

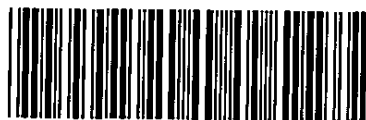
Wards Construction (Investments) Limited

Directors' Report and Financial Statements

30 June 2008

Registered Number: 1132078

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Wards Construction (Investments) Limited

Directors' Report and Financial Statements

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Wards Construction (Investments) Limited

Directors' Report

The Directors submit their report and the financial statements of the Company for the year to 30 June 2008. The comparative period for this report and the financial statements, referred to as 2007, is the six-month period from 1 January 2007 to 30 June 2007.

This Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 246 (4) of the Companies Act 1985.

Principal activity

The principal activity of the Company is property investment.

Review of the business and future developments

The results for the year are set out in the profit and loss account on page 6. The loss for the year transferred to reserves is £433,424 (2007: £9,175 loss).

The Directors do not recommend a dividend payment (2007: £nil).

The Company's freehold property which was being used as Ward Homes' office in Kent was vacated during the year. This was necessary to assist in reducing costs for the Barratt group of companies of which the Company is a member. The property remains untenanted.

There is little likelihood of the Company receiving any economic benefits of ownership in the short to medium term. Consequently the building's value has been fully impaired resulting in a charge of £398,000 for the year.

Going concern

The company is the holding company of Wards Construction (Industrial) Limited, the underlying net assets of which are primarily represented by inter company debtors within the Barratt Group of companies. Recoverability of these inter company debtors is subject to the Group continuing to comply with its banking covenants.

There is a risk that conditions in the wider UK economy, as they relate to the housebuilding sector may deteriorate to such an extent that the Group is obliged to revisit its covenants with its lenders and, if necessary, re-set its covenant package. In this instance, were the Group to fail to agree such a revision, or to obtain other funding, subsidiary companies may be unable to realise inter company debtors which may in turn cast doubt on the carrying value of the investment in subsidiaries in the Company.

Nevertheless, the Group's Directors believe that the Group will continue to comply with its loan covenants. Accordingly, the Directors of the Company have formed a judgement that the carrying value of its investments in subsidiaries and its inter company debtors are supportable and that the Company remains a going concern.

Further details are provided in note 2 to the financial statements.

Directors

The Directors who held office throughout the year and to date since were as follows:

S.J. Boyes
R.J.R. Brooke
M.S. Clare
L. Dent
C. Fenton
M.A. Pain

S.J. Boyes, M.S. Clare, L. Dent, C. Fenton and M.A. Pain have indemnities from the ultimate parent company, Barratt Developments PLC, details of which are included in the Annual Report and Accounts of that company which do not form part of this report.

The Company has not entered into a deed of indemnity with the Directors.

Wards Construction (Investments) Limited

Directors' Report (continued)

Financial risk management

Credit risk

The Company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. Financial instrument counterparties are subject to pre-approval by the Board of Directors. The amount of exposure to any individual counterparty is subject to a limit set by the Directors and is regularly reassessed.

Liquidity risk

On 9 July 2008, Barratt Developments PLC entered into a new £400m three year facility and extended £350m of the existing £400m revolving credit facility to further minimise refinancing risk. Further post balance sheet events are disclosed in note 14.

Auditors

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a Director at the date of approval of these financial statements confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The 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.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

By order of the Board



M.A. Pain

Director

29 April 2009

Wards Construction (Investments) Limited

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 proper accounting records that 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 1985. 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.

Independent Auditors' Report to the members of Wards Construction (Investments) Limited

We have audited the financial statements of Wards Construction (Investments) Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 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).

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.

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2 to the financial statements which explains the that there is a risk of conditions in the wider UK economy and their impact on the housebuilding sector declining beyond that assumed in the Barratt Developments PLC Group's, the parent company's forecasts. These conditions indicate, along with all other matters as set forth in note 2, the existence of a material uncertainty, which may require the Barratt Developments PLC Group to revisit its covenants. In this instance, the failure to agree a revision, or to obtain other funding may cast significant doubt upon the Group's ability to repay the inter company debtors, such that the Company may be unable to realise their debtor and the carrying value of the investment in subsidiaries may not be supportable. The financial statements do not include any adjustments that would result if the Company were unable to realise this debtor or their investment in subsidiaries, which would include a write-down of the carrying value of this assets.

Independent Auditors' Report to the members of Wards Construction (Investments) Limited (continued)

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 2008 and of its loss 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.



Deloitte LLP
Chartered Accountants and Registered Auditors
Birmingham,
United Kingdom
29 April 2009

Wards Construction (Investments) Limited

Profit and Loss Account

Year ended 30 June 2008

	Note	Year ended 30 June 2008 £	Six month period to 30 June 2007 £
Cost of sales (including exceptional items of £398,000 (2007: £nil) – see note 5		<u>(436,495)</u>	<u>(9,421)</u>
Operating loss and loss on ordinary activities before taxation		(436,495)	(9,421)
Tax on loss on ordinary activities	4	<u>3,071</u>	<u>246</u>
Retained loss on ordinary activities after taxation	10,11	<u>(433,424)</u>	<u>(9,175)</u>

The accompanying notes form an integral part of this profit and loss account.

