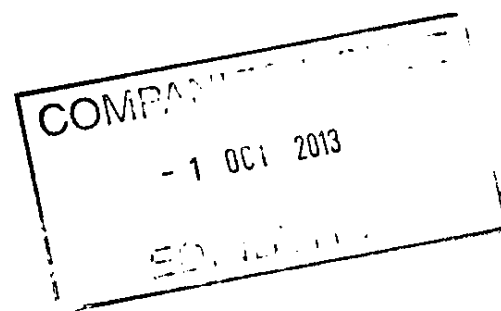


Bett Homes Limited

Annual report and financial statements for the year ended 31 December 2012

Company number: SC024489



Bett Homes Limited

Contents

	Page
Directors and advisors	1
Directors' report for the year ended 31 December 2012	2
Independent auditors' report to the members of Bett Homes Limited	4
Profit and loss account for the year ended 31 December 2012	5
Statement of total recognised gains and losses for the year ended 31 December 2012	6
Balance sheet as at 31 December 2012	7
Notes to the financial statements for the year ended 31 December 2012	9

Bett Homes Limited

Directors and advisors

Directors

Neil Fitzsimmons

Colin E Lewis

Elizabeth Catchpole (Appointed 20 June 2012)

Warren Thompson

Paul A Moran (Appointed 1 May 2013)

Scott Varley (Appointed 22 August 2013)

Company Secretary

Joanne E Massey

Registered office

Regency House

Crossgates Road

Halbeath

Dunfermline

Fife

KY11 7EG

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Erskine House

68-73 Queen Street

Edinburgh

EH2 4NH

Bett Homes Limited

Directors' report for the year ended 31 December 2012

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2012.

In this report, the 'Group' means Avant Homes Holdings Limited (formerly Gladedale Limited) and its subsidiary undertakings, the 'Residential Group' means Avant Homes Limited (formerly Gladedale Residential Group Limited) and its subsidiaries and the 'Company' means Bett Homes Limited.

Principal activities

The Company's principal activity during the year continued to be that of property development and investment.

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the year. Turnover for the year amounted to £79.5 million (2011: £74.2 million) and the Company recorded a loss before taxation of £1.5m million (2011: £3.1 million profit).

No interim dividend (2011: nil) was paid during the year. The directors do not recommend the payment of a final dividend and, accordingly, the loss for the year of £1.2 million (2011: £3.3 million) has been transferred to reserves.

On 28 June 2012, Avant Homes Holdings Limited (formerly Gladedale Limited) acquired the entire share capital of Avant Homes Group Limited (formerly Gladedale Group Holdings Limited) (formerly the ultimate parent undertaking of the Gladedale Group). Arising from this new ownership, the Group was financially restructured and entered into new facilities agreements with the Group's principal lender, Bank of Scotland plc.

The Company benefits from the support provided by the new ultimate parent undertaking, Avant Homes Holdings Limited (formerly Gladedale Limited).

Principal risks and uncertainties

The Company is a member of the Residential Group and its risks are disclosed in the consolidated financial statements of Avant Homes Limited (formerly Gladedale Residential Group 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 the Residential Group, 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 and up to the date of signing the financial statements were as follows:

N Fitzsimmons

C E Lewis

N Yardley (resigned 31 July 2012)

E Catchpole (appointed 20 June 2012)

PA Moran (appointed 1 May 2013)

W Thompson

S Varley (appointed 22 August 2013)

Bett Homes Limited

Directors' report for the year ended 31 December 2012 (continued)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of the members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. All salaried staff receive an annual bonus relating to the profitability of their division.

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.

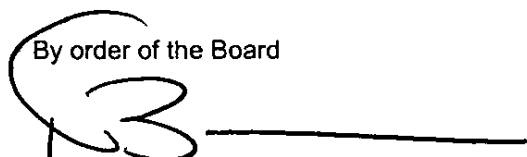
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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



N Fitzsimmons

Director

30 September 2013

Bett Homes Limited

Independent auditors' report to the members of Bett Homes Limited

We have audited the financial statements of Bett Homes Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Accounting Policies 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 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 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. In addition, we read all the financial and non-financial information in the annual report and financial statements for the year ended 31 December 2012 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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.

