

Gallions Approach Limited

Annual report and financial statements for the year ended 31 December 2009

Company number 4113708



Gallions Approach Limited

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Gallions Approach Limited

Directors and advisors

Directors

Neil Fitzsimmons

Colin E Lewis

David Gaffney

Company secretary

Devendra Gandhi

(resigned 9 March 2009)

Robin S Johnson

(appointed 24 March 2009, resigned 17 December 2009)

Joanne E Massey

(appointed 17 December 2009)

Registered office

Ashley House

Ashley Road

Epsom

Surrey

KT18 5AZ

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

WC2N 6RH

Gallions Approach Limited

Directors' report for the year ended 31 December 2009

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2009. In this report, the 'Group' means Gladedale Group Holdings Limited (formerly Terret Group Limited) and its subsidiary undertakings, the 'Residential Group' means Gladedale Residential Group Limited (formerly Terret Residential Limited) and its subsidiaries and the 'Company' means Gallions Approach Limited.

Principal activities

The principal activity of the Company is development and sale of property.

Review of the business and future developments

The profit and loss account is set out on page 5 and shows turnover for the year of £16,055,000 (2008 £15,791,000) and profit before tax for the year of £679,000 (2008 loss of £769,000).

The directors do not recommend the payment of a final dividend (2008 £nil). Accordingly, the retained profit for the financial year of £694,000 (2008 loss of £769,000) has been transferred to reserves.

On 1 September 2009, as part of a Group-wide restructuring exercise, the Company and its affiliates were acquired by Gladedale Group Holdings Limited (formerly Terret Group Limited). Arising from this change of ownership, new committed bank term loan and working capital facilities have been made available by the Group's principal lender. The resultant new ownership, capital and funding structure has allowed the Company to focus on delivering operational improvements and stakeholder value.

Along with the provision of new banking facilities, all covenant and other breaches which had occurred under the previous cross-collateralised bank debt have been waived and completely extinguished.

Principal risks and uncertainties

The Company is a member of the Residential Group and its risks are disclosed in the consolidated financial statements of Gladedale Residential Group Limited (formerly Terret Residential Limited). Operational and financial risks are managed on a Residential Group basis.

Financial instruments and risk management

Working capital requirements are principally satisfied from cash generated by the Company and through funding made available from the bank facilities established by Gladedale Residential Group Limited (formerly Terret Residential Limited), whose treasury function also handles hedging arrangements.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs beyond those ascertainable from the financial statements is not necessary for an understanding of the development, performance or position of the business.

Directors

The directors who, unless otherwise stated, served throughout the year were as follows:

N Fitzsimmons	(appointed 1 June 2010)
C E Lewis	(appointed 1 June 2010)
D Gaffney	
D Lavelle	(appointed 6 July 2009, resigned 17 December 2009)
R Dipre	(resigned 9 March 2009)
D Gandhi	(resigned 9 March 2009)
J V Dipre	(resigned 9 March 2009)
J R Brodie	(resigned 14 August 2009)

Gallions Approach Limited

Directors' report for the year ended 31 December 2009 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

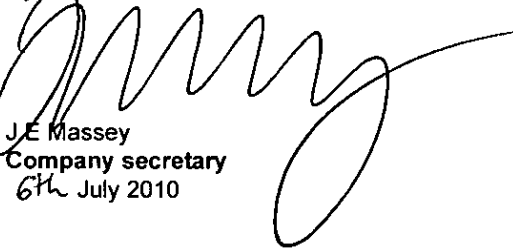
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he 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.

By order of the Board



J.E. Massey
Company secretary
6th July 2010

Gallions Approach Limited

Independent auditors' report to the members of Gallions Approach Limited

We have audited the financial statements of Gallions Approach Limited for the year ended 31 December 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 in the Directors' report 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 Chapter 3 of Part 16 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 31 December 2009 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.