All operations are continuing.

The Company has no recognised gains or losses in either 2008 or 2007 other than those reported in the profit and loss account above. Accordingly no statement of total recognised gains and losses is presented.

Wards Construction (Investments) Limited

Balance Sheet

as at 30 June 2008

	Note	30 June 2008		30 June 2008	
		£	£	£	£
Fixed assets					
Tangible assets	5		-		436,495
Investments	6		<u>227,897</u>		<u>227,897</u>
			227,897		664,392
Current assets					
Debtors	7	<u>1,045,754</u>		<u>1,042,683</u>	
Net current assets			1,045,754		1,042,683
Net Assets			<u>1,273,651</u>		<u>1,707,075</u>
Capital and reserves					
Called up share capital	9		100		100
Profit and loss account	10		<u>1,273,551</u>		<u>1,706,975</u>
Equity shareholder's funds	11		<u>1,273,651</u>		<u>1,707,075</u>

The accompanying notes form an integral part of this balance sheet.

These financial statements were approved by the Board of Directors on 29 April 2009 and were signed on its behalf by:



M.A. Pain
Director

Wards Construction (Investments) Limited

Notes to the Financial Statements

Year ended 30 June 2008

1. Accounting policies

The following accounting policies have been applied consistently in the current and preceding accounting periods.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The Company has taken exemption from preparing Group financial statements as permitted by section 228 of the Companies Act 1985. These financial statements present information about the Company as an individual and not as a Group undertaking.

Fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Freehold buildings	50 years
Plant & machinery	4-10 years

Fixed asset investments

Fixed asset investments are stated at cost net of any provision for impairment.

Tax

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

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash flow statement

As the Company is a wholly owned subsidiary and the ultimate parent company (Barratt Developments PLC) prepares a group cash flow statement, the Company is exempt from the requirement to publish a cash flow statement

Wards Construction (Investments) Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2008

2. Significant matters relating to the basis of preparation of the financial statements

Going concern

The company is the holding company of a subsidiary within the Group, Wards Construction (Industrial) Limited (see Note 6). The underlying net assets of this subsidiary are primarily represented by inter company debtors within the Group.

The recoverability of these inter company debtors has been confirmed by the ultimate parent company with repayment subject to the Group continuing to comply with its covenants. If conditions in the wider UK economy, as they relate to the housebuilding sector, were to decline below that which has been assumed in the Group's current forecasts (and notwithstanding further management action) then there is a risk that the Group might generate lower than anticipated revenues, or cash, or require further write-downs in the value of the Group's assets. This risk represents a material uncertainty, which may require the Group to revisit its covenants with its lenders and, if necessary, re-set its covenant package. In this instance, a failure to agree a revision, or to obtain other funding, may cast significant doubt about the Group's ability to repay the inter company debtors, such that the subsidiary may be unable to realise this debtor and this may in turn cast significant doubt on the carrying value of the investment in subsidiaries in the Company. Nevertheless, the Group's Directors believe that the Group will continue to comply with its loan covenants. Accordingly, the Directors of the Company have formed a judgement that the carrying value of the investments in subsidiaries is supportable and that the inter company debtor within the Company is supportable.

3. Loss on ordinary activities before taxation

	Year to 30 June 2008 £	Six month period to 30 June 2007 £
The loss on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets.	38,495	8,948
Impairment of tangible fixed assets	398,000	-

No director received separate emoluments in respect of their services to this Company.

R. J. R. Brooke is a Director of Ward Homes Limited and his emoluments are disclosed in that company's accounts which do not form part of this report.

S. J. Boyes, M. S. Clare, C. Fenton and M. A. Pain are Directors of Barratt Developments PLC and their emoluments are disclosed in that company's accounts which do not form part of this report. L. Dent is employed and remunerated by Barratt Developments PLC.

The Company has no direct employees.

Fees payable to the Company's auditors for the audit of the Company's annual accounts were borne by another Group company and amounted to £3,000 in the current year (2007: £3,000). There were no non-audit services provided to the Company by the auditors in either year.

Wards Construction (Investments) Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2008

4. Tax on loss on ordinary activities

	Year to 30 June 2008 £	Six month period to 30 June 2007 £
UK Corporation Tax at 29.5% (2007: 30%)	2,397	307
Deferred taxation	674	(61)
	<u>3,071</u>	<u>246</u>

The tax assessed for the year is higher (2007: higher) than that resulting from applying the standard rate of corporation tax in the UK at 29.5% (2007: 30%). The differences are explained below.