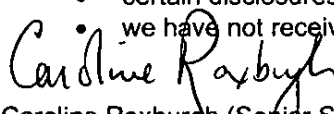
Opinion on other matter prescribed by the Companies Act 2006

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.


Caroline Roxburgh (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

1 October 2013

Bett Homes Limited**Profit and loss account for the year ended 31 December 2012**

	Note	2012 £'000	2011 £'000
Turnover	2	79,516	74,205
Cost of sales		(72,244)	(63,247)
Gross profit		7,272	10,958
Administrative expenses		(9,017)	(8,891)
Other operating income		13	202
Operating (loss)/profit	3	(1,732)	2,269
Income from joint ventures		88	750
Income from shares in Group undertakings		-	684
(Loss)/profit on ordinary activities before interest and taxation		(1,644)	3,703
Interest receivable and similar income	4	87	813
Interest payable and similar charges	5	-	(1,447)
Other finance income / (costs)	22	52	49
(Loss)/profit on ordinary activities before taxation		(1,505)	3,118
Tax on profit on ordinary activities	8	352	217
(Loss)/profit for the financial year	18	(1,153)	3,335

All amounts relate to continuing activities

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

Bett Homes Limited**Statement of total recognised gains and losses for the year ended 31 December 2012**

	Note	2012	2011
		£'000	£'000
(Loss)/profit for the financial year		(1,153)	3,335
Actuarial (loss) on defined benefit pension scheme	22	(786)	(276)
Total (loss)/gain recognised for the year		(1,939)	3,059

Bett Homes Limited**Balance sheet as at 31 December 2012**

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	9	115	81
Investments in subsidiary undertakings	10	1,650	1,650
		1,765	1,731
Current assets			
Stock	12	74,121	99,962
Debtors (£8,144,000 (2011: £9,182,000) due greater than one year)	13	21,209	14,491
Cash at bank and in hand		10,758	34,195
		106,088	148,648
Creditors: amounts falling due within one year	14	(51,150)	(93,638)
Net current assets		54,938	55,010
Total assets less current liabilities		56,703	56,741
Creditors: amounts falling due after more than one year	15	(2,000)	-
Provisions for liabilities	16	(327)	(426)
Net assets excluding pension liability		54,376	56,315
Pension liability	22	-	-
Net assets including pension liability		54,376	56,315

Bett Homes Limited

Balance sheet as at 31 December 2012 (continued)

	Note	2012 £'000	2011 £'000
Capital and reserves			
Called up share capital	17	3,254	3,254
Share premium account	18	1,117	1,117
Profit and loss reserve	18	50,005	51,944
Total shareholder's funds	19	54,376	56,315

The financial statements on pages 5 to 25 were approved by the Board and authorised for issue on 30 September 2013



N Fitzsimmons
Director
Bett Homes Limited
Company number: SC024489

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies

Basis of preparation

These 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 principal accounting policies, which have been applied consistently throughout the year, are set out below.

Cash flow statement

The Company is a wholly owned subsidiary of Avant Homes Holdings Limited (formerly Gladedale 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.

Consolidation

The Company is exempt under section 400 of the Companies Act 2006 from preparing consolidated financial statements on the grounds that the results of the Company and its subsidiaries are incorporated in the consolidated financial statements of the parent company, Avant Homes Holdings Limited (formerly Gladedale Limited).

Related party transactions

The Company has taken advantage of the exemption in FRS 8 from reporting related party transactions with its fellow Group companies as the Company is included within the consolidated accounts of the ultimate parent company that are publically available.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and any provision for impairment. Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Plant, vehicles and equipment	-	3-10 years
-------------------------------	---	------------

Investments

Investments in subsidiary undertakings and joint ventures are stated at cost less amounts written off and any provisions for impairment. Dividends received and receivable are credited to the profit and loss account.

Turnover

Turnover is stated net of value added tax and further detail is provided as follows:

Sales of residential property

Revenue on the sale of residential property is recognised when the contract has legally completed.

Sales of land and commercial property

Income is recognised on land sales when contracts are exchanged and all material conditions of the contract have been met. Income is recognised on sales of commercial property on unconditional exchange of contract.

Construction contracts

Revenue under construction contracts, including social housing contracts entered into under binding contractual terms, is recognised in accordance with the stage of completion.

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Accounting policies (continued)

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 house building. 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.

