

Barry Howard Homes Limited

Financial statements

For the year ended 31 December 2006

Grant Thornton 



Company No. 3425284

Officers and professional advisers

Company registration number

3425284

Registered office

The Round Tin Barn
Victors Barn
Northampton Road
Brixworth
Northampton
NN6 9DQ

Directors

B J Howard
W A M Main
A I Whitmill
W E Williams

Secretary

A I Whitmill

Bankers

Royal Bank of Scotland
77 Abington Street
Northampton
NN1 2BH

Auditor

Grant Thornton UK LLP
Chartered Accountants
Registered Auditors
Elgin House
Billing Road
Northampton
NN1 5AU

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2006

Principal activities and business review

The principal activity of the company during the year was that of property development and investment

Results and dividends

The profit for the year amounted to £250,631. The directors have not recommended a dividend

Financial risk management objectives and policies

The company uses various financial instruments these include loans, cash, and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The main risks arising from the company's financial instruments are interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years

Interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings. The company exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

	Class of share	At 31 December 2006	At 1 January 2006
B J Howard	Ordinary £0 001 shares	—	—
	Ordinary £0 001 A shares	—	—
W A M Main	Ordinary £0 001 shares	—	—
	Ordinary £0 001 A shares	—	—
C N Seamarks	Ordinary £0 001 shares	—	—
	Ordinary £0 001 A shares	10,000	5,000
W E Williams	Ordinary £0 001 shares	—	—
	Ordinary £0 001 A shares	—	—
		<hr/>	<hr/>

The interests of the group directors are shown in the financial statements of the parent company

On 1 August 2007 Mr C N Seamarks resigned from the Board and Mr A I Whitmill was appointed

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 judgements 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Donations

Donations to charitable organisations amounted to £2,253 (2005 £2,056)

During the year the company made a donation of £10,672 (2005 £14,000) to the Conservative Party, £300 (2005 £10,480) to the Daventry Conservative Association, £Nil (2005 £2,500) to the Kettering Conservative Association and £Nil (2005 £250) to the Long Buckby Conservative Association

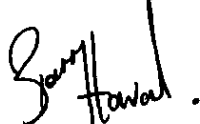
Purchase of own shares

On 31 May 2006 the company repurchased 6,000 £0.001 A Ordinary shares for £0.1006 per share from M Hamilton upon the termination of his employment. This represented 0.3% of the called up share capital.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



B J Howard
Director

3 September 2007

Report of the independent auditor to the members of Barry Howard Homes Limited

We have audited the financial statements of Barry Howard Homes Limited for the year ended 31 December 2006 which comprise the accounting policies, profit and loss account, balance sheet, statement of total recognised gains and losses and notes 1 to 26. 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 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

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 judgements 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.

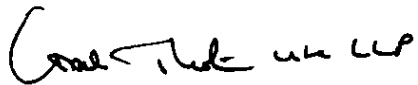
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Report of the independent auditor to the members of Barry Howard Homes 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 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Northampton

3 September 2007

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets

The financial statements have been prepared under applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice)

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover represents amounts receivable from the sale of developments exclusive of VAT. Sale of developments is recognised on exchange of contracts only when completion occurs within the following month and, in the case of building projects, where development has been substantially completed.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	25% reducing balance
Fixtures & Fittings	-	25% reducing balance
Motor Vehicles	-	25% reducing balance

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Investment properties

In accordance with Statement of Standard Accounting Practice No 19, certain of the company's properties are held for long term investment and are included in the Balance Sheet at their open market value. The surplus on revaluation of such properties has been transferred to the investment property revaluation reserve. Depreciation is not provided in respect freehold investment properties.

This represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view. This is due to current values and changes in current values being of prime importance rather than the calculation of systematic annual depreciation.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all direct expenditure, including the initial cost of land and buildings, legal charges, the cost of construction, renovation and improvements.

Interest on capital borrowed to finance the development of such projects, in so far as it accrues in the period is allocated to stocks until the date of completion of the project.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of the leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the term.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is a reasonable probability that the liability will not arise in the foreseeable future.

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Investments

Investments are included at cost less amounts written off.