	Year to 30 June 2008 £	Six month period to 30 June 2007 £
Loss on ordinary activities before taxation	<u>(436,495)</u>	<u>(9,421)</u>
Tax at 29.5% (2007: 30%) thereon	128,766	2,826
Effects of:		
Expenses not deductible for tax purposes	(127,771)	(2,580)
Accelerated capital allowances	(722)	61
Adjustment to tax charged in previous periods	2,124	-
Total actual amount of current tax	<u>2,397</u>	<u>307</u>

The impact of the change introduced in the Finance Act 2007 regarding the reduction in corporation tax rate from April 2008 from 30% to 28% has been incorporated into the Company's tax charge and deferred tax provided. The tax rate of 29.5%, used above, is therefore a blended rate.

5. Tangible fixed assets

	Freehold Buildings £	Plant & Machinery £	Total £
Cost			
At beginning and end of year	<u>500,000</u>	<u>78,501</u>	<u>578,501</u>
Depreciation			
At beginning of year	92,000	50,006	142,006
Charge for year	10,000	28,495	38,495
Impairment	398,000	-	398,000
At end of year	<u>500,000</u>	<u>78,501</u>	<u>578,501</u>
Net book value			
At 30 June 2008	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 2007	<u>408,000</u>	<u>28,495</u>	<u>436,495</u>

The freehold building is unoccupied and there is little likelihood of the Company receiving any economic benefits of ownership in the short to medium term. Consequently the building's value has been fully impaired resulting in a charge of £398,000 for the year.

Plant and Machinery was fully depreciated in the year as it is associated with the freehold property and therefore does not have, and is not anticipated to have, any further useful economic life.

Wards Construction (Investments) Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2008

6. Fixed asset investments

The Company owns 100% of the issued share capital of Wards Construction (Industrial) Limited, a company registered in England and Wales. The principal activity of Wards Construction (Industrial) Limited is the development of industrial property for resale.

In the Directors' opinion, the aggregate value of the assets of subsidiary undertakings is not less than the value at which the investment is shown in the Balance Sheet.

	30 June 2008 £	30 June 2007 £
Cost and net book value	<u>227,897</u>	<u>227,897</u>

7. Debtors

	30 June 2008 £	30 June 2007 £
Amounts owed by group undertakings	1,032,162	1,032,162
Other debtors	830	156
Corporation tax recoverable (including group relief)	-	10,365
Group relief receivable	12,762	-
	<u>1,045,754</u>	<u>1,042,683</u>

Amounts due from Group undertakings are interest free and repayable on demand.

Other debtors comprise an amount for deferred taxation of £830 (2007: £156) (see note 8).

8. Deferred tax asset

	£
As at 30 June 2007	156
Provided in year	<u>674</u>
As at 30 June 2008	<u>830</u>

Deferred taxation results from accelerated capital allowances and is included within other debtors.

9. Share capital

	30 June 2008 £	30 June 2007 £
<i>Authorised, Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Wards Construction (Investments) Limited

Notes to the Financial Statements *(continued)*

Year ended 30 June 2008

10. Profit and loss account

	£
At 30 June 2007	1,706,975
Retained loss for the year	<u>(433,424)</u>
At 30 June 2008	<u>1,273,551</u>

11. Reconciliation of movements in shareholder's funds

	30 June 2008 £	30 June 2007 £
Retained loss for the year / six month period	(433,424)	(9,175)
Opening shareholder's funds	1,707,075	1,716,250
Closing shareholder's funds	<u>1,273,651</u>	<u>1,707,075</u>

12. Ultimate parent company

The immediate parent company is Ward Holdings Limited, a company incorporated in Great Britain and registered in England.

The ultimate parent company and controlling party is Barratt Developments PLC a company incorporated in Great Britain and registered in England. Copies of this parent's consolidated financial statements are available from their Company Secretary at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leics, LE67 1UF.

The largest and smallest group within which the Company is consolidated is Barratt Developments PLC.

13. Statement on related party transactions

The Company is exempt from the requirements of the Financial Reporting Standard 8 ("Related Party Disclosures") insofar as it refers to transactions with fellow group companies, as it is a wholly-owned subsidiary of Barratt Developments PLC.

14. Post balance sheet event

On 9 July 2008, Barratt Developments PLC entered into a £400m three-year committed revolving credit facility. In addition, £350m of the existing £400m five-year revolving credit facility (effective from 2 February 2005) was extended on 6 August 2008 to match the maturity period of the new three-year £400m revolving credit facility. The remaining £50m of this facility expires on 1 February 2010.

On 9 July 2008, Barratt Developments PLC agreed with its bankers and private placement investors to amend the financial covenants to support the Group through the current difficult economic climate. The amendments were signed on 5 August 2008 and all conditions precedent were satisfied on 6 August 2008. From 6 August 2008 the weighted average interest rate paid by the Group increased to circa 9.75%.