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.

Pension costs

Defined contributions scheme

The Company participates in a Group-wide defined contribution pension scheme. Pension costs are charged to the profit and loss account on an accruals basis.

Defined benefits scheme

Bett Homes Limited operates a defined benefits scheme. The assets of this defined benefit scheme are held separately from those of the Company in independently administered funds.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability.

The increase in the present value of the liabilities of the Company's defined benefit pension scheme that is expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Statement of total recognised gains and losses.

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Accounting policies (continued)

Dividends

Dividends are recognised when they become legally payable. Final dividends are recognised when approved by the shareholders at an annual general meeting.

Operating leases

Annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Provisions for liabilities and charges

Provisions are recognised when evidence exists of an obligation for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

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 and is recognised when it is considered probable that it will result in an inflow of economic benefit to the Company.

2 Turnover

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

3 Operating profit

	2012	2011
	£'000	£'000
Operating profit is stated after charging:		
Depreciation:		
Owned tangible fixed assets	35	46
Operating leases:		
Plant and machinery	594	909
Other	210	302
Auditors' remuneration:		
Audit services	150	106
Waiver of intercompany debtors representing a one-off gratuitous capital contribution	-	1,011

Bett Homes Limited**Notes to the financial statements for the year ended 31 December 2012 (continued)****4 Interest receivable and similar income**

	2012	2011
	£'000	£'000
Bank interest receivable	-	2
Unwinding of discounted equity share receivables	79	789
Other interest receivable	8	22
	87	813

5 Interest payable and similar charges

	2012	2011
	£'000	£'000
Interest on late payment of taxation	-	15
Other interest payable	-	1,432
	-	1,447

6 Employees

	2012	2011
Staff costs consist of:	£'000	£'000
Wages and salaries	6,936	6,619
Social security costs	709	687
Other pension costs (note 22)	322	637
	7,967	7,943

	2012	2011
The monthly average number of employees (including directors) was as follows:	£'000	£'000
Housebuilding and related activities	192	183

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

7 Directors

Certain directors are executives of the immediate parent undertaking, Gladedale Holdings Limited, the intermediate parent undertaking, Avant Homes Limited (formerly Gladedale Residential Group Limited), the ultimate parent undertaking Avant Homes Holdings Limited (formerly Gladedale Limited) or all three. It is not practicable to allocate their total remuneration between their services as executives of the Company and their services as directors of the other Group companies. Details of the directors' remuneration can be found in the financial statements of the immediate, intermediate and ultimate parent companies, as appropriate.

8 Tax on (loss)/profit on ordinary activities

	2012	2011
	£'000	£'000
Current tax		
UK corporation tax on profits of the period	-	-
Adjustment in respect of previous periods	(352)	(217)
Total current tax credit	(352)	(217)

The tax assessed for the year is higher than (2011: lower than) the standard rate of corporation tax in the UK for the year ended 31 December 2012 of 24.5% (2011: 26.5%). The differences are explained below:

	2012	2011
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(1,505)	3,118
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	(369)	826
Effects of:		
Expenses not deductible	309	280
Utilised loss	-	(726)
Unutilised loss	82	-
Income not taxable	(22)	(380)
Adjustment in respect of previous periods	(352)	(217)
Current tax credit for the year	(352)	(217)

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

8 Tax on profit on ordinary activities (continued)

Factors affecting current and future tax charges:

The main rate of corporation tax changed to 24% with effect from 1 April 2012. The 2012 Finance Bill included legislation to reduce the main rate of corporation to 23% with effect from 1 April 2013. This change was substantially enacted by the balance sheet date and the unrecognised deferred tax asset is based on this reduced rate.

There is an unrecognised deferred tax asset of £691,000 (2011: £1,473,000) relating to unrelieved tax losses and £403,000 (2011: £425,000) relating to capital allowances available to carry forward. The total unrecognised deferred tax asset of £1,094,000 (2011: £1,898,000) has not been provided for in the financial statements as the directors of the Company feel that there is insufficient certainty that there will be sufficient taxable profits in the foreseeable future against which to recover the asset.

There are proposed reductions in the main rate of corporation tax to 21% by 2014 which are expected to be enacted separately each year. The estimated overall effect of the further changes from 23% to 21%, if these applied to the deferred tax balance at 31 December 2012, would be to reduce the unrecognised deferred tax asset by approx £95,000.

