

Broadthorpe Limited

Annual report and financial statements  
for the year ended 31 May 2011

Registered number 716577

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# **Broadthorpe Limited**

## **Annual report and financial statements for the year ended 31 May 2011**

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# **Broadthorpe Limited**

## **Directors and advisors**

### **Directors**

E Davis MCIOB  
T Higgins OBE FCIS Hon D Tech

### **Company Secretary**

A P Lorrimer FCA

### **Registered office**

Forest Field  
Forest Road  
Loughborough  
Leicestershire  
LE11 3NS

### **Bankers**

Cater Allen  
Barclays Bank PLC  
Lloyds Group PLC

### **Solicitors**

Moss Solicitors

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands  
DE74 2UZ

# **Broadthorpe Limited**

## **Directors' report for the year ended 31 May 2011**

The directors present their annual report and the audited consolidated financial statements of the company for the year ended 31 May 2011

### **Principal activities**

The principal activity of the companies within the group is that of building, contracting and trading in land. The company is a non trading holding company.

### **Business review**

The group had a difficult year, due to the decline in the building and contracting industry.

### **Results and dividends**

The group's profit for the financial year is £2,411,000 (2010: £413,000). An interim and final dividend of 56.25p (2010: 56.25p) per ordinary share of £1 has been declared and paid within the financial year. The aggregate dividends recognised as an expense during the financial year amounted to £1,617,500 (2010: £1,667,616).

The results for the year are set out on page 8.

### **Future developments**

The directors expect the current level of trading to be maintained in the short term. The direction of the housing market is difficult to forecast at the present time due to the availability of mortgage finance to customers. The directors are confident that the group's land interests and level of reserves will provide the basis for a return to increased profitability as the market improves.

### **Principal risks and uncertainties**

The management of the business and the execution of the group's strategy are subject to a number of risks, managed by the board through monitoring of the market and utilisation of the group's long term land stocks.

The key business risks affecting the group are considered to relate to competition from both national and independent house builders and contractors, the availability of land at an economic price and government regulations.

In the housing market the availability of funds to potential customers may affect turnover.

# **Broadthorpe Limited**

## **Directors' report for the year ended 31 May 2011 (continued)**

### **Financial risk management**

The group's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The group has been maintaining cash balances for liquidity and has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

#### *Price risk*

The group is exposed to commodity price risk as a result of its operations. However, given the size of the group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The group has no exposure to equity securities price risk as it holds no listed or other equity investments.

#### *Credit risk*

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

#### *Interest rate cash flow risk*

The group has interest bearing assets. Interest bearing assets include only cash balances, all of which earn interest at fixed rate and which are placed with banks with a strong credit rating. The group has a policy of maintaining debt, when utilised, at fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

### **Key Performance Indicators ("KPIs")**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using further KPIs is not necessary for an understanding of the development, performance or position of the business.

### **Directors**

The following were directors of the company during the year and up to the date of signing the financial statements:

E Davis  
T Higgins

### **Employee involvement**

Regular meetings are held with employees' representatives to discuss group companies' financial positions, market conditions, employment requirements and the day to day operating situation.

Information on matters of concern to employees is given through information bulletins, reports and newsletters.

# **Broadthorpe Limited**

## **Directors' report for the year ended 31 May 2011 (continued)**

### **Employee involvement (continued)**

The group is an equal opportunity employer and the aim of its policy is to ensure that no job applicant or employee receives less favourable treatment on the grounds of sex, marital status, physical disability, race, colour, nationality, or ethnic or national origins, or is disadvantaged by conditions or requirements which cannot be shown to be justifiable. Selection criteria and procedures will be frequently reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees will be given equal opportunity and, where appropriate, special training, to progress within the organisation. The group is committed to a programme of action to make this policy fully effective.

### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered taking into account the aptitudes and abilities of the applicant concerned. Where employees become disabled, the group endeavours to continue to employ such people provided there are duties which they can perform bearing in mind the handicap or disability. It is the policy of the group that training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

### **Donations**

£32,021 (2010 £28,654) was given for charitable purposes. £3,000 was donated to the Conservative party during the prior year.

### **Directors' responsibilities statement**

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 group and parent company 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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.

