

Registered number: 168039

BARRATT COMMERCIAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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BARRATT COMMERCIAL LIMITED

COMPANY INFORMATION

DIRECTORS

D F Thomas
M S Clare
S D J Pedrick-Moyle (resigned 30 June 2014)
D C Wilford (appointed 15 September 2014)

COMPANY SECRETARY

Barratt Corporate Secretarial Services Limited

REGISTERED NUMBER

168039

REGISTERED OFFICE

Barratt House, Cartwright Way, Forest Business Park
Bardon Hill
Coalville
Leicestershire
LE67 1UF

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
UK

BARRATT COMMERCIAL LIMITED

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BARRATT COMMERCIAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

The Directors present their report and the financial statements for the year ended 30 June 2014.

The Directors' report has been prepared in accordance with the special provisions applicable to companies applying the small company exemption.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,057,000 (2013 - £1,792,000).

The Directors do not recommend the payment of a final dividend in respect of the year ended 30 June 2014. An interim dividend in respect of the year ending 30 June 2014 of 64 pence per share, totalling £15,001,170 (2013 - £NIL), was paid on 18 June 2014. A final dividend in respect of the year ended 30 June 2012 of £1.00 per share totalling £23,439,328 (2012: £NIL) was paid on 14 December 2012.

REVIEW OF THE BUSINESS AND FUTURE OUTLOOK

The Company has continued to trade in the year and the Directors consider the state of affairs of the Company at the year end to be satisfactory. Turnover in the years ended 30 June 2014 and 30 June 2013 comprised rental income on Salveson Tower in Aberdeen and a property in Salford, and, in the previous year only, the Company's share of the proceeds from the sale of property from the development at Matrix Park, Chorley.

Going forward, new investment opportunities are not currently being considered, and only pre-let or presold developments will be undertaken on the remaining land at Matrix Park.

GOING CONCERN

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

At 30 June 2014 the Company had net assets of £8.9m with cash of £0.5m. The Company's assets principally include receivables from other Group companies (Barratt Developments PLC and its subsidiary undertakings, the 'Group'), and the financial position of the Company is therefore dependent upon the performance of the Group.

The financial performance of the Group is dependent upon the wider economic environment in which the Group operates. Factors that particularly affect the performance of the Group include changes in the macroeconomic environment including buyer confidence, availability of mortgage finance for the Group's customers and interest rates.

The Group has total committed facilities and private placement notes of £848.4m. The maturity of these facilities ranges from June 2016 to July 2021, with £150m of the revolving credit facility maturing in June 2016 and £550m of the revolving credit facility maturing in May 2018. The committed facilities and private placement notes provide appropriate headroom above our current forecast debt requirements.

In addition to these committed borrowing facilities the Group has secured £32.4m of financing from the Government's 'Get Britain Building' and 'Growing Places Fund' schemes. These funds are repayable between 31 December 2014 and 31 March 2018.

Accordingly, after making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is an expectation that the Group, and therefore the Company, has adequate resources to continue in operational existence for the foreseeable future being at least twelve months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

BARRATT COMMERCIAL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

DIRECTORS

The Directors who served during the year were:

D F Thomas
M S Clare
S D J Pedrick-Moyle (resigned 30 June 2014)

DIRECTORS INDEMNITIES

Following shareholder approval in January 2006, Barratt Developments PLC has provided an indemnity to the Directors and Company Secretary of all Group companies, including Barratt Commercial Limited, against all liability arising in respect of any act or omission in their duties. This is a qualifying indemnity provision for the purposes of Section 234 of the Companies Act 2006.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

AUDITOR

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the board on 20 October 2014 and signed on its behalf.



D F Thomas
Director

BARRATT COMMERCIAL LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

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 the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

BARRATT COMMERCIAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARRATT COMMERCIAL LIMITED

We have audited the financial statements of Barratt Commercial Limited for the year ended 30 June 2014 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 18. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 30 June 2014 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.

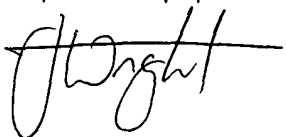
BARRATT COMMERCIAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARRATT COMMERCIAL LIMITED

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.
- the Directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report, or in preparing the Directors report.



James Wright FCA (Senior statutory auditor)

for and on behalf of
Deloitte LLP

Chartered Accountants and Statutory Auditor

London
UK

20 October 2014

BARRATT COMMERCIAL LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 £000	2013 £000
TURNOVER	1,2	612	964
Cost of sales		<u>(348)</u>	<u>(600)</u>
GROSS PROFIT		264	364
Administrative expenses		<u>(15)</u>	<u>(30)</u>
OPERATING PROFIT	3	249	334
EXCEPTIONAL ITEMS			
Impairment of investments in subsidiary undertakings	5	<u>(86)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		163	334
Income from other fixed asset investments		2,690	-
Interest receivable and similar income	4	<u>305</u>	<u>2,024</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,158	2,358
Tax on profit on ordinary activities	6	<u>(101)</u>	<u>(566)</u>
PROFIT FOR THE FINANCIAL YEAR	14	<u>3,057</u>	<u>1,792</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

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

The notes on pages 8 to 15 form part of these financial statements.