Long-term contracts

The amount of long-term contracts, at costs incurred, net of amounts transferred to costs of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in work in progress and stock. The amount by which recorded turnover is in excess of payments on accounts is included in debtors as amount recoverable on long-term contracts.

Profit and loss account

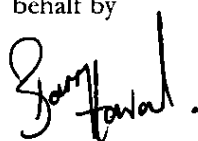
	Note	2006 £	2005 £
Turnover	1	7,107,932	13,184,875
Cost of sales		6,823,787	13,154,030
Gross profit		284,145	30,845
Other operating charges	2	1,034,115	1,003,045
Other operating income	3	(490,000)	—
Operating loss	4	(259,970)	(972,200)
Dividends received		464,529	
Interest receivable		872	6,940
Interest payable and similar charges	7	(69,051)	(97,197)
Profit/(loss) on ordinary activities before taxation		136,380	(1,062,457)
Tax on loss on ordinary activities	8	(114,251)	(139,000)
Profit/(loss) for the financial year	24	250,631	(923,457)

All of the activities of the company are classed as continuing

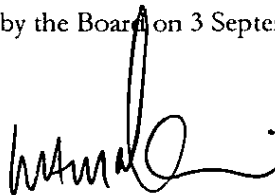
Balance sheet

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	10	461,474	939,661
Investments	11	403	103
		<u>461,877</u>	<u>939,764</u>
Current assets			
Stocks	12	2,079,742	4,586,645
Debtors	13	2,502,854	1,491,853
		<u>4,582,596</u>	<u>6,078,498</u>
Creditors: amounts falling due within one year	14	4,579,327	6,437,163
Net current assets/(liabilities)		<u>3,269</u>	<u>(358,665)</u>
Total assets less current liabilities		<u>465,146</u>	<u>581,099</u>
Creditors: amounts falling due after more than one year	15	–	454,750
		<u>465,146</u>	<u>126,349</u>
Capital and reserves			
Called-up equity share capital	23	1,717	1,718
Revaluation reserve	24	88,161	220,821
Other reserves	24	13	7
Profit and loss account	24	375,255	(96,197)
Shareholders' funds	25	<u>465,146</u>	<u>126,349</u>

These financial statements were approved by the Board on 3 September 2007 and are signed on their behalf by



B Howard
Director



W A M Main
Director

Other primary statements

Statement of total recognised gains and losses

	2006	2005
	£	£
Profit/(loss) for the financial year	250,631	(923,457)
Unrealised profit on revaluation of tangible fixed assets		
Investment properties	88,161	—
Total gains and losses recognised for the year	<u>338,792</u>	<u>(923,457)</u>

The accompanying accounting policies and notes form part of these financial statements

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	2006 £	2005 £
United Kingdom	<u>7,107,932</u>	<u>13,184,875</u>

2 Other operating charges

	2006 £	2005 £
Administrative expenses	<u>1,034,115</u>	<u>1,003,045</u>

3 Other operating income

	2006 £	2005 £
Management charges receivable	<u>490,000</u>	<u>—</u>

4 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting)

	2006 £	2005 £
Depreciation of owned fixed assets	10,846	12,943
Depreciation of assets held under finance leases and hire purchase agreements	3,304	4,406
Profit on disposal of fixed assets	—	(7,330)
Auditor's remuneration		
Audit fees	4,050	3,900
Operating lease costs		
Plant and equipment	235,846	191,566
Other	<u>60,529</u>	<u>55,838</u>

5 Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2006	2005
	No	No
Number of staff	<u>20</u>	<u>20</u>

The aggregate payroll costs of the above were

	2006	2005
	£	£
Wages and salaries	576,287	633,438
Social security costs	65,803	38,739
Other pension costs	48,531	39,944
	<u>690,621</u>	<u>712,121</u>

6 Directors

Remuneration in respect of directors was as follows

	2006	2005
	£	£
Emoluments receivable	461,167	140,831
Value of company pension contributions to money purchase schemes	47,564	35,163
	<u>508,731</u>	<u>175,994</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2006	2005
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

The amounts set out above include remuneration in respect of the highest paid director as follows