9 Tangible fixed assets

	Plant, vehicles and equipment £'000
Cost or valuation:	
At 1 January 2012	1,849
Additions	69
Transfers	1
At 31 December 2012	1,919
Accumulated depreciation:	
At 1 January 2012	(1,768)
Charge for the year	(35)
Transfers	(1)
At 31 December 2012	(1,804)
Net book amount:	
At 31 December 2012	115
At 31 December 2011	81

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

10 Investments in subsidiary undertakings

2012

£'000

At 1 January and at 31 December

1,650

Principal investments in subsidiary undertakings

Details of investments which are not significant are not disclosed as this would result in a list of excessive length.

	Country of incorporation	Proportion of voting rights and ordinary share capital held	Principal activity
Principal subsidiary undertakings:			
Gladedale (Central Scotland) Limited *	Scotland	100%	Housebuilding
Gladedale (North East England) Limited	Scotland	100%	Housebuilding
Gladedale (North East Scotland) Limited**	Scotland	100%	Housebuilding
Gladedale (North West) Limited	Scotland	100%	Housebuilding
Bett Homes (Yorkshire) Limited	England	100%	Housebuilding
Gladedale Partnerships (Scotland) Limited	Scotland	100%	Social housing
Stirling Waterfront NHT 2011 LLP	Scotland	100%	Housing for rent
Taydale (Granton) Limited	Scotland	100%	Housebuilding

* held indirectly as 100% subsidiary of Gladedale (North West) Limited

** Gladedale (North East Scotland) Limited was dissolved on 1st February 2013 as part of the Group's corporate simplification exercise

All of the principal subsidiary undertakings are wholly-owned and, by agreement, trade as agents of Bett Homes Limited. All subsidiary companies have an accounting reference date of 31 December.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

11 Interests in joint ventures

	2012	2011
Interests in joint ventures (net book amount)	£'000	£'000
At 1 January and 31 December	-	-

Principal interests in joint ventures

	Country of incorporation	Principal Activity
Principal joint ventures (all 50%):		
Scotmid-Bett (Fountainbridge) Limited	Scotland	Property development
Strada Developments Limited	Scotland	Housebuilding
BEST Braehead Development Company Limited (in Administration)	Scotland	Property development
BEST Dunfermline Development Company Limited (in Liquidation)	Scotland	Property development

Strada Developments Limited, BEST Braehead Development Company Limited and BEST Dunfermline Development Company Limited prepare accounts to 31 December and Scotmid-Bett (Fountainbridge) Limited to 30 September.

12 Stock

	2012	2011
	£'000	£'000
Work in progress	66,909	92,889
Finished goods and goods for resale	7,212	7,073
	74,121	99,962

Bett Homes Limited**Notes to the financial statements for the year ended 31 December 2012 (continued)****13 Debtors**

	2012	2011
	£'000	£'000
Amounts falling due within one year		
Trade debtors	742	738
Amounts owed by Group undertakings	10,601	3,156
Other debtors	619	668
Prepayments and accrued income	154	161
Corporation tax receivable	352	-
VAT receivable	597	586
	13,065	5,309
Amounts falling due after one year		
Equity share receivables	8,023	9,061
Amounts owed by Group undertakings	121	121
	8,144	9,182
Total	21,209	14,491

Amounts owed by Group undertakings are interest-free and unsecured. Amounts owed by Group undertakings are repayable on demand, except for £121,000 (2011: £121,000) which is recoverable after more than one year.

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

14 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Trade creditors	7,842	9,492
Trade creditors – land liability	-	12,702
Amounts due to Group undertakings	39,438	63,323
Other taxation and social security	284	238
Other creditors	302	1,925
Other loans	1,000	3,000
Accruals and deferred income	2,284	2,958
	51,150	93,638

Amounts due to Group undertakings, joint ventures and related parties are interest-free, unsecured and repayable on demand.

Other loans relates to a development loan secured by a second ranking standard security in respect of infrastructure works on the Company's Oatlands development. The loan is payable partly within 12 months, and partly after 12 months, and is noted separately in Note 15. Interest is chargeable on this loan at a rate of 3% above base.