BARRATT COMMERCIAL LIMITED
REGISTERED NUMBER: 168039

BALANCE SHEET
AS AT 30 JUNE 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Investments	8		-		56
CURRENT ASSETS					
Stocks	9	92		89	
Debtors	10	10,431		25,084	
Cash in hand		455		865	
		<u>10,978</u>		<u>26,038</u>	
CREDITORS: amounts falling due within one year	11	<u>(1,355)</u>		<u>(4,527)</u>	
NET CURRENT ASSETS			<u>9,623</u>		<u>21,511</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,623</u>		<u>21,567</u>
PROVISIONS FOR LIABILITIES					
Other provisions	12		<u>(687)</u>		<u>(687)</u>
NET ASSETS			<u>8,936</u>		<u>20,880</u>
CAPITAL AND RESERVES					
Called up share capital	13		5,860		5,860
Profit and loss account	14		3,076		15,020
SHAREHOLDERS' FUNDS	15		<u>8,936</u>		<u>20,880</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 October 2014.



D F Thomas
Director

The notes on pages 8 to 15 form part of these financial statements.

BARRATT COMMERCIAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1. ACCOUNTING POLICIES**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Going concern

The Directors have formed a judgement, at the time of approving the financial statements, that there is an expectation that the Group, and therefore the Company, has adequate resources to continue in existence for the foreseeable future being at least twelve months from the date of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements as set out in the going concern section of the Directors' Report.

1.3 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

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

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 Properties held for sale

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

1.7 Operating leases

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

1.8 Stocks

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. Where necessary, provision is made for obsolete, slow moving and defective stocks.

1.9 Current Taxation

UK Corporation tax is provided on taxable profits at the current rate.

BARRATT COMMERCIAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1. ACCOUNTING POLICIES (continued)

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

2. TURNOVER

The principal activities of the Company are the development of, and trading in, commercial properties, all of which is carried out in the United Kingdom. Turnover comprised rental income of £612,000 (2013: £639,000), and the Company's share of the proceeds from the sales of land and completed commercial properties of £nil (2013: £325,000).

All turnover arose within the United Kingdom.

BARRATT COMMERCIAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

3. OPERATING PROFIT

The operating profit is stated after charging:

	2014 £000	2013 £000
Operating lease rentals - other including land and buildings	259	272

Administration expenses include costs recharged by other Group companies.

Fees payable to the Company's auditor

Fees payable to the Company's auditor, Deloitte LLP, for the audit of the Company's annual accounts were borne by another Group company and amounted to £6,000 in the current year (2013 - £6,000). Fees paid to the Company's auditor for tax compliance were borne by another Group company and amounted to £1,500 in the current year (2013 - £1,500).

Directors' emoluments

None of the Directors received any remuneration from the Company during the year (2013 - £NIL). Mr M S Clare and Mr D F Thomas are also Directors of Barratt Developments PLC and their emoluments of £3,198,000 (2013 - £3,116,000) are included within the accounts of that company. Mr S D J Pedrick-Moyle was also an employee of Wilson Bowden Developments Limited. It is not practicable to allocate their emoluments between their services as Directors of Barratt Commercial Limited, and their services in respect of other Group companies.

Retirement benefits are accruing to no Directors (2013 - none) under a defined benefit scheme.

The Company had no employees in the year to 30 June 2014 (2013 - none). Group employees involved in the administration of the Company have contracts of service with BDW Trading Limited and their costs have been borne by other Group companies.

4. INTEREST RECEIVABLE

	2014 £000	2013 £000
Interest receivable from group companies	305	2,024

5. EXCEPTIONAL ITEMS

	2014 £000	2013 £000
Impairment of investments in subsidiary undertakings	86	-

Following a review of the net asset value of the Company's subsidiary undertakings, and receipt of interim dividends of £1,124,000 from Barratt Southern Properties Limited and £1,565,524 from Barratt Properties Limited, the Company reduced the value of its investment in its subsidiary undertakings resulting in a charge of £86,000.

BARRATT COMMERCIAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

6. TAXATION

	2014 £000	2013 £000
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	107	566
Adjustments in respect of prior periods	(6)	-
Tax on profit on ordinary activities	101	566

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - *higher than*) the standard rate of corporation tax in the UK of 22.5% (2013 - 23.75%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	3,158	2,358
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.5% (2013 - 23.75%)	711	560
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1	6
Adjustments to tax charge in respect of prior periods	(6)	-
Dividends from UK companies	(605)	-
Current tax charge for the year (see note above)	101	566

Factors that may affect future tax charges

A number of changes to the UK corporation tax system were enacted in the Finance Act 2013 on 17 July 2013, including a reduction in the main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and from 21% to 20% from 1 April 2015. The reductions from 23% were substantively enacted during the period and have therefore been reflected in the accounts for this year. Accordingly, the current year tax charge has been provided for at an effective rate of 22.50% (2013 - 23.75%).

