

Barratt Commercial Limited  
Annual report  
for the year ended 30 June 2006

Registered Number 168039



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for the year ended 30 June 2006  
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# **Barratt Commercial Limited**

## **Directors' report for the year ended 30 June 2006**

The directors present their report and the audited accounts for the year ended 30 June 2006

### **Principal activities**

The company's principal activities are the development of and trading in commercial properties. The company is also a holding company and the principal activities of its subsidiary companies are building and development.

### **Review of business and future outlook**

The directors are pleased with the progress of the business during the year and consider the state of affairs of the company at the year end to be satisfactory. The results for the company show a pre-tax profit of £2,036,000 (2005 £3,803,000) for the year and sales of £1,296,000 (2005 £6,364,000). The directors expect that the present level of activity will be sustained for the foreseeable future.

### **Results and dividends**

A final dividend of 1.40p (2005 2.14p) per 25p ordinary share totalling £327,000 (2005 £502,000) was proposed at the year end and approved and paid on 29 November 2006. An interim dividend of 0.58p (2005 0.60p) per 25p ordinary share totalling £136,000 (2005 £140,000) was also paid in the year.

### **Principal risks and uncertainties**

The directors of Barratt Developments PLC manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of Barratt Commercial Limited's business. The principal risks and uncertainties of the Barratt Developments PLC group, which include those of the company, are discussed on page 19 of the group's annual report which does not form part of this report.

### **Key performance indicators**

The directors of Barratt Developments 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 Barratt Commercial Limited's business. The key performance indicators of the Barratt Developments PLC group, which include those of the company, are discussed on page 19 of the group's annual report which does not form part of this report.

### **Directors**

The directors of the company at 30 June 2006, all of whom have been directors for the whole of the year ended on that date, were:

M A Pain	(Chairman) (appointed 1 March 2006)
D A Pretty	(Chairman) (resigned 31 December 2006)
C A Dearlove	(resigned 30 June 2006)
D R Broadhead	
L Dent	
M S Clare	(appointed 2 October 2006)

# **Barratt Commercial Limited**

## **Directors' responsibilities**

The directors are required by UK company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 7. The directors confirm that reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 30 June 2006. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, 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**

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as 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.

## **Independent auditors**

A resolution concerning the reappointment of PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting.

By order of the board



D R Broadhead  
Director

21 December 2007

# **Barratt Commercial Limited**

## **Independent auditors' report to the members of Barratt Commercial Limited**

We have audited the financial statements of Barratt Commercial Limited for the year ended 30 June 2006 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

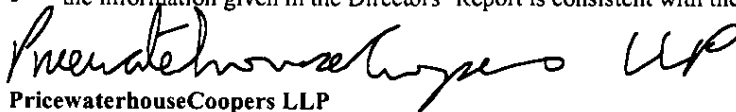
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Barratt Commercial Limited**

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

21 December 2007

## **Barratt Commercial Limited**

### **Profit and loss account for the year ended 30 June 2006**

	Note	2006 £'000	2005 £'000
<b>Turnover</b>	1	<b>1,296</b>	6,364
<b>Profit on ordinary activities before taxation</b>	1	<b>2,036</b>	3,803
Taxation	5	(593)	(1,029)
<b>Profit on ordinary activities after taxation</b>		<b>1,443</b>	2,774
Dividends	6	(638)	(390)
<b>Profit for the financial year</b>	14	<b>805</b>	2,384

All activities of the company are continuing

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented

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

# Barratt Commercial Limited

## Balance sheet as at 30 June 2006

	Note	2006 £'000	2005 As restated £'000
<b>Fixed assets</b>			
Investments	7	56	56
		<b>56</b>	<b>56</b>
<b>Current assets</b>			
Stocks	8	3,419	2,155
Debtors amounts falling due after more than one year	9	67,827	69,175
Debtors amounts falling due within one year	9	5,211	5,205
Cash at bank and in hand		282	95
		<b>76,739</b>	<b>76,630</b>
<b>Creditors: amounts falling due within one year</b>	10	<b>(8,804)</b>	<b>(9,500)</b>
<b>Net current assets</b>		<b>67,935</b>	<b>67,130</b>
<b>Total assets less current liabilities</b>		<b>67,991</b>	<b>67,186</b>
<b>Creditors: amounts falling due after more than one year</b>	11	<b>(27,532)</b>	<b>(27,532)</b>
<b>Net assets</b>		<b>40,459</b>	<b>39,654</b>
<b>Capital and reserves</b>			
Called up share capital	13	5,860	5,860
Profit and loss account	14	34,599	33,794
<b>Equity shareholders' funds</b>	15	<b>40,459</b>	<b>39,654</b>

The accounts on pages 5 to 16 were approved by the board of directors on 21 December 2007 and signed on its behalf by



D R Broadhead  
Director



# **Barratt Commercial Limited**

## **Accounting policies**

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

### **Basis of accounting**

The company prepares its accounts under the historical cost convention.