	2006	2005
	£	£
Emoluments receivable	307,080	66,562
Value of company pension contributions to money purchase schemes	21,259	17,569
	<u>328,339</u>	<u>84,131</u>

7 Interest payable and similar charges

	2006 £	2005 £
Interest payable on bank borrowing	20,163	8,201
Finance charges	2,132	5,348
Interest on loans	46,756	83,648
	<u>69,051</u>	<u>97,197</u>

8 Taxation on ordinary activities

(a) Analysis of credit in the year

	2006 £	2005 £
Current tax		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	—	(89,000)
Total current tax	—	(89,000)
Deferred tax		
Origination and reversal of timing differences	(114,251)	(50,000)
Tax on loss on ordinary activities	<u>(114,251)</u>	<u>(139,000)</u>

(b) Factors affecting current tax credit

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>136,380</u>	<u>(1,062,457)</u>
Profit on ordinary activities by rate of tax	40,914	(318,737)
Expenses not deductible for tax purposes	27,084	19,797
Capital allowances for period in excess of depreciation	4,182	8,167
Marginal relief	—	2,649
Group relief surrendered	150	57,645
Other timing differences	(6,518)	—
Utilisation of tax losses	73,547	137,187
Change in tax rates	—	4,292
Dividends received and other credits not subject to tax	<u>(139,359)</u>	<u>—</u>
Total current tax (note 8(a))	<u>—</u>	<u>(89,000)</u>

9 Dividends

Dividends on shares classed as equity

	2006 £	2005 £
Paid during the year		
Equity dividends on ordinary shares	<u>—</u>	<u>13,725</u>

10 Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Investment properties £	Total £
Cost or valuation					
At 1 January 2006	10,723	88,229	13,592	874,330	986,874
Additions	—	6,020	4,273	311,839	322,132
Revaluation	—	—	—	88,161	88,161
Transfers	—	—	—	(874,330)	(874,330)
At 31 December 2006	<u>10,723</u>	<u>94,249</u>	<u>17,865</u>	<u>400,000</u>	<u>522,837</u>
Depreciation					
At 1 January 2006	7,419	39,794	—	—	47,213
Charge for the year	826	13,324	—	—	14,150
At 31 December 2006	<u>8,245</u>	<u>53,118</u>	<u>—</u>	<u>—</u>	<u>61,363</u>
Net book value					
At 31 December 2006	<u>2,478</u>	<u>41,131</u>	<u>17,865</u>	<u>400,000</u>	<u>461,474</u>
At 31 December 2005	<u>3,304</u>	<u>48,435</u>	<u>13,592</u>	<u>874,330</u>	<u>939,661</u>

Investment properties with a historical cost of £311,839 (2005 £653,509) have been valued by the directors at open market value

In accordance with SSAP 19 investment properties with a value of £400,000 (2005 £874,330), as determined by the directors, have not been depreciated

The company has no other properties on which depreciation has been charged

10 Tangible fixed assets (continued)

Included within the net book value of £461,474 is £9,913 (2005 - £13,218) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £3,304 (2005 - £4,406)

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts

	NBV of revalued tangible fixed assets (investment properties) £
Cost	311,839
Net book amount at 31 December 2006	<u>311,839</u>
Net book amount at 1 January 2006	<u>653,509</u>

11 Investments

Shares in subsidiary companies

	£
Cost	
At 1 January 2006	802
Additions	300
At 31 December 2006	<u>1,102</u>
Amounts written off	
At 1 January 2006 and 31 December 2006	<u>699</u>
Net book value	
At 31 December 2006	<u>403</u>
At 31 December 2005	<u>103</u>

11 Investments (continued)

The company owns 100% of the issued ordinary share capital of the companies listed below

	Country of incorporation	Nature of business	Aggregate of capital and reserves		Profit/(loss) for the financial period	
			2006 £	2005 £	2006 £	2005 £
Barry Howard Homes (Eastern) Limited	England	Property development	100	354,156	(5,483)	354,056
Barry Howard Homes (Midlands) Limited	England	Property development	2	(14,971)	48,758	(14,793)
Barry Howard Homes (THF) Limited	England	Property development	1	183,096	(101,104)	222,166
Barry Howard Homes (HB) Limited	England	Property development	(71,580)	–	(71,680)	–
Barry Howard Homes (Developments) Limited	England	Property development	(36,580)	–	(36,680)	–
Barry Howard Homes (East Midlands) Limited	England	Property development	2	–	–	–