# **Broadthorpe Limited**

## **Directors' report for the year ended 31 May 2011 (continued)**

### **Directors' responsibilities statement (continued)**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 under section 418 the following applies:

- (a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Qualifying third party indemnity provision**

The company has provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

### **Independent auditors**

A resolution to confirm and reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By Order of the board



A P Lorrimer FCA  
**Company secretary**  
Date 1 November 2011

## **Independent auditors' report to the members of Broadthorpe Limited**

We have audited the group and parent company financial statements of Broadthorpe Limited for the year ended 31 May 2011 which comprise the Consolidated Profit and Loss account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement 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 Directors' Responsibilities Statement on pages 4 and 5 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 group's and parent 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 Directors' Report 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 group's and the parent company's affairs as at 31 May 2011 and of the group's profit and cash flows 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.



## **Independent auditors' report to the members of Broadthorpe Limited (continued)**

### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



David Teager (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands

9 November 2011

## Broadthorpe Limited

### Consolidated profit and loss account for the year ended 31 May 2011

		2011	2010
	Note	£'000	£'000
<b>Turnover</b>	2	<b>80,669</b>	66,718
Operating profit before exceptional item		<b>1,031</b>	270
Exceptional pension scheme curtailment gain	15	<b>1,772</b>	-
<b>Operating profit</b>	2	<b>2,803</b>	270
Share of joint ventures' operating loss		<b>(17)</b>	(6)
<b>Total operating profit: group and share of joint ventures</b>		<b>2,786</b>	264
Interest receivable and similar income	4	<b>543</b>	602
Other finance income/(costs)	15	<b>63</b>	(72)
<b>Profit on ordinary activities before taxation</b>		<b>3,392</b>	794
Tax on profit on ordinary activities	5	<b>(981)</b>	(381)
<b>Profit for the financial year</b>	17	<b>2,411</b>	413

All results are derived from continuing operations

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

## **Broadthorpe Limited**

### **Consolidated statement of total recognised gains and losses for the year ended 31 May 2011**

		<b>2011</b>	<b>2010</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
Profit for the financial year		<b>2,411</b>	<b>413</b>
Actuarial loss on pension scheme	<b>15</b>	<b>(2,264)</b>	<b>(531)</b>
Movement on deferred tax relating to pension loss		<b>589</b>	<b>149</b>
Total recognised gains and losses relating to the year		<b>736</b>	<b>31</b>

# Broadthorpe Limited

## Consolidated and company balance sheets as at 31 May 2011

	Note	Group 2011 £'000	2010 £'000	Company 2011 £'000	2010 £'000
<b>Fixed assets</b>					
Intangible assets	7	-	-	-	-
Tangible assets	8	5,902	5,514	-	-
Investment in subsidiary undertaking	9	-	-	3,413	3,413
Interests in joint ventures	9	-	-	-	-
Share of gross assets		1,669	1,687	-	-
Share of gross liabilities		(533)	(534)	-	-
		7,038	6,667	3,413	3,413
<b>Current assets</b>					
Stocks	10	72,727	69,376	-	-
Debtors	11	9,351	8,030	-	-
Cash at bank and in hand		28,905	36,885	48	46
		110,983	114,291	48	46
<b>Creditors: amounts falling due within one year</b>	12	(22,832)	(20,882)	-	-
<b>Net current assets</b>		88,151	93,409	48	46
<b>Total assets less current liabilities</b>		95,189	100,076	3,461	3,459
<b>Creditors: amounts falling due after more than one year</b>	13	-	(4,114)	-	-
<b>Provisions for liabilities</b>	14	(1,004)	(940)	-	-
<b>Net assets excluding pension asset</b>		94,185	95,022	3,461	3,459
Pension asset	15	-	45	-	-
<b>Net assets including pension asset</b>		94,185	95,067	3,461	3,459
<b>Capital and reserves</b>					
Called up share capital	16	14	14	14	14
Share premium account	17	3,262	3,262	3,262	3,262
Other reserves	17	1,131	1,131	-	-
Other non-distributable reserves	17	8,060	8,060	182	182
Profit and loss account	17	81,718	82,600	3	1
<b>Total shareholders' funds</b>	18	94,185	95,067	3,461	3,459

These financial statements on pages 8 to 31 were approved by the board on 1 November 2011