### **Change in accounting policy**

The company had adopted FRS 21 'Events after the balance sheet date' in these financial statements.

The effect of the change in accounting policy is to recognise the final proposed dividend for the year ended 30 June 2005 of £502,000 in the current year. The final proposed dividend for the current year of £327,000 will be recognised in the financial statements for year ending 30 June 2007.

### **Intermediate parent company**

The accounts contain information about Barratt Commercial Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated accounts as it and its subsidiaries are included by full consolidation in the consolidated accounts of its ultimate parent, Barratt Developments PLC, a company registered in England and Wales.

### **Cash flow**

The company is a wholly owned subsidiary of Barratt Developments PLC and the cash flows of the company are included in the consolidated cash flow statement of Barratt Developments PLC. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing a cash flow statement.

### **Transactions with related parties**

The company has taken advantage of the exemption permitted by Financial Reporting Standard No 8 'Related Party Disclosures' and has not disclosed intra-group transactions with other companies in the Barratt Group.

### **Turnover**

Turnover represents gross rents receivable and total proceeds of building and development on completion, excluding value added tax.

### **Properties held for sale**

Properties held for sale, comprising properties previously held for investment, are stated at lower of cost and net realisable value.

### **Operating leases**

Operating lease rentals are charged to the profit and loss account in equal instalments over the life of the lease.

### **Fixed asset investments**

Investments in subsidiary companies are stated at cost.

### **Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes legal costs of purchase, development land tax where applicable and direct construction costs, but excludes finance charges.

## **Barratt Commercial Limited**

### **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 regarded 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 from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a non-discounted basis

### **Pension costs**

Barratt Developments PLC operates a defined benefit and defined contribution scheme which covers employees of the Company. Contributions made to the defined benefit scheme are based on the cost of providing pensions across all participating group companies. Costs are not determined for each individual company. Contributions payable by the Company are charged to the profit and loss account in the period in which they fall due. Contributions payable under the defined contribution scheme are charged to the profit and loss account as they arise.

# **Barratt Commercial Limited**

## **Notes to the financial statements for the year ended 30 June 2006**

### **1 Profit on ordinary activities before taxation**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	<b>1,296</b>	<b>6,364</b>
Cost of sales	(786)	(3,971)
<b>Gross profit</b>	<b>510</b>	<b>2,393</b>
Administrative expenses	(281)	(272)
<b>Operating profit</b>	<b>229</b>	<b>2,121</b>
Net interest receivable and similar income (note 4)	1,807	1,682
<b>Profit on ordinary activities before taxation</b>	<b>2,036</b>	<b>3,803</b>

In the opinion of the directors the company has only one class of business, all of which is carried out in the United Kingdom

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration		
- Audit services	2	2
Operating lease charges - other	7	7

There were no non-audit services provided to the company during the year (2005 £Nil)

### **2 Directors' emoluments**

The remuneration paid to the directors of Barratt Commercial Limited was

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
<b>Emoluments (including benefits in kind)</b>	<b>197</b>	<b>192</b>

Retirement benefits are accruing to one director under a defined benefit scheme D A Pretty, C A Dearlove, M A Pain and L Dent received no remuneration from the company

## Barratt Commercial Limited

### 3 Employee information

The average monthly number of persons (including executive directors) employed during the year was

	2006 Number	2005 Number
Administration	6	6

	2006 £'000	2005 £'000
<b>Staff costs (for the above persons):</b>		
Wages and salaries	202	187
Social security costs	23	21
Other pension costs (see note 16)	26	22
	<b>251</b>	<b>230</b>

### 4 Net interest receivable and similar income

	2006 £'000	2005 £'000
Group interest receivable	1,811	1,693
Other interest receivable	-	2
Interest payable on bank overdrafts	(4)	(13)
	<b>1,807</b>	<b>1,682</b>

# Barratt Commercial Limited

## 5 Taxation

### (a) Analysis of charge in the year

	2006 £'000	2005 £'000
<b>Current tax</b>		
UK corporation tax at 30% (2005 30%)	611	1,159
Adjustment in respect of prior years	(17)	(134)
<b>Total current tax</b>	<b>594</b>	<b>1,025</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1)	4
	<b>593</b>	<b>1,029</b>

### (b) Factors affecting the tax charge for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below

	2006 £'000	2005 £'000
<b>Profit on ordinary activities before tax</b>	<b>2,036</b>	<b>3,803</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	611	1,141
<i>Effects of</i>		
Expenses not deductible for tax purposes	1	18
Other timing differences	(1)	-
Adjustments to tax charge in respect of previous years	(17)	(134)
<b>Current tax charge for the year</b>	<b>594</b>	<b>1,025</b>