There is no unrecognised deferred tax asset or liability in either year.

BARRATT COMMERCIAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

7. DIVIDENDS

	2014 £000	2013 £000
Ordinary		
2012 final dividend, paid during the year ended 30 June 2013, at £1 per share	-	23,439
2014 interim dividend paid at 64 pence per share	15,001	-
	<u>15,001</u>	<u>23,439</u>

8. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2013	56
Additions	30
At 30 June 2014	<u>86</u>
Impairment	
At 1 July 2013	-
Charge for the year	86
At 30 June 2014	<u>86</u>
Net book value	
At 30 June 2014	-
At 30 June 2013	<u>56</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Barratt Southern Properties Limited	Ordinary	100%
Barratt Properties Limited	Ordinary	100%
Barratt East Anglia Limited	Ordinary	100%

The above subsidiaries are non-trading companies all of which are registered in England and Wales.

Following a review of the net asset value of the Company's subsidiary undertakings, and receipt of interim dividends of £1,124,000 from Barratt Southern Properties Limited and £1,565,524 from Barratt Properties Limited, the Company reduced the value of its investment in its subsidiary undertakings resulting in a charge to the profit and loss account of £86,000.

BARRATT COMMERCIAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

9. STOCKS

	2014	2013
	£000	£000
Land and work in progress	92	89

The Directors consider all stocks to be essentially current in nature although the Company's operational cycle is such that a proportion of stocks will not be realised within twelve months. It is not possible to determine with accuracy when specific stock will be realised as this will be subject to a number of issues such as consumer demand and planning permission delays.

During the years ended 30 June 2014 and 30 June 2013, and since the balance sheet date the Company conducted reviews of the net realisable value of its land and work in progress portfolio and property held for sale. These reviews compared the estimated future net present realisable value of each of the Company's development sites and property with its balance sheet carrying-value and where the estimated future net present realisable value of an individual site was less or more than its carrying-value within the balance sheet, the Company impaired/reversed previous impairments to the land and work in progress value of the site.

These review resulted in an impairment of £NIL (2013 - £NIL) being charged.

The key judgement in estimating the net realisable value of the work in progress was the estimation of likely sales prices and estimated costs to complete.

Although the net realisable value assessment of land and work in progress was based upon the current prices being achieved by the Company, if the UK property market were to deteriorate or improve beyond management expectations in the future then further adjustments to the carrying-value of land and work in progress may be required. Following impairments made in previous periods £NIL (2013 - £NIL) of stocks are valued at net realisable value rather than at historical cost.

10. DEBTORS

	2014	2013
	£000	£000
Trade debtors	158	96
Amounts owed by group undertakings	10,150	24,882
Other debtors	40	14
Prepayments and accrued income	83	92
	10,431	25,084

Amounts owed by Group undertakings are unsecured and have no fixed repayment date. Current accounts are interest-free and market rate of interest is credited on funding loan balances

BARRATT COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

11. CREDITORS: Amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	4	5
Amounts owed to group undertakings	1,010	3,706
Corporation tax	107	566
Other taxation and social security	26	19
Other creditors	12	50
Accruals and deferred income	196	181
	<u>1,355</u>	<u>4,527</u>

Amounts due to Group undertakings are unsecured, interest free and have no fixed repayment date.

12. PROVISIONS

	Provisions 1 £000
At 1 July 2013 and 30 June 2014	<u>687</u>

The provision relates to property costs for which the associated cash flows are expected to be incurred during the remaining term of the commitments.

13. SHARE CAPITAL

	2014 £000	2013 £000
Allotted, called up and fully paid		
23,439,328 Ordinary shares of £0.25 each	<u>5,860</u>	<u>5,860</u>

14. RESERVES

	Profit and loss account £000
At 1 July 2013	15,020
Profit for the financial year	3,057
Dividends: Equity capital	(15,001)
	<u>3,076</u>
At 30 June 2014	<u>3,076</u>

BARRATT COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014	2013
	£000	£000
Opening shareholders' funds	20,880	42,527
Profit for the financial year	3,057	1,792
Dividends (Note 7)	(15,001)	(23,439)
Closing shareholders' funds	8,936	20,880

16. OPERATING LEASE COMMITMENTS

At 30 June 2014 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£000	£000	£000	£000
Expiry date:				
Between 2 and 5 years	13	-	-	-
After more than 5 years	246	256	-	-

17. RELATED PARTY TRANSACTIONS

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 that are wholly owned by the Group.

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is Barratt Developments PLC, a company incorporated in England. Barratt Developments PLC is the undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 30 June 2014. The consolidated financial statements of Barratt Developments PLC are available from Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF.

The immediate parent company is also Barratt Developments PLC.