15 Creditors: amounts falling due after more than one year

	2012	2011
	£'000	£'000
Other loans	2,000	-
	2,000	-

Amounts due to Group undertakings are interest-free, unsecured and repayable after more than one year. Other loan relates to the Oatlands development loan outlined in Note 14.

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

16 Provision for liabilities

	Onerous lease provision
	£'000
At 1 January 2012	426
Utilised in the year	(99)
At 31 December 2012	327

Onerous lease provision

The onerous lease provision has been recognised where a leased property is vacant or sub-let to a third party at below the rent payable by the Company on that property.

17 Called up share capital

	2012	2011
	£'000	£'000
Allotted, issued and fully paid		
16,271,000 ordinary shares of 20p each	3,254	3,254

18 Reserves

	Share premium account £'000	Profit and loss reserve £'000
At 1 January 2012	1,117	51,944
(Loss) for the financial year	-	(1,153)
Actuarial loss on pension scheme	-	(786)
At 31 December 2012	1,117	50,005

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

19 Reconciliation of movements in total shareholders' funds

	2012	2011
	£'000	£'000
Opening total shareholder's funds	56,315	53,256
(Loss)/profit for the financial year	(1,153)	3,335
Actuarial loss on pension scheme	(786)	(276)
Net (reductions)/additions to total shareholder's funds	(1,939)	3,059
Closing total shareholder's funds	54,376	56,315

20 Financial commitments

Operating lease commitments

The Company had annual commitments under non-cancellable operating leases as set out below:

	2012 Land and buildings £'000	2011 Land and buildings £'000
Operating leases which expire:		
Within one year	-	6
In two to five years	106	86
Over five years	127	210
	233	302

See note 16 for confirmation of the amounts of future lease commitments fully provided via the onerous lease provisions.

21 Contingent liabilities

On 28 June 2012, the Company along with other Group members 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 2012 under these facilities was £350,216,776 (2011: £548,676,681).

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

22 Pension arrangements

The Company mainly operates two pension schemes, one providing benefits based on final pensionable pay and the other providing benefits from contributions paid into a Company Personal Pension Plan.

The assets of the defined benefit pension scheme, which operates in the UK, are held separately from those of the Company. A full actuarial valuation was carried out at 1 January 2008 and updated to 31 December 2012 by a qualified independent actuary.

The major assumptions used by the actuary were:

	At 31 December 2012	At 31 December 2011	At 31 December 2010
Rate of increase in salaries	1.9%	2.0%	3.70%
Rate of increase of pensions in payment	5.0%	5.0%	5.00%
Rate of increase in deferred pensions	1.9%	2.0%	3.40%
Discount rate	4.3%	4.9%	5.40%
Inflation assumption	1.9%	2.0%	2.90%

The mortality assumptions used in the valuation of the defined benefit pension liabilities are based on S1PMA and S1PFA mortality tables, projected using the Continuous Mortality Investigation 2009 model, subject to a long term rate of improvement of 1% per annum,

The full actuarial valuation at 1 January 2009 showed a deficit of £6,908,000. To reduce this deficit, employers' contributions are being paid at £701,000 per annum for the next 10 years. It should be noted that the scheme is closed to new entrants. The contribution rate underlying the current service cost shown is therefore likely to increase with members' age since it is calculated using the Projected Unit Method.

The pension scheme does not invest in any Gladedale Group securities or any property occupied by Gladedale Group companies.

The assets in the scheme and the expected rates of return (net of expenses) were:

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

22 Pension arrangements (continued)

	At 31 December 2012		At 31 December 2011	
	%	£'000	%	£'000
Equities	6.7	8,948	7.0	7,907
Bonds	4.1	7,810	4.7	7,030
Gilts	2.7	4,537	2.8	4,245
Property	4.7	1,027	5.3	904
Cash	0.5	225	0.5	251
Total market value of assets		22,547		20,337
Actuarial value of liability		(19,714)		(18,062)
Surplus not recoverable		(2,833)		(2,275)
Net pension liability		-		-

The actual return on scheme assets in the year was £2,455,000 (2011: £1,124,000).