Signed on behalf of the board of directors

  
T Higgins  
Director

Broadthorpe Limited

Registered number 716577

# Broadthorpe Limited

## Consolidated cash flow statement for the year ended 31 May 2011

		2011	2010
	Note	£'000	£'000
<b>Cash (outflow)/inflow from operating activities</b>	19	<b>(5,467)</b>	9,068
<b>Returns on investments and servicing of finance</b>			
Interest received		543	602
Interest paid		-	-
Net cash inflow from returns on investments and servicing of finance		543	602
<b>Taxation</b>			
UK corporation tax (paid)/refunded		(324)	2,724
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(1,170)	(345)
Receipts from sale of fixed assets		129	87
Loans advanced by/(repaid) to related companies		3	(4)
Loans (repaid to)/advanced by joint venture		(76)	30
Net cash outflow from capital expenditure and financial investment		(1,114)	(232)
<b>Equity dividends paid</b>	6	<b>(1,618)</b>	(1,668)
<b>Management of liquid resources</b>			
Decrease/(increase) in cash on deposit		10,100	(10,300)
<b>Increase in cash</b>	20	<b>2,120</b>	194

# **Broadthorpe Limited**

## **Notes to the financial statements for the year ended 31 May 2011**

### **1 Accounting policies**

These financial statements are prepared under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) and applicable accounting standards in the United Kingdom. They are prepared on the going concern basis and under the historical cost convention. The principal accounting policies, which have been applied consistently, are set out below.

#### **Group financial statements and basis of consolidation**

The group financial statements comprise a consolidation of the results and net assets of the company, its subsidiaries and joint ventures for the year ended 31 May 2011. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Intra-group trading and balances are eliminated on consolidation. Acquisitions are accounted for under the acquisition method. Group reorganizations are accounted for under the merger accounting method.

Joint ventures are consolidated using the gross equity method.

#### **Turnover**

Turnover represents sales of property and services supplied to third parties and to affiliated companies. Turnover is recognised on completion for property or land sales and as services are delivered under long term contracts.

No profits are credited to the profit and loss account until the outcome of contracts can reasonably be foreseen at which time estimated profits proportional to the amount of work completed at the year end date are reflected in the financial statements.

Provision is made in full for anticipated future losses on uncompleted contracts and income is deferred where obligations remain in respect of site infrastructure costs.

#### **Long term contract balances**

Long term contracts are all contracts which have an expected performance period in excess of one year.

The balance at the year end represents the accumulated costs, including appropriate overheads, of uncompleted contracts, net of amounts transferred to the profit and loss account in respect of work carried out to date, less provision for losses which are currently estimated to arise over the duration of those contracts, and less progress payments received and receivable on account of those contracts. Claims by the company for additional income are not recognised in the financial statements until their outcome has been resolved.

#### **Stock**

Stocks excluding long term contract balances, have been valued at the lower of cost and net realisable value. Provisions are made by management to ensure stock values are accurately stated.

#### **House maintenance guarantees**

Provision has been made for the estimated future cost of the company's liability for maintenance in respect of houses sold.

# **Broadthorpe Limited**

## **Notes to the financial statements for the year ended 31 May 2011 (continued)**

### **1 Accounting policies (continued)**

#### **Repairs to plant**

Plant repairs are written off in the year in which the expenditure was incurred

#### **Options to purchase land**

These are only recognised as assets where valuable realisation can be reasonably foreseen

#### **Intangible fixed assets - goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life of 5 years. Provision is made for any impairment. No amortisation is provided in the year of acquisition.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. Impairment reviews are performed by the directors when there has been an indication of potential impairment. The asset lives used are as follows:

Freehold buildings	10-50 years
Plant & machinery	3-5 years
Motor Vehicles	4 years

Freehold land is not depreciated

#### **Investments**

Investments are held at cost less amounts charged for any impairment in value. For detail regarding the Joint Venture, refer to note 9.

#### **Taxation**

UK corporation tax is provided at amounts, expected to be paid (or recovered) using the tax rates and laws that have been enacted in respect of the financial year.

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.

