GrantThornton

Financial Statements
Barry Howard Homes Limited

For the period ended 30 June 2008

Company No. 3425284

Officers and professional advisers

Company registration number	3425284
Registered office	Summer Farm West Haddon Road Crick Northampton NN6 7SQ
Directors	B J Howard A I Whitmill
Secretary	A I Whitmill
Bankers	Royal Bank of Scotland 77 Abington Street Northampton NN1 2BH
Auditor	Grant Thornton UK LLP Grant Thornton House Kettering Parkway Kettering Venture Park Kettering Northants NN15 6XR

Contents

Report of the directors

The directors present their report and the financial statements of the company for the period ended 30 June 2008.

Principal activities and business review

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

Results and dividends

The profit for the period amounted to £476,500 (31 December 2006 - £250,631). The directors have not recommended a dividend.

It is with great regret and frustration that the Board of Directors report a very difficult trading period for Barry Howard Homes Limited and its subsidiaries. The combined collapse of the UK housing and credit markets in 2008 were of an unprecedented level and the effects are likely to last well into 2009. In this context, after taking professional advice and consulting with its secured creditors, Barry Howard Homes Limited agreed a Company Voluntary Arrangement "CVA" with its creditors on the 3 July 2008. The Board recognise the hardship suffered by its suppliers and contractors through 2008. The Board will do everything possible to deliver the CVA at the expected level and to manage the company through its current difficulties. The Board are confident that with the continued support of all its stakeholders the company can thrive once again. There remains a continuing shortage of good quality housing stock in the UK and Barry Howard Group will be well placed to take advantage of more favourable trading conditions in the future and create turnover and employment for the local economy.

The Board would like to thank its creditors, staff, funding partners and advisors for their continued support during this challenging period.

Post balance sheet event

On 3 July 2008 the company entered into a Creditors Voluntary Arrangement. This was to allow the directors to effect an orderly sale of part complete sites and maximise the value of land with future development potential.

Financial risk management objectives and policies

The company uses various financial instruments. These include bank loans and overdrafts, 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 periods.

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.

Financial risk management objectives and policies (continued)

Credit risk
The company's principal financial assets are 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

The directors who served the company during the period were as follows:

B J Howard
W A M Main
A I Whitmill
W E Williams
C N Seamarks

On 1 August 2007 Mr C N Seamarks resigned from the Board and Mr A I Whitmill was appointed. On 11 June 2008 Mr W E Williams resigned from the Board. Mr W A M Main resigned from the Board on 21 January 2009.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. 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.

Directors' responsibilities (continued)

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

Donations

Donations to charitable organisations amounted to £15,486 (31 December 2006 - £2,253)

During the period the company made a donation of £10,672 (31 December 2006 £10,672) to the Conservative Party, £300 (31 December 2006 - £300)to the Daventry Conservative Association, £10,000 (31 December 2006 - £nil) to the Kettering Conservative Association and £300 (31 December 2006 - £nil) to the Long Buckby Conservative Association.

Purchase of own shares

On 12 September 2007 the company repurchased 10,000 £0.001 A Ordinary shares from C Seamarks upon the termination of his employment. This represented 0.6% of the called up share capital.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing period 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
30 April 2009

Grant Thornton

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 period ended 30 June 2008 which comprise the accounting policies, profit and loss account, balance sheet, statement of total recognised gains and losses and notes 1 to 25. 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.

Grant Thornton

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

Emphasis of matter - Going concern

In forming our opinion, which is not qualified in this respect, we have considered the adequacy of the disclosure made in note 24 to the financial statements concerning the company's ability to continue as a going concern. On 3 July 2008 the company was placed into and is still operating under a Creditors Voluntary Arrangement. In the period to 30 June 2008 it made an operating loss of £970,427 and is currently trading at a significantly reduced level. This company is part of a group in which the liabilities exceeded the assets by £3,780,615 at 30 June 2008 and there are significant cross guarantees as detailed in note 17.

