



Financial Statements

Barry Howard Homes Limited

For the year ended 30 June 2009

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COMPANIES HOUSE

Company No. 3425284

Officers and professional advisers

Company registration number	3425284
Registered office	Summer Farm West Haddon Road Crick Northampton NN6 7SQ
Director	B J Howard
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

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Report of the director

The director presents his report and the financial statements of the company for the year ended 30 June 2009

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 £593,571 (2008 - £476,500) The director has not recommended a dividend

During the year, the company has continued to trade for the benefit of its creditors, repaying debts and working to deliver the commitment of Barry Howard Homes Limited Company Voluntary Arrangement ("CVA")

Since the formation of the CVA, conditions in the economy, credit markets and property sector have worsened appreciably This is evidenced by our funding partners, Royal Bank of Scotland and Anglo Irish Bank, both being nationalised during the later part of 2008 by the UK and Irish governments respectively It is in this context that we have not yet been able to release a dividend to the creditors at the present time

In spite of the unprecedented paucity of the economic and trading markets, the director has worked tirelessly to ensure the survival of the company, protection of the creditors and CVA and realisation of the assets at best value In a further measure to protect the asset values and realisations, we successfully managed to negotiate a settlement with G&C Finance and RBS whereby G&C as a second charge holder, wrote off their debt in exchange for RBS releasing their guarantees to some of the banking debt This saved a substantial six figure sum from the estimated outcome statement, and whilst this has been absorbed at present by the falling asset values, this has protected the availability of dividend to the unsecured creditors

It has been particularly pleasing that, as we had intended, the successful formation of the CVA has resulted in further instructions for many of our creditors A great number have therefore had the opportunity of work post CVA on the Kettering and Leicester sites, and will have further opportunities into the future

The success of the CVA remains dependent on asset realisations at certain values and the survival of the company

Post year end, the group disposed of its waste management business, Bio Wayste Ltd, for £908,000 on 17 September 2009 This was a good deal for the company and recovered the investment the company had made prior to its financial difficulties The company also disposed of its land holdings at Crick, Northants, post year end which cleared a further £1.4m of interest bearing debts from the company

The company continues to be supported by Barry Howard Land Limited, a company outside of the company, which has pledged funding to the company under the cross-guarantee with the Royal Bank of Scotland

The director would like to thank creditors, former employees and directors, funding partners and advisors for their continued support during this challenging period

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 director reviews and agrees 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 trade debtors. In order to manage credit risk the director sets 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.

Directors

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

B J Howard
W A M Main
A I Whitmill

Mr W A M Main resigned from the Board on 21 January 2009
Mr A I Whitmill resigned from the Board on 30 June 2009

Statement of director's responsibilities

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare 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 director is required to

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

Statement of director's responsibilities (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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 director is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Donations

Donations to charitable organisations amounted to £3,324 (2008 - £15,486)

During the year the company made a donation of £nil (2008 £10,672) to the Conservative Party, £nil (2008 - £300) to the Daventry Conservative Association, £nil (2008 - £10,000) to the Kettering Conservative Association, £250 (2008 - £300) to the Long Buckby Conservative Association and £3,074 (2008 - £nil) to Northampton North Conservative Association

Purchase of own shares

On 30 September 2008 the company repurchased 6,500 £0.001 A Ordinary shares from G Smyth upon the termination of his employment. On 30 June 2009 the company repurchased 10,000 £0.001 A Ordinary shares from A Whitmill upon termination of his employment.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD



BJ Howard
Director

26 MARCH 2010



Report of the independent auditor to the members of Barry Howard Homes Limited (registered number 3425284)

We have audited the financial statements of Barry Howard Homes Limited for the year ended 30 June 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the director and auditor

As explained more fully in the Director's Responsibilities Statement set out on pages 4 and 5, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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 Company Voluntary Arrangement. This company is part of a group in which the liabilities exceeded the assets by £3,237,233 at 30 June 2009 and there are significant cross guarantees as detailed in note 17.