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 1 Accounting policies (continued)

#### Pension costs

The group operates a defined benefit pension scheme and two money purchase pension schemes

The defined benefit pension scheme fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. A resulting pension scheme deficit is fully recognised and a surplus recognised to the extent it is realisable by the group on the balance sheet net of deferred taxation and any resulting actuarial gains and losses are recognised immediately in the statement of recognised gains and losses.

Contributions to the money purchase pension schemes are charged to profit and loss account as they become payable in accordance with rules of the schemes.

### 2 Operating profit

#### Analysis of operating profit:

	2011	2010
	£'000	£'000
<b>Turnover</b>	<b>80,669</b>	<b>66,718</b>
<b>Less:</b>		
Change in work in progress	(2,814)	(9,384)
Raw materials and consumables	(17,477)	(18,162)
Other external charges	(39,607)	(20,362)
Staff costs		
Wages and salaries	(15,295)	(12,853)
Social security costs	(1,515)	(1,242)
Other pension costs (note 15)	(868)	(889)
Pension curtailment gain (note 15)	1,772	-
Depreciation (note 8)	(750)	(945)
Administrative expenses	(1,405)	(2,281)
	<b>(79,759)</b>	<b>(66,118)</b>
	<b>2,710</b>	<b>600</b>
Goodwill amortisation (note 7)	-	(465)
Rent receivable (net of outgoings)	93	135
<b>Operating profit</b>	<b>2,803</b>	<b>270</b>



# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 2 Operating profit (continued)

Operating profit is arrived at after charging/(crediting):

	2011	2010
	£'000	£'000
Auditors' remuneration		
- for the audit of the parent company and consolidated financial statements	5	5
- for the audit of the company's subsidiaries pursuant to legislation	41	34
- for taxation services	64	51
- in respect of the group pension scheme audit	3	3
Hire of plant and machinery	1,529	871
Net profit on sale of fixed assets	(97)	(81)

Turnover and results all arise in the United Kingdom from the principal activities of the group. The directors believe that it would be seriously prejudicial to the interests of the group to separately disclose a split of turnover.

### 3 Information regarding directors and employees

	2011	2010
	£'000	£'000
Directors' aggregate emoluments	218	257
Highest paid director's emoluments	154	186

	Number	Number
Number of directors who are members of defined benefit pension scheme	-	-
The amount of the accrued pension of the highest paid director at 31 May 2011 is £nil (2010: £nil)		
Average number of persons employed		
Administration	105	102
Production	355	294
	460	396

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 4 Interest receivable and similar income

	2011	2010
	£'000	£'000
Bank interest	543	602

### 5 Tax charge on profit on ordinary activities

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

	2011	2010
	£'000	£'000
<b>Current taxation</b>		
UK corporation tax on profit for the year	299	85
Share of joint venture taxation	-	(1)
Adjustment in respect of prior year	(5)	(10)
Total current taxation (note 5b)	294	74
<b>Deferred taxation</b>		
Timing differences, origination and reversal	69	147
Change in rate from 28% to 26%	44	-
Adjustment in respect of prior year	3	16
Pension cost relief in excess of pension credit/charge	571	144
Total deferred taxation (note 11)	687	307
<b>Tax on profit on ordinary activities</b>	<b>981</b>	<b>381</b>

The Finance Act enacted in March 2011 included the reduction of the large company tax rate from 28% to 26% with effect from 1 April 2011, with further reductions proposed to reduce it to 23% by April 2014. The deferred tax asset recognised at the enacted rate at 31 May 2011 of £557,000 would be reduced by £64,000 at a rate of 23%.

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 5 Tax on profit on ordinary activities (continued)

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

The standard rate of tax for the year was based on the UK effective rate of corporation tax of 27.7% (2010: 28%). The tax assessed for the current year is lower (2010: lower) than the standard rate for the reasons set out in the following reconciliation

	2011	2010
	£'000	£'000
<b>Profit on ordinary activities before taxation</b>	<b>3,392</b>	<b>794</b>
Tax on profit on ordinary activities at the standard rate of 27.7% (2010: 28%)	<b>940</b>	<b>222</b>
<b>Effects of:</b>		
Disallowable expenses	<b>42</b>	<b>150</b>
Capital allowances (in excess of)/less than depreciation	<b>(73)</b>	<b>12</b>
Other timing differences	<b>-</b>	<b>(156)</b>
Adjustment in respect of prior years	<b>(5)</b>	<b>(10)</b>
Pension contribution relief in excess of net pension credit/charge	<b>(610)</b>	<b>(144)</b>
<b>Current year tax charge (note 5a)</b>	<b>294</b>	<b>74</b>