The evidence available to us to confirm the appropriateness of preparing the financial statements on the going concern basis was limited because the validity of the going concern basis depends on the ability of the directors to generate sufficient funding and the validity of the values attached to development land and part completed sites. As a result, and in the absence of any alternative evidence available to us, we have been unable to form a view as to the applicability of the going concern basis, the circumstances of which, together with the effect on the financial statements should this basis be inappropriate, are set out in note 24 to the financial statements.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

As explained in note 24 since the period end the directors have secured a new overdraft and loan facility. The adequacy of this facility and the ability to meet the repayment schedule is dependent upon the company's ability to generate profits and cash. This uncertainty together with the losses, the uncertainty in the housing market and the balance sheet position noted above may cast doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

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 profit for the period 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

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

Kettering 30 April 2009

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice), modified to include the revaluation of certain fixed assets.

The company's accounting policies are unchanged compared with the prior year.

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.

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group.

The company has taken advantage of the exemption provided by section 228 of the Companies Act 1985 not to prepare group financial statements, as it's parent undertaking is Barry Howard Group plc, a company registered in England and Wales, prepares consolidated financial statements.

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is a greater than 90% owned subsidiary in a group where the parent undertaking publishes a consolidated cash flow statement.

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

Investments

Investments are included at cost less amounts written off.

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 or deficit arising on revaluation of such properties has been transferred to the revaluation reserve.

Depreciation is not provided in respect of freehold investment properties in accordance with SSAP19, which unlike schedule 4 to the Companies Act 1985, does not require depreciation of investment properties.

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.

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.

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.

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.

Profit and loss account

	Note	**Period to 30 June 2008 £**	Year to 31 December 2006 £
Turnover	1	**2,083,939**	7,107,932
Cost of sales		**196,918**	6,823,787
Gross profit		**1,887,021**	284,145
Other operating charges	2	**3,053,361**	1,034,115
Other operating income	3	**(195,913)**	(490,000)
Operating loss	4	**(970,427)**	(259,970)
Dividends received		**1,750,000**	464,529
Interest receivable		**4,993**	872
Interest payable and similar charges	7	**(143,815)**	(69,051)
Profit on ordinary activities before taxation		**640,751**	136,380
Tax on (loss)/profit on ordinary activities	8	**164,251**	(114,251)
Profit for the financial period	22	**476,500**	250,631

All of the activities of the company are classed as continuing.

Balance sheet

	Note	**30 June 2008**	31 December 2006
		£	£
Fixed assets			
Tangible assets	9	**285,000**	461,474
Investments	10	**503**	403
		285,503	461,877
Current assets			
Stocks	11	**383,000**	2,079,742
Debtors	12	**3,139,846**	2,502,854
		3,522,846	4,582,596
Creditors: amounts falling due within one period	13	**2,954,864**	4,579,327
Net current assets		**567,982**	3,269
Total assets less current liabilities		**853,485**	465,146
Capital and reserves			
Called-up equity share capital	21	**1,717**	1,717
Revaluation reserve	22	**-**	88,161
Capital redemption reserves	22	**13**	13
Profit and loss account	22	**851,755**	375,255
Shareholders' funds	23	**853,485**	465,146

These financial statements were approved and authorised for issue by the Board on 30 April 2009 and are signed on their behalf by:

B Howard
Director

A I Whitmill
Director

Other primary statements

Statement of total recognised gains and losses

	Period to 30 June 2008 £	Year to 31 December 2006 £
Profit for the financial period	**476,500**	250,631
Unrealised (loss)/profit on revaluation of tangible fixed assets: Investment properties	**(88,161)**	88,161
Total gains and losses recognised for the period	**388,339**	338,792

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:

	Period to 30 June 2008 £	Year to 31 December 2006 £
United Kingdom	**2,083,939**	7,107,932

2 Other operating charges

	Period to 30 June 2008 £	Year to 31 December 2006 £
Administrative expenses	**3,053,361**	1,034,115

3 Other operating income

	Period to 30 June 2008 £	Year to 31 December 2006 £
Management charges receivable	**195,913**	490,000

4 Operating loss

Operating loss is stated after charging:

	Period to 30 June 2008 £	Year to 31 December 2006 £
Depreciation of owned fixed assets	**15,671**	10,846
Impairment of owned fixed assets	**26,839**	-
Depreciation of assets held under finance leases and hire purchase agreements	**-**	3,304
Auditors' remuneration:		
Audit fees	**27,000**	4,050
Operating lease costs:		
Plant and equipment	**334,690**	235,846
Other	**67,392**	60,529

5 Particulars of employees

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

	Period to 30 June 2008	Year to 31 December 2006
	No	No
Staff	**19**	20

The aggregate payroll costs of the above were:

	Period to 30 June 2008	Year to 31 December 2006
	£	£
Wages and salaries	**962,816**	576,287
Social security costs	**103,003**	65,803
Other pension costs	**64,441**	48,531
	1,130,260	690,621

6 Directors

Remuneration in respect of directors was as follows:

	Period to 30 June 2008	Year to 31 December 2006
	£	£
Emoluments receivable	**1,170,175**	461,167
Value of company pension contributions to money purchase schemes	**64,441**	47,564
	1,234,616	508,731

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

	Period to 30 June 2008	Year to 31 December 2006
	No	No
Money purchase schemes	**3**	3

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

	Period to 30 June 2008	Year to 31 December 2006
	£	£
Emoluments receivable	**887,469**	307,080
Value of company pension contributions to money purchase schemes	**27,808**	21,259
	915,277	328,339

7 Interest payable and similar charges

	Period to 30 June 2008	Year to 31 December 2006
	£	£
Interest payable on bank borrowing	**32,772**	20,163
Finance charges	**22,751**	2,132
Interest on loans	**88,292**	46,756
	143,815	69,051

8 Taxation on ordinary activities

(a) Analysis of charge/(credit) in the period

	Period to 30 June 2008	Year to 31 December 2006
	£	£
Current tax:		
UK Corporation tax based on the results for the period at 30% (31 December 2006 - 30%)	–	–
Total current tax	–	–
Deferred tax:		
Origination and reversal of timing differences	**164,251**	**(114,251)**
Tax on profit on ordinary activities	**164,251**	**(114,251)**

(b) Factors affecting current tax credit

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (31 December 2006 - 30%).

	Period to 30 June 2008	Year to 31 December 2006
	£	£
Profit on ordinary activities before taxation	**640,751**	136,380
Profit on ordinary activities by rate of tax	**192,225**	40,914
(Creation)/utilisation of tax losses	**332,775**	98,445
Dividends received and other credits not subject to tax	**(525,000)**	(139,359)
Total current tax (note 8(a))	–	-

Note 8(b) does not show the full analysis of the differences to the tax charge and as such does not comply with Financial Reporting Standard 19 'Deferred Tax'. It is the directors' opinion that this does not affect the readers' view of the financial statements as separately analysed amounts would not be material.

9 Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Investment properties £	Total £
Cost or valuation					
At 1 January 2007	10,723	94,249	17,865	400,000	522,837
Additions	–	2,548	–	–	2,548
Disposals	–	(96,797)	(17,865)	–	(114,662)
Deficit on revaluation	–	–	–	(88,161)	(88,161)
Transfers to group companies	(10,723)	–	–	–	(10,723)
At 30 June 2008	–	–	–	311,839	311,839
Depreciation					
At 1 January 2007	8,245	53,118	–	–	61,363
Charge for the period	851	14,820	–	–	15,671
Impairment losses	–	–	–	26,839	26,839
Transfers to group companies	(9,096)	(67,938)	–	–	(77,034)
At 30 June 2008	–	–	–	26,839	26,839
Net book value					
At 30 June 2008	–	–	–	**285,000**	**285,000**
At 31 December 2006	2,478	41,131	17,865	400,000	461,474

Investment properties with a historical cost of £311,839 (31 December 2006 - £311,839) have been valued by the directors at open market value.

In accordance with SSAP 19 investment properties with a value of £285,000 (31 December 2006 - £400,000), as determined by the directors, have not been depreciated.