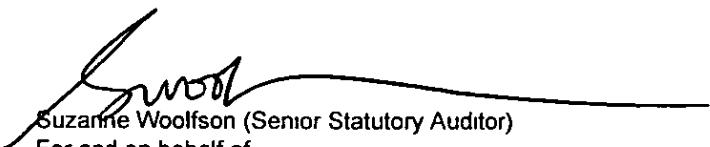
Opinion on other matter prescribed by the Companies Act 2006

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 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.



Suzanne Woolfson (Senior Statutory Auditor)

For and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

13 July 2010

Gallions Approach Limited

Profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover	2	16,055	15,791
Cost of sales		(14,806)	(15,369)
Gross profit		1,249	422
Administrative expenses		(8)	(85)
Other operating income		19	16
Operating profit	3	1,260	353
Interest receivable and similar income		43	8
Interest payable and similar charges	4	(624)	(1,130)
Profit/(loss) on ordinary activities before taxation		679	(769)
Taxation on profit/(loss) on ordinary activities	5	15	-
Profit/(loss) for the financial year	12	694	(769)

All amounts relate to continuing activities

There were no recognised gains or losses in either financial year other than the profit/(loss) for the financial year as shown above

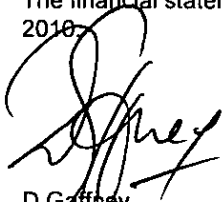
There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial year stated above and their historical cost equivalents

Gallions Approach Limited

Balance sheet as at 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Investment properties	6	1,421	1,395
Current assets			
Stock	7	19,075	29,465
Debtors (including £979,000 (2008 £nil) due after more than one year)	8	3,082	534
Cash at bank and at hand		1,157	-
		23,314	29,999
Creditors amounts falling due within one year	9	(2,456)	(29,313)
Net current assets		20,858	686
Total assets less current liabilities		22,279	2,081
Creditors amounts falling due after more than one year		(19,504)	-
Net assets		2,775	2,081
Capital and reserves			
Called up share capital	11	-	-
Profit and loss reserve	12	2,775	2,081
Total shareholders' funds	13	2,775	2,081

The financial statements on pages 5 to 15 were approved by the Board and authorised for issue on 6 July 2010.



D Gaffney
Director
Gallions Approach Limited
Company number 4113708

Gallions Approach Limited

Notes to the financial statements for the year ended 31 December 2009

1 Accounting policies

Basis of preparation

These financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

On 1 September 2009, as part of a Group-wide restructuring exercise, the Company and its affiliates were acquired by Gladedale Group Holdings Limited (formerly Terret Group Limited). Arising from this change of ownership, new committed bank term loan and working capital facilities have been made available by the Group's principal lender. On this basis the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

Cash flow statement

The Company is a wholly owned subsidiary of Gladedale Group Holdings Limited (formerly Terret Group Limited), and is included in its consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

Stock

Raw materials and consumables stock, land for development, work in progress and part exchange properties are valued at the lower of cost and net realisable value.

Costs include materials, labour and overheads appropriate to the relevant stage of completion. Net realisable value is based on estimated selling prices less all further costs to completion and all relevant marketing and selling costs.

The Company's principal activity is residential housebuilding. Due to the nature of this activity, much of the development entered into by the Company is speculative in nature. Accordingly, at each year-end, the Company has in its balance sheet current assets that are not covered by a forward sale. At the year-end, the Company conducts a review of the net realisable value of its land and work in progress. This review is conducted on a site by site basis, using valuations which incorporate forecast sales rates and average selling prices that reflect both current and anticipated market conditions. In making these assessments, there is a degree of judgement and uncertainty due to the volatility and speculation that has surrounded the residential housing sector.

Where the estimated future net realisable value of the site is less than its current carrying value within the balance sheet, the Company impairs the land and work in progress value.