### 6 Dividends

	2011	2010
	£'000	£'000
Final paid £56.25 per ordinary share (2010: £59.75 per ordinary share)	<b>809</b>	<b>859</b>
Interim paid £56.25 per ordinary share (2010: £56.25)	<b>809</b>	<b>809</b>
	<b>1,618</b>	<b>1,668</b>

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 7 Intangible assets

#### The group

	2011	2010
	£'000	£'000
<b>Goodwill</b>		
<b>Net book value</b>		
At 1 June 2010	-	465
Amortised during the year	-	(465)
<b>At 31 May 2011</b>	-	-

Goodwill comprises cost of £2,324,000 and accumulated amortisation of £2,324,000 (2010 £2,324,000)

### 8 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Motor vehicles	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 June 2010	4,704	5,523	2,911	13,138
Additions	-	276	894	1,170
Disposals	-	(224)	(509)	(733)
<b>At 31 May 2011</b>	<b>4,704</b>	<b>5,575</b>	<b>3,296</b>	<b>13,575</b>
<b>Accumulated depreciation</b>				
At 1 June 2010	416	4,889	2,319	7,624
Charge for the year	43	289	418	750
Disposals	-	(219)	(482)	(701)
<b>At 31 May 2011</b>	<b>459</b>	<b>4,959</b>	<b>2,255</b>	<b>7,673</b>
<b>Net book value</b>				
<b>At 31 May 2011</b>	<b>4,245</b>	<b>616</b>	<b>1,041</b>	<b>5,902</b>
At 31 May 2010	4,288	634	592	5,514

The cost of land included in freehold land and buildings is £1,034,000 (2010 £1,034,000) The company does not have any tangible fixed assets

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 9 Fixed asset investments

	Group Interest in joint ventures		Company Shares in subsidiary companies	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
At 1 June	1,153	1,158	3,413	3,413
Share of joint venture loss net of tax	(30)	(5)	-	-
<b>At 31 May</b>	<b>1,123</b>	<b>1,153</b>	<b>3,413</b>	<b>3,413</b>

The subsidiary companies and proportions of ordinary shares held are

	Percentage of ordinary share capital held	Principal activity
<b>Holdings of the parent company</b>		
William Davis Limited	100	Building/contracting
Davis (Forest Field) Limited	100	Management company
<b>Holdings of William Davis Limited</b>		
Davis Westbridge Limited	100	Land development
The joint venture company and proportion of ordinary share held by William Davis Limited is		
Ingleby (1245) Limited	50	Joint venture, land development

Joint ownership is based on equal board representation and equal share of profits or net assets on a winding up of the joint venture companies

All subsidiary companies and joint ventures are incorporated in Great Britain and registered in England and Wales

## Broadthorpe Limited

### Notes to the financial statements for the year ended 31 May 2011 (continued)

#### 10 Stocks

##### The group

	2011	2010
	£'000	£'000
Raw materials and consumables	1,000	1,259
Land held for development	34,549	27,222
Work in progress		
Net cost less foreseeable losses	37,075	39,889
Less payments received on account	(347)	-
Finished goods and goods for resale	450	1,006
	72,727	69,376

The company does not have any stocks

#### 11 Debtors

##### The group

	2011	2010
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade debtors	6,789	5,364
Amounts owed by related company	2	5
Corporation tax recoverable	196	238
Deferred taxation	557	673
Other debtors	1,286	850
Prepayments and accrued income	521	900
	9,351	8,030

The company does not have any debtors

## Broadthorpe Limited

### Notes to the financial statements for the year ended 31 May 2011 (continued)

#### 11 Debtors: (continued)

##### Deferred taxation

The movements in deferred taxation as calculated on the liability method at 26% (2010 28%) and are set out below

	2011	2010
	£'000	£'000
At 1 June	673	836
Profit and loss charge for the year (note 5a)	(687)	(307)
Element relating to pension scheme actuarial loss	571	144
At 31 May	557	673

The amounts of deferred taxation provided in the financial statements are as follows

	Provided	
	2011	2010
	£'000	£'000
Depreciation in excess of capital allowances	232	323
Other timing differences	325	350
	557	673

The deferred tax asset has been recognised as the group is expected to be profitable in the future

Freehold land and buildings were fair valued on acquisition of Davis (Forest Field) Limited in a prior year. A taxation liability would arise on this if they were sold at their recorded fair value. The extent of the provision has not been computed and no provisions have been made as there is no contract in place to sell the asset.