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity

12 Stocks

	2006 £	2005 £
Long-term contract balances		
Costs less provision for foreseeable losses	<u>2,079,742</u>	<u>4,586,645</u>

Interest on capital borrowed to finance construction is included in stocks to the extent of £27,617
(2005 £229,011)

13 Debtors

	2006 £	2005 £
Trade debtors	244,340	575,739
Amounts owed by group undertakings	1,579,221	665,403
Other debtors	679,293	250,711
	<u>2,502,854</u>	<u>1,491,853</u>

14 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	1,038,825	2,363,447
Trade creditors	1,542,653	1,013,135
Amounts owed to group undertakings	1,233,637	2,365,228
Taxation and social security	31,328	34,708
Amounts due under finance leases and hire purchase agreements	4,074	9,777
Other creditors	70,000	108,646
Directors current accounts	616,920	416,431
Accruals and deferred income	41,890	125,791
	<u>4,579,327</u>	<u>6,437,163</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2006 £	2005 £
Bank loans and overdrafts	1,038,825	2,363,447
Other creditors including taxation and social security	70,000	105,000
Hire purchase contracts	4,074	9,777
	<u>1,112,899</u>	<u>2,478,224</u>

The bank loans are secured over fixed and floating charges over all of the assets of the company

The loans included in other creditors are secured over the current assets of the company

15 Creditors: amounts falling due after more than one year

	2006	2005
	£	£
Bank loans and overdrafts	–	452,306
Amounts due under finance leases and hire purchase agreements	–	2,444
	<u>–</u>	<u>454,750</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2006	2005
	£	£
Bank loans and overdrafts	–	452,306
Hire purchase contracts	–	2,444
	<u>–</u>	<u>454,750</u>

The bank loans are secured by fixed and floating charges over all of the assets of the company

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	2006	2005
	£	£
Bank loans and overdrafts	–	155,095

The bank loan repayable in more than 5 years by equal monthly instalments and interest is charged at 2% over base rates

Creditors include loans which are due for repayment as follows

	2006	2005
	£	£
Amounts repayable		
In one year or less on demand	1,038,825	2,363,447
In more than one year but not more than two years	–	67,278
In more than two years but not more than five years	–	229,933
In more than five years	–	155,095
	<u>1,038,825</u>	<u>2,815,753</u>

16 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows

	2006 £	2005 £
Amounts payable within 1 year	4,074	9,777
Amounts payable between 1 and 2 years	–	2,444
	<u>4,074</u>	<u>12,221</u>

17 Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

18 Deferred taxation

The movement in the deferred taxation provision during the year was

	2006 £
Provision brought forward	50,000
Profit and loss account movement arising during the year	114,251
Provision carried forward in other debtors	<u>164,251</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2006 £	2005 £
Excess of taxation allowances over depreciation on fixed assets	11,339	15,521
Other timing differences	–	(22,805)
Losses	(175,590)	(42,716)
	<u>(164,251)</u>	<u>(50,000)</u>

19 Commitments under operating leases

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

	2006		2005	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire				
Within 1 year	-	-	55,020	-
Within 2 to 5 years	-	-	-	1,892
	<u>-</u>	<u>-</u>	<u>55,020</u>	<u>1,892</u>

20 Contingencies

The company has a bond of £150,000 (2005 £80,000) in relation to the NHBC Scheme

At the 31 December 2006 the company had a group cross guarantee with the following companies, Barry Howard (Developments) Limited, Barry Howard Group PLC, Barry Howard Waste Management Ltd, Barry Howard Homes (HB) Limited, Barry Howard Homes (Eastern) Limited, Barry Howard Homes (Midlands) Limited and Barry Howard Homes (Investments) Limited

At the 31 December 2006 the maximum liability under this guarantee was £6,060,075

21 Transactions with the directors

During the year, Barry Howard, one of the directors, had a loan with the company. At the year end the amount due from the company was £269,978 (2005 £69,793). The maximum amount overdrawn during the period was £Nil (2005 £34,013).

