £'000
Land	2,064	3,716
Work in progress	1,641	2,537
Part exchange properties	-	1,090
	3,705	7,343

### 12 Debtors

	2009 £'000	2008 £'000
Amounts falling due within one year:		
Trade debtors	1	10
Amounts owed by group undertakings	227	-
Corporation tax	93	118
Other debtors	70	73
	391	201

Amounts owed by group undertakings are unsecured and have no interest chargeable or repayment date.

# Gerald Wood Homes Limited

## Notes to the financial statements for the year ended 30 June 2009 (continued)

### 13 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Bank loans and overdrafts	2,450	3,708
Trade creditors	200	949
Amounts owed to group undertakings	33	120
Development land creditors	-	1,518
Other creditors	-	2
Accruals and deferred income	683	464
	<b>3,366</b>	<b>6,761</b>

Amounts owed to group undertakings are unsecured and have no interest chargeable or repayment date.

The bank loans and overdrafts shown above, which bear a variable rate of interest based on bank base rate, are secured by charges over certain of the company's and fellow subsidiaries developments.

### 14 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Retentions	-	32

### 15 Pension commitments

The company participates in a group operated defined benefit pension scheme for the benefit of certain of its employees, the assets of which are held separately from those of the company in independently administered funds. This scheme was closed to new members in 2001 and was closed to future service accruals with effect from 31 March 2007. All employees are now entitled to join the Galliford Try Pension Scheme, a defined contribution scheme established as a stakeholder plan, with a company contribution on a scale dependent upon the employee's age and the amount they choose to contribute. The cost of providing for pensions is charged to the profit and loss account on an accruals basis.

Following the closure of the defined benefit pension scheme to future service accrual, Galliford Try plc agreed with the Trustees to make a one-off lump sum contribution of £10 million, which was paid in the year ended 30 June 2007, to be followed by annual deficit funding of £7 million per annum until 31 July 2013. The proportion of the deficit funding payments allocated to the company amounted to £nil (2008: £44,000).

The company is unable to identify its share of the assets and liabilities of the group defined benefit scheme. This is because of historical changes within the group and the pension scheme, which means that it is not possible to accurately identify the original employer of all active and deferred pensioners. Hence, the company accounts for contributions as if they were to a defined contribution pension scheme. Details of the latest actuarial valuation of the scheme are set out in the consolidated financial statements of Galliford Try plc.

Pension costs:

	2009 £'000	2008 £'000
Defined benefit schemes	-	44
Defined contribution schemes	-	13
	<b>-</b>	<b>57</b>

# Gerald Wood Homes Limited

## Notes to the financial statements for the year ended 30 June 2009 (continued)

### 16 Called up share capital

	2009 £'000	2008 £'000
<b>Authorised</b>		
1,000 (2008: 1,000) ordinary shares of £1 each	1	1
<b>Allotted, called up and fully paid</b>		
100 (2008: 100) ordinary shares of £1 each	-	-

### 17 Profit and loss account

	£'000
At 1 July 2008	751
Loss for the financial year	(21)
<b>At 30 June 2009</b>	<b>730</b>

### 18 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Loss for the financial year	(21)	(118)
Dividends (note 9)	-	(718)
Net decrease in shareholders' funds	(21)	(836)
Opening shareholders' funds	751	1,587
<b>Closing shareholders' funds</b>	<b>730</b>	<b>751</b>

### 19 Contingent liabilities

There were contingent liabilities under composite guarantees given by the parent company and the subsidiaries in respect of the HSBC, Barclays, Royal Bank of Scotland and Bank of Scotland bank facilities of group companies. At 30 June 2009 such facilities had been utilised to the extent of £131,476,000 (2008: £155,559,000). There were also contingent liabilities in respect of composite guarantees of other bank and performance bonds entered into by the Group in the normal course of business which, at 30 June 2009, were £107,321,000 (2008: £117,707,000).

### 20 Related party transactions

The company has taken advantage of the exemption under FRS 8, "Related party disclosures" for disclosing any relevant transactions, as it qualifies as a "100% subsidiary undertaking". Consequently intra-group transactions are not disclosed.

### 21 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Midas Homes Limited, which is registered in England and Wales. The ultimate parent undertaking and controlling party is Galliford Try plc, which is registered in England and Wales. This is the only company that consolidates this company's financial statements. Copies of the consolidated group financial statements of Galliford Try plc are publicly available from Galliford Try plc, Cowley Business Park, High Street, Cowley, Uxbridge, UB8 2AL.