There are no unprovided amounts in relation to deferred taxation.

## Broadthorpe Limited

### Notes to the financial statements for the year ended 31 May 2011 (continued)

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

##### The group

	2011	2010
	£'000	£'000
Payments received on account	1,541	1,500
Trade creditors	12,968	10,600
Amount owed to joint venture company	928	1,004
Taxation and social security	580	670
Corporation tax	-	72
Accruals and deferred income	6,815	7,036
	22,832	20,882

The company does not have any creditors

During 2008 the group had a one-off sale of land. Included in trade creditors is £4,114,715 (2010 £8,229,430) in respect of this transaction repayable by annual instalments of £4,114,715, the last of which was paid in June 2011.

The £4,114,715 (2010 £8,229,430) trade creditor is secured by a Barclays Bank PLC bond. Under the terms of this bond a £4,200,000 (2010 £8,300,000) cash deposit, included within cash at bank and in hand, is held by Barclays Bank PLC.

Amounts owed to related companies are unsecured, interest free and repayable on demand.

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

The group	2011	2010
	£'000	£'000
Trade creditors (see note 12 above)	-	4,114

The company does not have any creditors



# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 14 Provisions for liabilities

#### The group

	Maintenance guarantee
	£'000
At 1 June 2010	940
Utilised in the year	265
Charge for the year	(201)
<b>At 31 May 2011</b>	<b>1,004</b>

The provision for maintenance guarantees relates to the estimated cost of remedial work which will become due within the next two years on private housing and contracts

The company does not have any provisions

### 15 Pension schemes

#### Money purchase pension schemes

The group makes payments in two money purchase pension schemes, the assets of which are held separately in independently administered funds. The employer contributions in the year were £487,258 (2010 £453,501)

#### Pension and life assurance scheme

The group sponsors the Davis (Forest Field) Limited Pension and Life Assurance Scheme, which is a defined benefit arrangement. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 1 September 2008. This disclosure note is based on membership information current as at 31 May 2011.

A full actuarial valuation was carried out on 1 September 2008. The actuarial method used is a projected unit method. The principal actuarial assumptions are pre retirement valuation rate of interest of 7.1% per annum, post retirement valuation rate of interest of 5.1% per annum, increases in pensionable salaries of 5.5% per annum and an allowance of 4.00% per annum for pension in payment increases of 5% per annum or RPI if less.

The employer contributions to the scheme over the financial year ending 31 May 2011 have been £67,259 (2010 £278,420) equivalent to 12.7% of pensionable pay plus costs of the scheme. The scheme closed in respect of future benefit accrual at 31 August 2010. In addition, amounts of £300,000 (2010 £474,000) were also paid by the employer in the year in respect of the deficit.

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 15 Pension schemes (continued)

#### Financial Reporting Standard 17 – 'Retirement benefits'

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions

	2011	2010	2009
	%	%	%
Rate of increase in salaries	n/a	3.7	4.3
Inflation rate	3.7	3.8	3.3
Discount rate	5.2	5.4	6.1
Pension in payment increases	3.0	3.6	3.2

The mortality assumes individual medium cohort year of birth improvements such that life expectancy for a male/female currently aged 65 is 21 1/23 7 years and for a male/female at 65 currently aged 45 is 23 0/25 6 years respectively

The assets in the scheme and the expected rate of return were

	2011	2011	2010	2010	2009	2009
	%	£'000	%	£'000	%	£'000
Equities	7.4	17,298	7.35	14,318	7.45	10,289
Bonds	5.3	3,017	5.50	2,988	6.60	1,163
Gilts	3.9	872	4.10	665	4.20	625
Property	7.4	2,401	7.35	2,352	7.45	2,139
Other	5.0	1,427	0.50	2,191	0.50	4,648
Total market value of assets		25,015		22,514		18,864
Present value of liabilities		(19,930)		(20,772)		(18,784)
Surplus in the scheme		5,085		1,742		80
Irrecoverable surplus		(5,085)		(1,679)		-
Related deferred tax liability		-		(18)		(23)
Net pension asset		-		45		57