During the year, the company has provided building services for Barry Howard. The amount included in closing stock is £507,344 (2005 £745,505). An amount of £243,607 (2005 £Nil) has been included in directors' remuneration relating to these services.

During the year ended 31 December 2005, the company sold two properties which cost £268,793 to Barry Howard for proceeds of £312,252.

During the year, William Main, one of the directors, had a loan with the company. At the year end the amount due from the company was £346,942 (2005 £346,698).

22 Related party transactions

The company has taken advantage of the exemption offered by Financial Reporting Standard No 8 'Related Party Disclosure' not to disclose transaction with other group companies on the grounds that it is a greater than 90 % owned subsidiary and group accounts are publicly available from the registered office of the ultimate parent undertaking

During the year Barry Howard Waste Management Ltd (formerly Barry Howard Energy Limited), a fellow subsidiary of Barry Howard Group PLC, was advanced cash of £255,404 (2005 £155,338) by Barry Howard Homes Limited. This was to enable Barry Howard Waste Management Ltd (formerly Barry Howard Energy Limited) to meet its financial obligations as they fall due

Barry Howard Homes Limited have also acted as an agent for Barry Howard Waste Management Ltd (formerly Barry Howard Energy Limited), making payments of £Nil (2005 £723). During the year Barry Howard Homes Limited recharged expenses of £16,658 (2005 £55,928) to Barry Howard Waste Management Ltd (formerly Barry Howard Energy Limited). The balance outstanding from Barry Howard Waste Management Ltd (formerly Barry Howard Energy Limited) at the year end was £Nil (2005 £390,699)

Barry Howard LLP is a related party by virtue of common members and directors. During the year fixed assets with a Net Book Value of £Nil (2005 - £360,170) were sold to Barry Howard LLP for £Nil (2005 £367,500). During the year Barry Howard LLP invoiced £348,846 (2005 £191,566) to Barry Howard Homes Limited. The balance outstanding from Barry Howard LLP at the year end was £247,571 (2005 £123,408)

23 Share capital

Authorised share capital

	2006 £	2005 £
3,000,000 Ordinary shares of £0.001 each	3,000	3,000
1,000,000 A Ordinary shares of £0.001 each	1,000	1,000
	<u>4,000</u>	<u>4,000</u>

Allotted, called up and fully paid

	2006 No	£	2005 No	£
Ordinary shares of £0.001 each	1,700,000	1,700	1,700,000	1,700
A Ordinary shares of £0.001 each	16,500	17	17,500	18
	<u>1,716,500</u>	<u>1,717</u>	<u>1,717,500</u>	<u>1,718</u>

The shares rank pari passu save the leaver provisions as set out in the Articles of Association

On 31 May 2006 the company repurchased 6,000 £0.001 A Ordinary shares from M Hamilton upon the termination of his employment

On 1 August 2006 company issued 5,000 A ordinary shares of £0.001 at par

24 Reserves

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
At 1 January 2006	220,821	7	(96,197)
Profit for the year	–	–	250,631
Other gains and losses			
- Revaluation of fixed assets	88,161	–	–
Other movements			
Repurchase of shares	–	6	–
- transfer to/from revaluation reserve	(220,821)	–	220,821
At 31 December 2006	<u>88,161</u>	<u>13</u>	<u>375,255</u>

25 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	250,631	(923,457)
Other net recognised gains and losses	88,161	–
New ordinary share capital subscribed	5	25
Purchase of own ordinary shares	(6)	(7)
(Discount)/premium on purchase of own ordinary shares	6	(697)
Equity dividends paid	–	(13,725)
Transfer from revaluation reserve	220,821	–
Transfer to profit and loss account	(220,821)	–
Net increase to shareholders' funds	<u>338,797</u>	<u>(937,861)</u>
Opening shareholders' funds	126,349	1,064,210
Closing shareholders' (deficit)/funds	<u>465,146</u>	<u>126,349</u>

26 Ultimate parent company

The controlling related party of this company is Barry Howard Group Plc by virtue of its majority share holding of the issued share capital

The ultimate controlling party of this company is Barry Howard by virtue of his shareholding in Barry Howard Group PLC