Included within the net book value of £285,000 is £Nil (31 December 2006 - £9,913) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £Nil (31 December 2006 - £3,304).

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

	Investment properties £
Cost and net book amount at 30 June 2008	**285,000**
Net book amount at 1 January 2007	311,839

10 Investments

Shares in subsidiary companies

	£
Cost	
At 1 January 2007	**1,102**
Additions	**100**
At 30 June 2008	**1,202**
Amounts written off	
At 1 January 2007 and 30 June 2008	**699**
Net book value	
At 30 June 2008	**503**
At 31 December 2006	403

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

	Nature of business	Aggregate of capital and reserves		Profit/(loss) for the financial period	
		Period to 30 June 2008	Year to 31 December 2006	**Period to 30 June 2008**	Year to 31 December 2006
		£	£	**£**	£
Barry Howard Homes (Eastern) Limited	Property development	**(435,147)**	100	**(435,247)**	(5,483)
Barry Howard Homes (Midlands) Limited	Property development	**5,394**	2	**5,492**	48,758
Barry Howard Homes (THF) Limited	Property development	**12,981**	1	**12,980**	(101,104)
Barry Howard Homes (HB) Limited	Property development	**339,094**	(71,580)	**1,160,674**	(71,680)
Barry Howard Homes (Developments) Limited	Property development	**49,372**	(36,580)	**1,085,952**	(36,680)

Barry Howard Homes (East Midland) Limited, involved in property development, generated losses of £597,422 and had an aggregate deficit of capital and reserves of £597,322 in its first period of trading.

Barry Howard Homes (Weedon) Limited, involved in property development, generated losses of £476,577 and had an aggregate deficit of capital and reserves of £476,477 in its first period of trading at 30 April 2008.

11 Stocks

	30 June 2008	31 December 2006
	£	£
Long-term contract balances:		
Costs less provision for foreseeable losses	**383,000**	2,079,742

Interest on capital borrowed to finance construction is included in stocks to the extent of £Nil (31 December 2006 - £27,617).

12 Debtors

	30 June 2008	31 December 2006
	£	£
Trade debtors	–	244,340
Amounts owed by group undertakings	**2,447,930**	1,579,221
Other debtors	**691,916**	679,293
	3,139,846	2,502,854

13 Creditors: amounts falling due within one year

	30 June 2008	31 December 2006
	£	£
Bank loans and overdraft	**1,603,182**	1,038,825
Trade creditors	**631,960**	1,542,653
Amounts owed to group undertakings	**371,850**	1,233,637
Taxation and social security	**28,870**	31,328
Amounts due under hire purchase agreements	–	4,074
Other creditors	–	70,000
Directors current accounts	**250,000**	616,920
Accruals and deferred income	**69,002**	41,890
	2,954,864	4,579,327

The bank loans and overdraft 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.

14 Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	30 June 2008	31 December 2006
	£	£
Amounts payable within 1 year	–	4,074
Amounts payable between 1 and 2 years	–	–
	–	4,074

15 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.

16 Deferred taxation

The movement in the deferred taxation provision during the period was:

	30 June 2008	31 December 2006
	£	£
Provision brought forward	**164,251**	50,000
Profit and loss account movement arising during the period	**(164,251)**	114,251
Provision carried forward in other debtors	–	164,251

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

	30 June 2008	31 December 2006
	£	£
Excess of taxation allowances over depreciation on fixed assets	–	11,339
Other timing differences	–	–
Losses	–	(175,590)
	–	(164,251)

17 Contingencies

The company has a bond of £50,000 (31 December 2006 - £150,000) in relation to the NHBC Scheme.

At the 30 June 2008 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, Barry Howard Homes (Investments) Limited and Barry Howard Homes (East Midlands) Limited.

At the 30 June 2008 the maximum liability under this guarantee was £8,958,292.

18 Transactions with the directors

During the period, Barry Howard, one of the directors, had a loan with the company. The loan was written off on 20 May 2008. At the period end the amount due from the company was £nil (31 December 2006 £269,978). The maximum amount overdrawn during the period was £nil (31 December 2006 - £34,013).