Investment properties

In accordance with SSAP 9 investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 2006 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

Gallions Approach Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

1 Accounting policies (continued)

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

Deferred tax is not recognised on timing differences arising on revalued properties unless the Company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief

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

Equity share receivables

The Company has entered into agreements whereby it retains a fixed proportion of the equity in a newly constructed residential property until the date of the first resale of the property or an agreed future date, when it will receive a fixed proportion of the market value of the property

These agreements are initially measured at the fair value of the right to consideration on the date the agreement is entered into. The unwinding of the discount is credited to finance income over the life of the agreement. Interest arising on the transactions is recognised when it is considered probable that it will result in an outflow of economic benefit of the Company

2 Turnover

Turnover represents amounts derived from the provision of goods and services which fall due within the Company's ordinary activities, after deduction of discounts and value added tax. The turnover and profit on ordinary activities before taxation, all of which arises in the United Kingdom, is attributable to the Company's principal activity that of property development

3 Operating profit/(loss)

The Company did not have any employees during the year or prior year

Directors' remuneration has been met by Gladedale Holdings Limited, an intermediate parent undertaking

Auditors' remuneration has been met by another Group entity

4 Interest payable and similar charges

	2009	2008
	£'000	£'000
Bank loans and overdrafts	624	1,130

Gallions Approach Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

5 Taxation on profit/(loss) on ordinary activities

	2009	2008
	£'000	£'000
Current tax		
UK Corporation tax on profit/(loss) of the period	-	-
Prior year adjustment – loss carry back	(15)	-
Total current tax	(15)	-

The tax assessed for the year is lower than (2008 higher than) the standard rate of corporation tax in the UK for the year ended 31 December 2009 of 28% (2008 28.5%). The differences are explained below

	2009	2008
	£'000	£'000
Profit/(loss) on ordinary activities before tax	679	(769)
Profit/(loss) on ordinary activities at standard rate of corporation tax in the UK of 28% (2008 28.5%)	190	(219)
Effect of		
Unutilised tax losses	-	219
Losses carried forward	(190)	-
Prior year adjustment – loss carry back	(15)	-
Current tax credit for the year	(15)	-

Factors that may affect current and future tax charges

There is an unrecognised deferred tax asset of £11,000 (2008 £219,000) relating to unrelieved tax losses available to carry forward. This has not been provided for in the financial statements as the directors of the Company feel that it is not likely that there will be sufficient taxable profits arising in the future against which to recover the asset.

Gallions Approach Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

6 Investment properties

	2009	2008
	£'000	£'000
Cost and net book value		
At 1 January	1,395	1,395
Additions	26	-
At 31 December	1,421	1,395

The Company's freehold investment properties have been valued by the directors at 31 December 2009 on an open market basis. If the Company's freehold investment properties had not been revalued then the properties would have been included in the financial statements at their historical cost value of £1,421,000 (2008 £1,395,000). No depreciation has been charged on the freehold investment properties.

Should the Company's investment properties be sold at their estimated market value, a corporation tax liability of approximately £nil (2008 £nil) would crystallise, based on a tax rate of 28% (2008 28.5%).

7 Stock

	2009	2008
	£'000	£'000
Land held for development and work in progress	19,075	29,465

Gallions Approach Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

8 Debtors

	2009	2008
	£'000	£'000
Trade debtors	93	21
Corporation tax	15	-
Amounts owed from Group undertakings	1,838	398
VAT	20	-
Other debtors	87	115
Prepayments and accrued income	50	-
Equity share receivables	979	-
	3,082	534

All amounts shown under debtors fall due for payment within one year, except for £979,000 (2008 £nil) of equity share receivables which are due after more than one year

All amounts owed by Group undertakings are interest free, carry no security and are repayable on demand

Included within other debtors is £1 (2008 £1) relating to unpaid share capital

Gallions Approach Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

9 Creditors amounts falling due within one year

	Note	2009 £'000	2008 £'000
Bank overdrafts (secured)		-	22,770
Trade creditors		2,333	2,280
Taxation and social security		-	6
Amounts due to Group undertakings		103	172
Amounts due to related parties	15	-	3,857
Other creditors		20	-
Accruals and deferred income		-	228
		2,456	29,313

In the prior year, the bank loans and overdrafts of the Residential Group were secured by a legal charge over the Residential Group's freehold property together with fixed and floating charges over the other Residential Group's assets. They were further secured through a cross-guarantee by the Company and its fellow subsidiary undertakings.