The surplus is not recognised as, following, cessation of benefit accrual, it is neither realisable by repayment nor by a reduction in future service contributions

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 15 Pension schemes (continued)

The expected returns on scheme assets are derived from the weighted average of the expected return for each asset class. Expected yields on fixed interest investments are based on market yields at the balance sheet date. Those on equities and property allow for 3.5% above UK government securities and reflect long-term real rates of return experienced in the respective markets.

#### Analysis of the amount (credited)/charged to operating profit

	2011	2010
	£'000	£'000
Current service cost	63	205
Curtailment gain	(1,772)	-

The curtailment gain arises as a result of a decrease in liabilities from the closure of the scheme to future benefit accrual. The pensions of active members are now subject to index linking and not to any further salary increases as previously included in the assumptions.

#### Analysis of the amount credited/(charged) to other finance income

	2011	2010
	£'000	£'000
Expected return on pension scheme assets	1,405	1,060
Interest on pension scheme liabilities	(1,100)	(1,132)
Restriction on expected return	(242)	-
Net return	63	(72)

#### Analysis of amount recognised in statement of total recognised gains and losses

	2011	2010
	£'000	£'000
Actual return less expected return on pension scheme assets	1,536	2,473
Experience gains and losses arising on the scheme liabilities	(61)	351
Irrecoverable surplus on pension scheme assets	(3,262)	(1,679)
Changes in assumptions underlying the present value of the scheme liabilities	(477)	(1,676)
Actuarial loss recognised in statement of total recognised gains and losses	(2,264)	(531)

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 15 Pension schemes (continued)

Movements in the assets over the year were:

	2011 £'000	2010 £'000
Fair value of scheme assets at beginning of year	22,514	18,864
Expected return on assets	1,405	1,060
Employer contributions	429	791
Employee contributions	37	143
Benefits paid	(906)	(817)
Actuarial gain on assets	1,536	2,473
<b>Fair value of scheme assets at end of the year</b>	<b>25,015</b>	<b>22,514</b>

The actual return on net assets in the year was a profit of £2,941,000 (2010 loss £3,533,000)

Movements in the present value of liabilities over the financial year were:

	2011 £'000	2010 £'000
Present value at beginning of the financial year	20,772	18,784
Current service cost	63	205
Employee contributions	37	143
Interest cost	1,100	1,132
Past service cost	98	-
Benefits paid	(906)	(817)
Curtailment gain	(1,772)	-
Actuarial loss	538	1,325
<b>Present value at end of the financial year</b>	<b>19,930</b>	<b>20,772</b>

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 15 Pension schemes (continued)

#### History of experience gains and losses

	2011	2010	2009	2008	2007
Difference between the expected and actual return on scheme assets					
Amount (£'000)	1,536	2,473	(3,879)	(2,190)	1,674
Percentage of scheme assets	6%	11%	(21%)	(11%)	8%
Experience gains and losses on scheme liabilities					
Amount (£'000)	(538)	(1,325)	183	(470)	1,144
Percentage of the present value of the scheme liabilities	(3)%	(6)%	1%	(2)%	6%
Fair value of the scheme assets	25,015	22,514	18,864	20,771	19,866
Present value of the scheme liabilities	(19,930)	(20,772)	(18,784)	(18,821)	(17,815)
Irrecoverable surplus	(5,085)	(1,679)	-	-	-
Surplus	-	63	80	1,950	2,051

The cumulative gains and losses recognised in the statement of total recognised gains and losses is a loss of £4,535,000 (2010 £2,271,000)

### 16 Called up share capital

	2011	2010
	£	£
<b>Authorised</b>		
20,000 (2010 20,000) ordinary shares of £1 each	20,000	20,000
<b>Allotted and fully paid</b>		
14,376 (2010 14,376) ordinary shares of £1 each	14,376	14,376