During the period, the company has provided building services for Barry Howard. The amount included in closing stock is £nil (31 December 2006 - £507,344). An amount of £507,344 (31 December 2006 - £243,607) has been included in directors' remuneration relating to these services.

During the period, William Main, one of the directors, had a loan with the company. At the period end the amount due from the company was £250,000 (31 December 2006 - £346,942).

During the period, the company transferred some land options to a company owned by Mr B Howard. Fair value was paid for these options and a profit of £333,333 was retained in the company.

19 Related party transactions

The company has taken advantage of the exemption offered by Financial Reporting Standard No. 8 'Related Party Disclosures' not to disclose transactions 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.

Barry Howard LLP is a related party by virtue of common members and directors. During the period fixed assets with a Net Book Value of £17,865 (31 December 2006 - £nil) were sold to Barry Howard LLP for £17,865 (31 December 2006 - £nil). During the period Barry Howard LLP invoiced £334,690 (31 December 2006 £348,846) to Barry Howard Homes Limited. The balance outstanding to Barry Howard LLP at the period end was £14,340 (31 December 2006 due from Barry Howard LLP £247,571).

20 Capital redemption reserve

	30 June 2008	31 December 2006
	£	£
Purchase of own shares	**13**	–

21 Share capital

Authorised share capital:

	30 June 2008	31 December 2006
	£	£
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
	4,000	4,000

Allotted, called up and fully paid:

	2008 No	2008 £	2007 No	2007 £
Ordinary shares of £0.001 each	**1,700,000**	**1,700**	1,700,000	1,700
A Ordinary shares of £0.001 each	**17,500**	**17**	16,500	17
	1,717,500	**1,717**	1,716,500	1,717

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

On 12 September 2007 the company issued 10,000 A ordinary shares of £0.01 at par.

On 12 September 2007 the company repurchased 10,000 £0.001 A shares from C Seamarks upon termination of his employment.

22 Reserves

	Revaluation reserve	Capital redemption reserve	Profit and loss account
	£	£	£
At 1 January 2006	**88,161**	**13**	**375,255**
Profit for the period	–	–	**476,500**
Revaluation of fixed assets	**(88,161)**	–	–
At 30 June 2008	–	**13**	**851,755**

23 Reconciliation of movements in shareholders' funds

	30 June 2008	31 December 2006
	£	£
Profit for the financial period	**476,500**	250,631
Other net recognised gains and losses	**(88,161)**	88,161
New ordinary share capital subscribed	**10**	5
Purchase of own ordinary shares	**(13)**	(6)
Premium on purchase of own ordinary shares	**3**	6
Transfer from revaluation reserve	**-**	220,821
Transfer to profit and loss account	**-**	(220,821)
Net increase to shareholders' funds	**388,339**	338,797
Opening shareholders' funds	**465,146**	126,349
Closing shareholders' funds	**853,485**	465,146

24 Emphasis of matter - Going concern

On 3 July 2008 the company entered into a Creditors Voluntary Arrangement. This was to allow the directors to effect an orderly sale of part complete sites and maximise the value of land with future development potential.

The banks have been supportive throughout this process and on 26 January 2009 extended the overdraft facility to £2,050,000 to enable the completion of some sites, weatherproofing some part complete sites and obtaining planning permission on development land to enhance value.

The ability of the company to continue trading depends heavily on an upturn in the property market. The directors have made their best estimate of the current value of land and property assets, where they believe that cost exceeds net realisable value. These write downs have been included in the accounts but in this current market, it is not possible to be certain whether these provisions against the value of assets will be sufficient.

The company will also continue to incur interest charges until assets are sold. Every effort is being made to agree sales on all trade assets to reduce the overall bank indebtedness and reduce the ongoing interest charge. However the company is entirely reliant on the support of its bankers to allow sufficient time to realise assets at maximum value.

The directors remain positive that they can ultimately realise sufficient assets to comply with the terms of the Creditors Voluntary Arrangement but recognise that it is impossible to be specific about the timing. They will continue to work closely with their bankers, who have been positive about progress to date and currently remain supportive.

25 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.