Report of the independent auditor to the members of Barry Howard Homes Limited (registered number 3425284)

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 director 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 director has 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 on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Steve Robinson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Kettering
26 March 2010

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 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

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 400 of the Companies Act 2006 not to prepare group financial statements, as its parent undertaking Barry Howard Group plc, a company registered in England and Wales, prepares consolidated financial statements

The director has 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

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike Statutory Instrument 2008 No 409, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

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 year, 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 year 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 director, 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	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Turnover	1	623,790	2,083,939
Cost of sales		<u>294,630</u>	<u>196,918</u>
Gross profit		329,160	1,887,021
Other operating charges	2	849,885	3,053,361
Other operating income	3	<u>(1,207,559)</u>	<u>(195,913)</u>
Operating profit/(loss)	4	686,834	(970,427)
Dividends received		-	1,750,000
Interest receivable		-	4,993
Interest payable and similar charges	7	<u>93,263</u>	<u>(143,815)</u>
Profit on ordinary activities before taxation	1	593,571	640,751
Tax on profit on ordinary activities	8	<u>-</u>	<u>164,251</u>
Profit for the financial year	22	<u>593,571</u>	<u>476,500</u>

All of the activities of the company are classed as continuing

Balance sheet

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	9	150,600	285,000
Investments	10	503	503
		151,103	285,503
Current assets			
Stocks	11	-	383,000
Debtors	12	4,759,767	3,139,846
Cash		1,385	-
		4,761,152	3,522,846
Creditors: amounts falling due within one year	13	3,465,216	2,954,864
Net current assets		1,295,936	567,982
Total assets less current liabilities		1,447,039	853,485
Capital and reserves			
Called-up equity share capital	21	1,700	1,717
Revaluation reserve	22	-	-
Capital redemption reserve	22	30	13
Profit and loss account	22	1,445,309	851,755
Shareholders' funds	23	1,447,039	853,485

These financial statements were approved by the Director and authorised for issue on 24 March 2010 and are signed by



B Howard
 Director

Other primary statements

Statement of total recognised gains and losses

	Note	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Profit for the financial year		593,571	476,500
Unrealised loss on revaluation of tangible fixed assets Investment properties		-	(88,161)
Total gains and losses recognised for the year	23	<u>593,571</u>	<u>388,339</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

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
United Kingdom	<u>623,790</u>	<u>2,083,939</u>

2 Other operating charges

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Administrative expenses	<u>849,885</u>	<u>3,053,361</u>

3 Other operating income

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Management charges receivable	<u>1,207,559</u>	<u>195,913</u>

4 Operating loss

Operating loss is stated after charging

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Depreciation of owned fixed assets	-	15,671
Impairment of owned fixed assets	-	26,839
Depreciation of assets held under finance leases and hire purchase agreements	-	-
Auditor's remuneration	-	-
Audit fees	-	27,000
Operating lease costs	-	-
Plant and equipment	150,000	334,690
Other	-	67,392

In 2009 the auditor's remuneration was borne by another group company

5 Particulars of employees

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

	Year to 30 June 2009 No	18 month period to 30 June 2008 No
Administration and management	<u>10</u>	<u>19</u>

The aggregate payroll costs of the above were

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Wages and salaries	380,434	962,816
Social security costs	38,928	103,003
Other pension costs	3,128	64,441
	<u>422,490</u>	<u>1,130,260</u>

6 Director

Remuneration in respect of the director was as follows

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Emoluments receivable	206,139	1,170,175
Value of company pension contributions to money purchase schemes	3,128	64,441
	<u>209,267</u>	<u>1,234,616</u>

The 2009 emoluments shown above are before contributions of £79,208 receivable from Bio Wayste Limited in respect of directors services

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

	Year to 30 June 2009 No	18 month period to 30 June 2008 No
Money purchase schemes	<u>1</u>	<u>3</u>

Director (continued)

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

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Emoluments receivable	97,664	887,469
Value of company pension contributions to money purchase schemes	-	27,808
	<u>97,664</u>	<u>915,277</u>