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 17 Reserves

	Merger reserve	Share premium account	Other non distributable reserves	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
<b>Group</b>					
Balance at 1 June 2010	1,131	3,262	8,060	82,600	95,053
Profit for the financial year	-	-	-	2,411	2,411
Dividends (note 6)	-	-	-	(1,618)	(1,618)
Actuarial loss on pension scheme	-	-	-	(2,264)	(2,264)
Movement on deferred tax relating to pension scheme	-	-	-	589	589
<b>Balance at 31 May 2011</b>	<b>1,131</b>	<b>3,262</b>	<b>8,060</b>	<b>81,718</b>	<b>94,171</b>
<b>Company</b>					
Balance at 1 June 2010	-	3,262	182	1	3,445
Profit for the financial year	-	-	-	1,620	1,620
Dividends (note 6)	-	-	-	(1,618)	(1,618)
<b>Balance at 31 May 2011</b>	<b>-</b>	<b>3,262</b>	<b>182</b>	<b>3</b>	<b>3,447</b>

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 18 Reconciliation of movement in group shareholders' funds

	2011	2010
	£'000	£'000
Profit for the financial year	2,411	413
Dividends	(1,618)	(1,668)
Actuarial loss on pension scheme	(2,264)	(531)
Movement on deferred tax relating to pension scheme	589	149
Net reduction in shareholders' funds	(882)	(1,637)
Opening shareholders' funds	95,067	96,704
Closing shareholders' funds	94,185	95,067

### 19 Reconciliation of operating profit to operating cash flows

	2011	2010
	£'000	£'000
Operating profit	2,803	270
Goodwill amortisation	-	465
Depreciation charges	750	945
Profit on disposal of tangible fixed assets	(97)	(81)
Difference between pension charge and cash contributions	(2,139)	(586)
(Increase)/decrease in stock	(3,351)	12,365
(Increase) in debtors	(1,482)	(2,550)
Decrease in creditors	(1,951)	(1,760)
Net cash inflow from operating activities	(5,467)	9,068

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2011 (continued)

### 20 Reconciliation of net cash flow to movement in net funds

	2011	2010
	£'000	£'000
Increase in cash in the year	2,120	194
(Decrease)/increase in cash deposits	(10,100)	10,300
Net funds at 1 June	36,885	26,391
<b>Net funds at 31 May</b>	<b>28,905</b>	<b>36,885</b>

### 21 Analysis of net funds

	As at 1 June 2010	Cash flow	As at 31 May 2011
	£'000	£'000	£'000
Cash at bank and in hand	2,585	2,120	4,705
Term deposits	34,300	(10,100)	24,200
	36,885	(7,980)	29,905

### 22 Capital commitments

At 31 May 2011 and 31 May 2010, there were no capital commitments

### 23 Contingent liabilities and guarantees

A subsidiary company has entered into Performance Bonds in the normal course of its business. It has also entered into certain option agreements and conditional contracts to purchase land which, if exercised, will result in the acquisition of assets which the Directors consider will have a value at least equal to cost.

The company is party to a banking arrangement with a number of group and related companies. The maximum contingent liability under this guarantee was £nil (2010: £nil).



## Broadthorpe Limited

### Notes to the financial statements for the year ended 31 May 2011 (continued)

#### 24 Profit of parent company

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit after tax for the financial year amounted to £1,619,000 (2010 £1,668,000) before dividend payments of £1,617,300 (2010 £1,668,000).

#### 25 Related party transactions

The group has taken advantage of the exemption under FRS 8 related Party Disclosures not to disclose related party transactions between companies which are wholly owned by the ultimate parent company and which are publically available.

During the year and prior year, the following transactions occurred between the group and companies related to it by virtue of common ownership and directors. All such transactions have been undertaken in the normal course of business and constitute arms length transactions.

	2011 Sold to	2011 Purchased from	2011 Debtor	2011 Creditor
	£'000	£'000	£'000	£'000
Ingleby (1245) Limited	10	-	-	928
William Davis & Co (Loughborough) Limited	26	39	2	-

	2010 Sold to	2010 Purchased from	2010 Debtor	2010 Creditor
	£'000	£'000	£'000	£'000
Ingleby (1245) Limited	10	-	-	1,004
William Davis & Co (Loughborough) Limited	18	38	5	-

#### 26 Ultimate controlling party

The ultimate controlling party is William Davis Settlement.