### (c) Factors that may affect future tax charge

There are no factors that are expected to affect future tax charges materially

# Barratt Commercial Limited

## 6 Dividends

	2006	2005 As restated
	£'000	£'000
Ordinary		
Final paid 2 14p (2005 1 07p) per 25p share	502	250
Interim paid 0 58p (2005 0 60p) per 25p share	136	140
	638	390

## 7 Fixed asset investments

	£'000
Shareholdings in subsidiary companies at cost	
At 30 June 2005 and 30 June 2006	56

Details of subsidiary companies at 30 June 2006, all of which are registered in England and Wales, are given below

Name of subsidiary company	Description of shares	Proportion of nominal value of shares held %
Barratt Southern Properties Limited	Ordinary £1 shares	100
Barratt Properties Limited	Ordinary £1 shares	100
Barratt East Anglia Limited	Ordinary £1 shares	100

The principal activity of Barratt Southern Properties Limited is building and development. Barratt Properties Limited and Barratt East Anglia Limited are dormant companies.

In the directors' opinion, the value of the company's investments in its subsidiary companies is not less than the amount at which it is stated in the balance sheet.

## Barratt Commercial Limited

### 8 Stocks

	2006	2005
	£'000	£'000
Work in progress	1,669	405
Properties held for resale	1,750	1,750
	3,419	2,155

### 9 Debtors

	2006	2005
	£'000	£'000
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	67,827	69,175
	67,827	69,175
<b>Amounts falling due within one year</b>		
Trade debtors	284	288
Amounts owed by group undertakings	4,907	4,862
Deferred tax asset (see note 12)	5	4
Prepayments and accrued income	15	51
	5,211	5,205
	73,038	74,380

## Barratt Commercial Limited

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

	2006	2005
	£'000	£'000
Trade creditors	259	336
Amounts due to group undertakings	5,810	5,328
Corporation tax payable	615	1,166
Other creditors	105	591
Accruals and deferred income	2,015	2,079
	<b>8,804</b>	<b>9,500</b>

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

	2006	2005
	£'000	£'000
Amounts due to group undertakings	<b>27,532</b>	<b>27,532</b>

### 12 Deferred tax

	£'000
At 1 July 2005	(4)
Charged to profit and loss account	(1)
<b>At 30 June 2006</b>	<b>(5)</b>

	2006	2005
	£'000	£'000
Accelerated capital allowances	3	3
Short term timing differences	1	1
Capital gains/revaluations	1	-
	<b>5</b>	<b>4</b>



## Barratt Commercial Limited

### 13 Called-up share capital

	2006 £'000	2005 £'000
<b>Authorised, allotted, issued and fully paid</b>		
23,439,328 (2005 23,439,328) ordinary shares of £0.25 each	5,860	5,860

### 14 Profit and loss account

	£'000
Balance at 30 June 2005 as previously reported	33,292
Prior year adjustment	502
Balance at 30 June 2005 as restated	33,794
Retained profit for the financial year	805
<b>Balance at 30 June 2006</b>	<b>34,599</b>

### 15 Reconciliation of movements in equity shareholders' funds

	2006 £'000	2005 £'000
Opening equity shareholders' funds as previously reported	39,152	37,020
Prior year adjustment	502	250
Opening equity shareholders' funds as restated	39,654	37,270
Profit on ordinary activities after taxation	1,443	2,774
Dividends paid	(638)	(390)
<b>Closing equity shareholders' funds</b>	<b>40,459</b>	<b>39,654</b>

## **Barratt Commercial Limited**

### **16 Pension and similar obligations**

The company participates in the Barratt Developments PLC Pension and Life Assurance Scheme which is both a defined benefit and defined contribution scheme. It is not possible to identify the share of the underlying assets and liabilities in the scheme relating to individual participating employees. Consequently in accordance with FRS17, the company will account for its liability to the fund as if it were a defined contribution scheme and the charge to the profit and loss account in future years will represent the actual contribution paid by the company.

Details of the scheme are included in the disclosure in the financial statements of the parent company, Barratt Developments PLC. The latest actuarial valuation of the scheme shows a deficit before deferred taxation of £87.9m. The valuation of deficit at a group level on an FRS 17 basis is not performed and, therefore, the deficit calculated in accordance with IAS 19 has been disclosed.

The pension cost charge for the year represents contributions payable and amounts to £26,174 (2005: £21,716).

### **17 Financial commitments**

At 30 June 2006, the company had annual commitments under non-cancellable operating leases for the hire of plant and machinery as follows:

	2006 £'000	2005 £'000
Expiring between two and five years	5	7

### **18 Ultimate parent company and controlling party**

The directors regard Barratt Developments PLC, a company registered in England and Wales, as the ultimate parent company and controlling party. Copies of the ultimate parent company's accounts may be obtained from Barratt Developments PLC, Rotterdam House, 116 Quayside, Newcastle upon Tyne, NE1 3DA.