7 Interest payable and similar charges

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Interest payable on bank borrowing	-	32,772
Finance charges	11,341	22,751
Interest on loans	93,390	88,292
	<u>104,731</u>	<u>143,815</u>

8 Taxation on ordinary activities

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

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Current tax		
UK Corporation tax based on the results for the year at 28% (2008 - 30%)	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	164,251
Tax on (loss)/profit on ordinary activities	<u>-</u>	<u>164,251</u>

Taxation on ordinary activities (continued)

(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 28% (2008 - 30%)

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Profit on ordinary activities before taxation	<u>593,571</u>	<u>640,751</u>
Profit on ordinary activities by rate of tax	166,200	192,225
(Utilisation)/creation of tax losses	(166,200)	332,775
Dividends received and other credits not subject to tax	-	(525,000)
Total current tax (note 8(a))	<u>-</u>	<u>-</u>

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 director's 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

	Fixtures & Fittings £	Investment properties £	Total £
Cost or valuation			
At 1 July 2008	-	311,839	311,839
Additions	600	-	-
Disposals	-	(155,920)	(155,920)
At 30 June 2009	<u>600</u>	<u>155,919</u>	<u>155,919</u>
Depreciation			
At 1 July 2008	-	26,839	26,839
Charge for the year	-	-	-
Disposals	-	(20,920)	(20,920)
At 30 June 2009	<u>-</u>	<u>5,919</u>	<u>5,919</u>
Net book amount at 30 June 2009	<u>600</u>	<u>150,000</u>	<u>150,600</u>
Net book amount at 30 June 2008	<u>-</u>	<u>285,000</u>	<u>285,000</u>

Investment properties with a historical cost of £155,919 (2008 - £311,839) have been valued by the director at open market value.

In accordance with SSAP 19 investment properties with a value of £150,000 (2008 - £285,000), as determined by the director, have not been depreciated.

Tangible fixed assets (continued)

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 2009	<u><u>150,000</u></u>
Net book amount at 30 June 2008	<u><u>285,000</u></u>

10 Investments

Shares in subsidiary companies

	2009 £	2008 £
Cost		
At 1 July 2008	<u>1,202</u>	<u>1,202</u>
Additions	<u>-</u>	<u>-</u>
At 30 June 2009	<u><u>1,202</u></u>	<u><u>1,202</u></u>
Amounts written off		
At 1 July 2008	<u>699</u>	<u>699</u>
At 30 June 2009	<u><u>699</u></u>	<u><u>699</u></u>
Net book value at 30 June 2009	<u><u>503</u></u>	<u><u>503</u></u>
Net book value at 30 June 2008	<u><u>503</u></u>	<u><u>503</u></u>

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

Barry Howard Homes (Eastern) Limited
 Barry Howard Homes (Midlands) Limited
 Barry Howard Homes (THF) Limited
 Barry Howard Homes (HB) Limited
 Barry Howard Homes (Developments) Limited
 Barry Howard Homes (East Midland) Limited
 Barry Howard Homes (Weedon) Limited

All subsidiary undertakings are registered in England and Wales and are engaged in property development

11 Stocks

	2009 £	2008 £
Long-term contract balances		
Costs less provision for foreseeable losses	-	383,000

Interest on capital borrowed to finance construction is included in stocks to the extent of £nil
(2008 - £nil)

12 Debtors

	2009 £	2008 £
Trade debtors		-
Amounts owed by group undertakings	3,178,028	2,447,930
Other debtors	1,581,739	691,916
	<u>4,759,767</u>	<u>3,139,846</u>

13 Creditors: amounts falling due within one year

	2009 £	2008 £
Bank loans and overdraft	2,564,593	1,603,182
Trade creditors	482,568	631,960
Amounts owed to group undertakings	99,740	371,850
Taxation and social security	36,536	28,870
Amounts due under hire purchase agreements	-	-
Other creditors	-	-
Director's current account	241,071	250,000
Accruals and deferred income	40,708	69,002
	<u>3,465,216</u>	<u>2,954,864</u>

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

	2009 £	2008 £
Amounts payable within 1 year	-	-
Amounts payable between 1 and 2 years	-	-
	<u>-</u>	<u>-</u>

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 year was

	2009 £	2008 £
Provision brought forward	-	164,251
Profit and loss account movement arising during the year	-	(164,251)
	<hr/>	<hr/>
Provision carried forward in other debtors	-	-
	<hr/>	<hr/>

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

	2009 £	2008 £
Excess of taxation allowances over depreciation on fixed assets	-	-
Other timing differences	-	-
Losses	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

17 Contingencies

The company has a bond of £50,000 (2008 - £50,000) in relation to the NHBC Scheme.

