

**BUSINESS HOMES MIDLANDS  
LIMITED**

**Report and Financial Statements**

**30 September 2008**

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# **BUSINESS HOMES MIDLANDS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2008**

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# **BUSINESS HOMES MIDLANDS LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30th September 2008.

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

### **PRINCIPAL ACTIVITY**

The company's principal activity is property investment and development.

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The directors consider the results of the company to be satisfactory and look forward to the sale of further buildings and the acquisition of further sites in the forthcoming year.

### **RESULTS AND DIVIDENDS**

The results for the year are set out in the profit and loss account on page 5. A dividend of £140 per share (2007: £140) was paid to the holders of both the "A" and "B" shares on 19 December 2007.

### **DIRECTORS**

The directors during the year were as follows:

R E Blyth

A W Hall

J S H Houlston - Resigned 29<sup>th</sup> August 2008

S L H Houlston - Resigned 29<sup>th</sup> August 2008

### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the directors at the date of approval of this report confirms that:

1. so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2. the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

### **AUDITORS**

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board



A C Green

Secretary

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUSINESS HOMES MIDLANDS LIMITED**

We have audited the financial statements of Business Homes Limited for the year ended 30th September 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

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

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUSINESS HOMES MIDLANDS LIMITED (continued)**

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30th September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte LLP*

### **Deloitte LLP**

Chartered Accountants and Registered Auditors  
Birmingham, United Kingdom

**23<sup>rd</sup> December 2008**

# BUSINESS HOMES MIDLANDS LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 30th September 2008

		2008 £	2007 £
	<b>Note</b>		
<b>TURNOVER</b>		11,518,303	1,734,327
Cost of sales		<u>(10,508,422)</u>	<u>(1,355,530)</u>
<b>GROSS PROFIT</b>		1,009,881	378,797
Administrative expenses		<u>(85,992)</u>	<u>(84,501)</u>
<b>OPERATING PROFIT</b>	3	923,889	294,296
Interest payable – net	4	<u>(120,992)</u>	<u>(187,085)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		802,897	107,211
Tax on profit on ordinary activities	5	<u>(226,644)</u>	<u>(27,104)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	10	<u><u>576,253</u></u>	<u><u>80,107</u></u>

All activities derive from continuing operations.

There were no recognised gains and losses in either year other than the profit for the year therefore no statement of recognised gains and losses has been prepared.


# BUSINESS HOMES MIDLANDS LIMITED

## BALANCE SHEET 30th September 2008

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Investments	6	3	2
<b>CURRENT ASSETS</b>			
Work in progress		2,180,688	6,193,086
Debtors	7	418,728	1,135,511
Cash at bank and in hand		150,159	204,985
		<u>2,749,575</u>	<u>7,533,582</u>
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(2,094,870)</u>	<u>(7,315,129)</u>
<b>NET CURRENT ASSETS</b>		<u>654,705</u>	<u>218,453</u>
<b>NET ASSETS</b>		<u>654,708</u>	<u>218,455</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1,000	1,000
Profit and loss account	10	<u>653,708</u>	<u>217,455</u>
<b>SHAREHOLDERS' FUNDS</b>	11	<u>654,708</u>	<u>218,455</u>

These financial statements were approved by the Board of Directors on 22<sup>nd</sup> December 2008.

Signed on behalf of the Board of Directors

  
R E Blyth  
Director



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 30th September 2008**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

Development turnover represents sales of development properties with profit on development activities recognised on legal completion of sale and gross rents from investment properties are accounted for in the period in which they accrue.

**Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Stocks and work in progress**

Cumulative costs incurred in relation to development contracts net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts are included as work in progress.

**Cash flow**

The company has taken advantage of the exemption from preparing a cash flow statement in accordance with Financial Reporting Standard 1 (revised) on the basis that the ultimate parent undertaking has prepared a consolidated cash flow statement.

**Investments**

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 30th September 2008**

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

No persons were employed directly by the company during the current or prior period. The directors are remunerated by another group company and it is considered that an insignificant proportion of their time is spent in dealing with the affairs of the company and therefore they receive no remuneration for their service to this company.