Analysis of the amount charged to operating profit

	2012	2011
	£'000	£'000
Service cost	52	118

Analysis of the amount credited to net finance income

	2012	2011
	£'000	£'000
Expected return on pension scheme assets	945	1,098
Interest on pension liabilities	(858)	(1,049)
Income capped at service cost level	(35)	-
Net finance income	52	49

Bett Homes Limited**Notes to the financial statements for the year ended 31 December 2012 (continued)****22 Pension arrangements (continued)****Analysis of actuarial loss recognised in the statement of total recognised gains and losses (STRGL)**

	2012	2011
	£'000	£'000
Actual return less expected return on assets	1,510	26
Experience (losses)/gains on liabilities	(265)	746
Changes in assumptions	(1,508)	1,227
Finance income capped	(35)	-
Surplus not recognised	(558)	(2,275)
Actuarial (losses) in STRGL	(786)	(276)

Cumulative actuarial losses recognised through the STRGL total £4,500,000 (2011: £3,679,000).

Movement in present value of scheme liabilities

	2012	2011
	£'000	£'000
At 1 January	18,062	19,902
Current service cost	52	118
Interest cost	858	1,049
Actuarial loss/(gain)	1,773	(1,973)
Benefits paid	(1,010)	(1,007)
Charges paid	(21)	(27)
At 31 December	19,714	18,062

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

22 Pension arrangements (continued)

Movement in fair value of scheme assets

	2012	2011
	£'000	£'000
At 1 January	20,337	19,437
Expected return on scheme assets	945	1,098
Actuarial gain	1,510	26
Employers' contributions	780	806
Employees' contributions	6	4
Benefits paid	(1,010)	(1,007)
Charges paid	(21)	(27)
At 31 December	22,547	20,337

History of experience gains and losses

	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Difference between the expected and actual return on scheme assets:					
Amount	1,510	26	877	1,061	(3,052)
Percentage of scheme assets	6.7%	0.1%	4.5%	5.9%	17.6%
Experience gains and losses on scheme liabilities:					
Amount	(265)	746	319	(474)	160
Percentage of the present value of the scheme liabilities	1.3%	4.1%	1.6%	2.2%	0.9%
Total amount recognised in statement of total recognised gains and losses					
Amount	(821)	(276)	2,194	(3,012)	(1,172)
Percentage of the present value of the scheme liabilities	4.2%	1.5%	11.0%	14.2%	6.5%

Bett Homes Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

22 Pension arrangements (continued)

Deferred tax asset relating to pension deficit

No deferred tax assets have been provided for in the financial statements, as the directors of the Company feel that there is not sufficient certainty that there will be sufficient taxable profits arising in the foreseeable future against which to recover the asset.

23 Related party transactions

The Company is a wholly owned subsidiary of Gladedale Holdings Limited. Avant Homes Holdings Limited (formerly Gladedale Limited), the ultimate parent undertaking, has prepared consolidated financial statements for the year ended 31 December 2012 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 joint ventures

The Company funds its joint venture operations through shareholder loans. The Company has also provided management services for its joint ventures under the BEST banner. Direct and sub-contract labour has also been provided by the Company and recharged to the relevant joint venture. At 31 December 2012, £4,523,071 (2011: £4,523,071) was owed to the Company from BEST Braehead Development Company Limited and £105,787 (2011: £105,787) from BEST Dunfermline Company Limited. These balances have been 100% provided against as Best Braehead Development Company Limited is in administration and Best Dunfermline Company Limited is in liquidation.

At 31 December 2012, £nil (2011: £nil) was owed to the Company from Strada Developments Limited. Receipts of £nil (2011: £750,000) were received from the company during the year comprising loan repayments of £nil (2011: £nil) and dividends of £nil (2011: £750,000).

24 Ultimate parent undertaking

The Company is a wholly owned subsidiary of Gladedale Holdings Limited.

The Company's shares have been pledged to HSDL Nominees Limited, a nominee of Bank of Scotland plc, as security for the Group's long term funding arrangements.

At the balance sheet date the ultimate parent undertaking was Avant Homes Holdings Limited (formerly Gladedale Limited), a company registered in England and Wales. Avant Homes Holdings Limited (formerly Gladedale Limited) was the largest and Avant Homes Limited (formerly Gladedale Residential Group Limited) was the smallest group of which the Company was a member and for which consolidated financial statements are prepared. Copies of the financial statements of Avant Homes Holdings Limited (formerly Gladedale Limited) are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.