At the 30 June 2009 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 30 June 2009 the maximum liability under this guarantee was £8,791,291 (2008 - £8,958,292).

18 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 to the company was £8,441 (2008 - £nil). The maximum amount overdrawn during the year was £8,441 (2008 - £nil).

During the year, William Main, a director during the year, had a loan with the company. At the year end the amount due from the company was £250,000 (£2008 - £250,000). This sum cannot be repaid until the CVA is discharged.

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

The company received management income of £160,000 and £1,000,000 during the year respectively from BioWayste Systems Ltd and Barry Howard Land Limited, companies of which Mr Howard is a Director and shareholder. The management fees represented fair value for services provided by Barry Howard Homes Ltd

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 (2008 - £17,865) were sold to Barry Howard LLP for £nil (2008 - £17,865). During the year Barry Howard LLP invoiced £252,105 (2008 £334,690) to Barry Howard Homes Limited. The balance outstanding from Barry Howard LLP at the year end was £97,407 (2008 due from Barry Howard LLP £14,340)

20 Capital redemption reserve

	2009 £	2008 £
Purchase of own shares	<u>30</u>	<u>13</u>

21 Share capital

	2009 £		2008 £	
Authorised share capital				
3,000,000 Ordinary shares of £0.001 each	3,000		3,000	
1,000,000 A Ordinary shares of £0.001 each	<u>1,000</u>		<u>1,000</u>	
	<u>4,000</u>		<u>4,000</u>	
Allotted, called up and fully paid				
	No	2009 £	No	2008 £
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
	<u>1,700,000</u>	<u>1,700</u>	<u>1,717,500</u>	<u>1,717</u>

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

On 30 September 2008 the company repurchased 6,500 £0.001 A shares from G Smyth on termination of his employment. On 30 June 2009 the company repurchased 10,000 £0.001 A shares from A Whitmill on termination of his employment.

22 Reserves

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
At 1 January 2008	-	13	851,755
Profit for the year	-	-	593,571
Purchase of own shares	-	17	(17)
	<hr/>	<hr/>	<hr/>
At 30 June 2009	-	30	1,445,307

23 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	593,571	476,500
Other net recognised gains and losses	-	(88,161)
New ordinary share capital subscribed	-	10
Purchase of own ordinary shares	(17)	(10)
	<hr/>	<hr/>
Net increase to shareholders' funds	593,554	388,339
Opening shareholders' funds	853,485	465,146
	<hr/>	<hr/>
Closing shareholders' funds	1,447,039	853,485

24 Emphasis of matter - Going concern

On 3 July 2008 the company entered into a Company Voluntary Arrangement. This was to allow the director 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 have extended the overdraft facility on a number of occasions to enable the completion of some sites, weatherproofing some part complete sites and obtaining planning permission on development land to enhance value. On 17 September 2009, £1m was paid off the overdraft following the sale by the parent company of its Bio Wayste subsidiary. The overdraft and borrowings are also supported by Barry Howard Land Limited. Asset disposals from this company are expected to clear the overdraft in full during 2010 and provide funds to the Company Voluntary Arrangement.

The ability of the company to continue trading depends heavily on an upturn in the property market. The director has made his 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.

Emphasis of matter - Going concern (continued)

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 director remains positive that he can ultimately realise sufficient assets to comply with the terms of the Company Voluntary Arrangement but recognises that it is impossible to be specific about the timing. He will continue to work closely with the 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 shareholding 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.