

Barry Howard Homes Limited

Financial statements

For the year ended 31 December 2004

Grant Thornton 



Company No. 3425284

Officers and professional advisers

Company registration number	3425284
Registered office	The Round Tin Barn Victors Barn Brixworth NN6 9DQ
Directors	B J Howard W A M Main W E Williams
Secretary	N Brawn
Bankers	Barclays Bank Plc P O Box 3333 15 Colmore Road Birmingham B3 2WN
Auditors	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 2004.

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 trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2004	2003
	£	£
Dividends paid on ordinary shares	<u>42,875</u>	<u>124,000</u>

The directors and their interests in the shares of the parent company

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

	Ordinary £1 shares in the parent company	
	At 31 December 2004	At 1 January 2004 or later date of appointment
B J Howard	1,500,000	—
W A M Main	1,000,000	—
W E Williams	—	—

R Julian was appointed as a director on 1 January 2004 and resigned as a director on 7 June 2004.

Directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

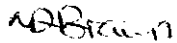
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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.

BY ORDER OF THE BOARD



N Brawn
Secretary

24 June 2005

Report of the independent auditors 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 2004 which comprise the accounting policies, profit and loss account, balance sheet, statement of total recognised gains and losses, note of historical cost profits and losses and notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards 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 United Kingdom auditing standards.

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 if, in our opinion, the report of the directors is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the report of the directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 auditors to the members of Barry Howard Homes Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

27 June 2005

NORTHAMPTON

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.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEC and in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

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 wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover represents amounts receivable for rental income and proceeds from the sale of developments exclusive of VAT. Sale of developments is recognised on exchange of contracts 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

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 because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation.

Stocks

Work in progress is 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.

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	2004 £	2003 £
Turnover	1	6,871,245	3,665,143
Cost of sales		5,312,247	2,796,396
Gross profit		1,558,998	868,747
Other operating charges	2	984,724	305,534
Other operating income	3	(39,855)	—
Operating profit	4	614,129	563,213
Interest receivable		3,928	—
Interest payable and similar charges	7	(91,213)	(47,715)
Profit on ordinary activities before taxation		526,844	515,498
Tax on profit on ordinary activities	8	75,637	155,567
Profit on ordinary activities after taxation		451,207	359,931
Dividends	9	42,875	124,000
Retained profit for the financial year	25	408,332	235,931

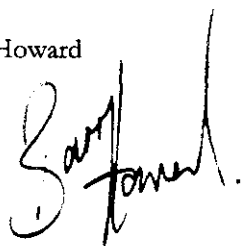
All of the activities of the company are classed as continuing.

Balance sheet

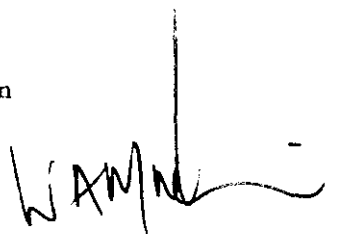
	Note	2004 £	2003 £
Fixed assets			
Tangible assets	10	1,143,850	631,312
Investments	11	700	710
		<u>1,144,550</u>	<u>632,022</u>
Current assets			
Stocks	12	7,512,881	4,075,399
Debtors	13	1,004,624	3,063,144
Cash at bank		443,244	131,126
		<u>8,960,749</u>	<u>7,269,669</u>
Creditors: amounts falling due within one year	14	<u>8,483,929</u>	<u>7,070,446</u>
Net current assets		<u>476,820</u>	<u>199,223</u>
Total assets less current liabilities		<u>1,621,370</u>	<u>831,245</u>
Creditors: amounts falling due after more than one year	15	<u>549,309</u>	<u>269,958</u>
		<u>1,072,061</u>	<u>561,287</u>
Provisions for liabilities and charges			
Deferred taxation	18	7,851	27,230
		<u>1,064,210</u>	<u>534,057</u>
Capital and reserves			
Called-up equity share capital	23	1,700	1,700
Revaluation reserve	24	220,821	99,000
Profit and loss account	25	841,689	433,357
Shareholders' funds	26	<u>1,064,210</u>	<u>534,057</u>

These financial statements were approved by the directors on 24 June 2005 and are signed on their behalf by:

B Howard



W A M Main



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

Other primary statements

Statement of total recognised gains and losses

	2004	2003
	£	£
Profit for the financial year	451,207	359,931
Unrealised profit on revaluation		
Of tangible fixed assets:		
Investment properties	121,821	—
Total gains and losses recognised for the year	<u>573,028</u>	<u>359,931</u>

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:

	2004	2003
	£	£
United Kingdom	<u>6,871,245</u>	<u>3,665,143</u>

2 Other operating income and charges

	2004	2003
	£	£
Administrative expenses	<u>984,724</u>	<u>305,534</u>

3 Other operating income

	2004	2003
	£	£
Other operating income	<u>39,855</u>	<u>—</u>

4 Operating profit

Operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Depreciation of owned fixed assets	<u>18,616</u>	<u>4,742</u>
Depreciation of assets held under finance leases and hire purchase agreements	<u>99,868</u>	<u>32,445</u>
Loss/(profit) on disposal of fixed assets	<u>3,564</u>	<u>(85)</u>
Auditors' remuneration:		
Audit fees	<u>8,000</u>	<u>7,500</u>
Operating lease costs:		
Land and buildings	<u>39,923</u>	<u>—</u>
Plant and equipment	<u>2,369</u>	<u>1,947</u>

5 Particulars of employees

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

	2004	2003
	No	No
Number of staff	<u>18</u>	<u>7</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	472,113	78,090
Social security costs	54,998	11,716
Other pension costs	28,178	16,446
	<u>555,289</u>	<u>106,252</u>

6 Directors

Remuneration in respect of directors was as follows:

	2004	2003
	£	£
Emoluments receivable	179,359	41,328
Value of company pension contributions to money purchase schemes	26,088	15,246
	<u>205,447</u>	<u>56,574</u>

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

	2004	2003
	No	No
Money purchase schemes	<u>2</u>	<u>1</u>

7 Interest payable and similar charges

	2004	2003
	£	£
Finance charges	16,087	9,068
Interest on loans	71,133	37,739
Other similar charges	3,993	908
	<u>91,213</u>	<u>47,715</u>

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2004 £	2003 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	95,016	128,337
Total current tax	95,016	128,337
Deferred tax:		
Origination and reversal of timing differences	(19,379)	27,230
Tax on profit on ordinary activities	75,637	155,567

(b) Factors affecting current tax charge

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% (2003 - 30%).

	2004 £	2003 £
Profit on ordinary activities before taxation	526,844	515,498
Profit/(loss) on ordinary activities by rate of tax	158,053	154,649
Expenses not deductible for tax purposes	3,243	11,183
Capital allowances for period in excess of depreciation	(3,427)	(21,963)
Marginal relief	(1,468)	(8,117)
Group relief claimed	(84,190)	—
Utilisation of tax losses	—	(7,415)
Other timing differences	22,805	—
Total current tax (note 8(a))	95,016	128,337

9 Dividends

	2004 £	2003 £
Equity dividends:		
Dividends paid on ordinary shares	42,875	124,000

10 **Tangible fixed assets**

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Investment properties £	Total £
Cost or valuation					
At 1 January 2004	117,618	54,797	201,561	300,000	673,976
Additions	152,249	33,432	78,457	279,179	543,317
Disposals	—	—	(53,180)	—	(53,180)
Revaluation	—	—	—	121,821	121,821
At 31 December 2004	<u>269,867</u>	<u>88,229</u>	<u>226,838</u>	<u>701,000</u>	<u>1,285,934</u>
Depreciation					
At 1 January 2004	16,623	7,547	18,494	—	42,664
Charge for the year	56,597	15,999	45,888	—	118,484
On disposals	—	—	(19,064)	—	(19,064)
At 31 December 2004	<u>73,220</u>	<u>23,546</u>	<u>45,318</u>	<u>—</u>	<u>142,084</u>
Net book value					
At 31 December 2004	<u>196,647</u>	<u>64,683</u>	<u>181,520</u>	<u>701,000</u>	<u>1,143,850</u>
At 31 December 2003	<u>100,995</u>	<u>47,250</u>	<u>183,067</u>	<u>300,000</u>	<u>631,312</u>

Investment properties have been valued by the directors at open market value.

In accordance with SSAP 19 investment properties with a value of £701,000, as determined by the directors, have not been depreciated.

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

Included within the net book value of £1,143,850 is £355,976 (2003 - £205,393) 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 £99,868 (2003 - £32,445).