All amounts due to Group and related parties undertakings are interest free, carry no security and are repayable on demand.

10 Creditors amounts falling after more than one year

	2009 £'000	2008 £'000
Amounts due to Group undertakings	19,504	-

All amounts due to Group undertakings are interest free, carry no security and are repayable after more than one year.

Gallions Approach Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

11 Called up share capital

	2009	2008
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and unpaid		
1 ordinary shares of £1 each	1	1
Included within other debtors is £1 (2008 £1) relating to unpaid share capital		

12 Reserves

	Profit and loss reserve
	£'000
Balance at 1 January 2009	2,081
Profit for the financial year	694
Balance at 31 December 2009	2,775

13 Reconciliation of movements in shareholders' funds

	2009	2008
	£'000	£'000
Profit/(loss) for the financial year	694	(769)
Opening shareholders' funds	2,081	2,850
Closing shareholders' funds	2,775	2,081

Gallions Approach Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

14 Contingent liabilities

On 30 December 2008, the Company along with other Group member and related companies entered into cross guarantee and debenture instruments with the Bank of Scotland plc guaranteeing and securing liability in relation to their banking facilities. The aggregate amount outstanding at 31 December 2009 under these facilities was £525,518,400 (2008 £957,317,893)

The Company has given counter indemnities and guarantees of the National House Building Council in respect of performance bonds in the normal course of business

15 Related party transactions

The Company is a wholly owned subsidiary of Strathmartine Holdings Limited. Gladedale Group Holdings Limited (formerly Terret Group Limited), the ultimate parent undertaking, has prepared consolidated financial statements for the year ended 31 December 2009 and therefore the Company has relied on the exemptions contained within Financial Reporting Standard No. 8 in respect of the disclosure of related party transactions

Transactions and balances with related parties controlled by R Dipre

The following transactions were carried out with various parties related to R Dipre as well as companies in which R Dipre has a controlling interest for the period in which he was a director as follows

	Transaction *	Transaction	Balance owed to / (owed by) the Group
	2009	2008	2008
	£'000	£'000	£'000
Purchase of goods (from)/by related parties	-	249	(3,857)
Total	-	249	(3,857)

* R Dipre resigned as a director of the Company on 9 March 2009, however he remained the major shareholder in Gladedale (Residential) Limited, the Company's ultimate parent undertaking, until Gladedale (Residential) Limited and its subsidiaries were acquired by Gladedale Group Holdings Limited (formerly Terret Group Limited) on 1 September 2009. As a result, the disclosures above represent transactions and 2008 balances with the following groups of companies in which he was the major shareholder, the Manor Kingdom Group of companies, Gladedale (Commercial) Limited, Gladedale Urban Developments Limited and Rocla Limited, and J Dipre and P Dipre who are related to R Dipre

There are no other related parties transactions that require disclosure in these financial statements

Gallions Approach Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

16 Ultimate parent undertaking

The Company's immediate parent is Strathmartine Holdings Limited

The directors consider Gladedale Group Holdings Limited (formerly Terret Group Limited), a company registered in England and Wales, to be the Company's ultimate parent company and controlling party. Gladedale Group Holdings Limited (formerly Terret Group Limited) is the largest and Gladedale Residential Group Limited (formerly Terret Residential Limited) is the smallest group of which the Company is a member and for which consolidated financial statements will be prepared for 31 December 2009.

Copies of the financial statements of the ultimate parent company are available from Companies House, Crown Way, Maundy, Cardiff CF4 3UZ.