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	480,179
Net book amount at 31 December 2004	<u>480,179</u>
Net book amount at 1 January 2004	<u>201,000</u>

11 Investments

Shares in subsidiary companies

	£
Cost	
At 1 January 2004	710
Disposals	(10)
At 31 December 2004	<u>700</u>
Net book value	
At 31 December 2004	<u>700</u>
At 31 December 2003	<u>710</u>

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

Name of subsidiary	Nature of business	
Barry Howard Homes (THF) Limited	Property development	
WLF Developments Limited	Dormant	
	2004	2003
	£	£
Aggregate capital and reserves		
Barry Howard Homes (THF) Limited	(39,070)	—
WLF Developments Limited	37,372	37,372
Profit and (loss) for the year		
Barry Howard Homes (THF) Limited	(39,071)	—
WLF Developments Limited	—	—

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

	2004	2003
	£	£
Long-term contract balances:		
Costs less provision for foreseeable losses	<u>7,512,881</u>	<u>4,075,399</u>

Interest on capital borrowed to finance construction is included in stocks to the extent of £158,622 (2003: £38,897).

13 Debtors

	2004	2003
	£	£
Trade debtors	216,537	1,121,266
Amounts owed by group undertakings	470,337	1,600,000
Other debtors	294,739	334,621
Prepayments and accrued income	23,011	7,257
	<u>1,004,624</u>	<u>3,063,144</u>

14 Creditors: amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	5,902,062	2,403,484
Trade creditors	1,555,702	544,395
Taxation and social security	303,687	180,224
Amounts due under finance leases and hire purchase agreements	143,048	65,055
Other creditors	104,917	3,642,669
Directors current accounts	347,573	157,260
Accruals and deferred income	126,940	77,359
	<u>8,483,929</u>	<u>7,070,446</u>

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

	2004	2003
	£	£
Bank loans and overdrafts	5,902,062	2,403,484
Other creditors including taxation and social security	103,906	208,902
Hire purchase contracts	143,048	65,055
	<u>6,149,016</u>	<u>2,677,441</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

	2004	2003
	£	£
Bank loans and overdrafts	368,165	166,357
Amounts due under finance leases and hire purchase agreements	181,144	103,601
	<u>549,309</u>	<u>269,958</u>

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

	2004	2003
	£	£
Bank loans and overdrafts	368,165	166,357
Hire purchase contracts	181,144	103,601
	<u>549,309</u>	<u>269,958</u>

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

15 Creditors: amounts falling due after more than one year (continued)

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:

	2004	2003
	£	£
Bank loans and overdrafts	<u>81,189</u>	<u>73,936</u>

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

16 Commitments under finance leases and hire purchase agreements

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

	2004	2003
	£	£
Amounts payable within 1 year	143,048	65,055
Amounts payable between 1 and 2 years	136,064	55,273
Amounts payable between 3 and 5 years	45,080	48,328
	<u>324,192</u>	<u>168,656</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:

	2004
	£
Provision brought forward	27,230
Profit and loss account movement arising during the year	(19,379)
Provision carried forward	<u>7,851</u>

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

	2004	2003
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>7,851</u>	<u>27,230</u>

19 Commitments under operating leases

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	2004		2003	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 2 to 5 years	43,200	1,892	—	844

20 Contingencies

The company has a bond of £75,000 (2002: £75,000) in relation to the NHBC Scheme.

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 £nil (2003: £5,289). The loan was overdrawn at certain times throughout the year. The maximum outstanding during the period was £138,740.

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 £347,573 (2003: £151,971).

During the year, the company has provided building services for Barry Howard. The amount included in closing stock is £238,597. In addition, the company has received £215,654 in the year as a payment on account.

During the year, the company repaid Mr J P M Main (a brother of Mr W A M Main) £65,000 (2003: £nil). Interest was included in this amounting to £15,000.

22 Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

23 Share capital

Authorised share capital:

	2004	2003
	£	£
3,000 Ordinary shares of £1 each	3,000	3,000

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	1,700	1,700	1,700	1,700

24 Revaluation reserve

	2004	2003
	£	£
Balance brought forward	99,000	119,000
Revaluation of fixed assets	121,821	—
To profit and loss account	—	(20,000)
Balance carried forward	<u>220,821</u>	<u>99,000</u>

25 Profit and loss account

	2004	2003
	£	£
Balance brought forward	433,357	177,426
Retained profit for the financial year	408,332	235,931
Transfer from revaluation reserve	—	20,000
Balance carried forward	<u>841,689</u>	<u>433,357</u>

26 Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
Profit for the financial year	451,207	359,931
Dividends	(42,875)	(124,000)
	<u>408,332</u>	<u>235,931</u>
Other net recognised gains and losses	121,821	—
New equity share capital subscribed	—	698
Net addition to shareholders' equity funds	<u>530,153</u>	<u>236,629</u>
Opening shareholders' equity funds	534,057	297,428
Closing shareholders' equity funds	<u>1,064,210</u>	<u>534,057</u>

27 Ultimate parent company

The ultimate parent undertaking of this company is Barry Howard Group Plc by virtue of its holding of 100% of the issued share capital.