**3. OPERATING PROFIT**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Operating profit is after charging:</b>		
Management charge from shareholder companies	78,000	78,000
Auditors' remuneration – fees payable to the company's auditor for the audit of the company's annual accounts	5,000	3,200
	<u>5,000</u>	<u>3,200</u>

**4. INTEREST**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>(a) Interest receivable</b>		
Bank interest receivable	(83,456)	(16,830)
	<u>(83,456)</u>	<u>(16,830)</u>
<b>(b) Interest payable</b>		
Interest payable on shareholder loan	204,448	203,915
	<u>204,448</u>	<u>203,915</u>

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
United Kingdom corporation tax payable at 29% (2007: 30%)	232,840	27,104
Adjustment in respect of prior years	(6,196)	-
Total current tax charge	<u>226,644</u>	<u>27,104</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 29% (2007: 30%). The corporation tax charge of £226,644 (2007: £27,104) for the current year differs from the standard rate for the reasons set out in the following reconciliation.

# BUSINESS HOMES MIDLANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30th September 2008

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2008 £	2007 £
Profit on ordinary activities before tax	802,897	107,211
Tax on loss on ordinary activities at standard rate of 29% (2007: 30%)	(232,840)	(32,164)
<i>Factors affecting the tax charge for the year:</i>		
Marginal relief	-	5,060
Prior year adjustment	6,196	-
Current tax charge for the period	<u>(226,644)</u>	<u>(27,104)</u>

### 6. FIXED ASSET INVESTMENTS

Shares in subsidiary undertakings	Company £'000
<b>Cost</b>	
At 1 October 2007	2
Additions	1
At 30 September 2008	<u>3</u>

#### Interests in subsidiaries

The company owned the issued ordinary shares of its subsidiaries as follows:

Company	Business	Holding
Villiers Court Management Services Limited	Estate Management	100%
Stanton Court Management Services Limited	Estate Management	100%
Birmingham Business Park (Plots 6110-6160) Management Company Limited	Property Management	100%

All of the company's subsidiary undertakings operate wholly within the United Kingdom.

# BUSINESS HOMES MIDLANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 30th September 2008

### 7. DEBTORS

	2008 £	2007 £
Trade debtors	12,472	795,640
Other taxes & social security	166,420	333,561
Amount due from parent company	219,465	-
Amounts due from subsidiaries	20,371	6,310
	<u>418,728</u>	<u>1,135,511</u>

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	114,214	125,290
Amount owed to shareholder company	-	6,850,525
Corporation Tax	226,644	27,104
Other creditors	38,832	116,247
Accruals and deferred income	1,715,180	195,963
	<u>2,094,870</u>	<u>7,315,129</u>

### 9. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised, allotted, called up and fully paid		
500 "A" ordinary shares of £1 each	-	500
500 "B" ordinary shares of £1 each	-	500
1,000 ordinary shares of £1 each	1,000	-
	<u>1,000</u>	<u>1,000</u>

On 29<sup>th</sup> August 2008 Hortons' Estate Limited acquired the 500 ordinary "B" shares.

On 29<sup>th</sup> August 2008 the 500 "A" ordinary shares of £1 each and 500 "B" ordinary shares of £1 were redesignated into 1,000 ordinary shares of £1 each.

### 10. MOVEMENT ON RESERVES

	Profit and loss account £
At 30 September 2007	217,455
Profit for the year	576,253
Dividend paid	<u>(140,000)</u>
At 30th September 2008	<u>653,708</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 30th September 2008**

**11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Retained profit for the year	576,253	80,107
Dividend paid	<u>(140,000)</u>	<u>(140,000)</u>
Net increase / (decrease) to shareholders' funds	436,253	(59,893)
Opening shareholders' funds	<u>218,455</u>	<u>278,348</u>
Closing shareholders' funds	<u><u>654,708</u></u>	<u><u>218,455</u></u>

**12. RELATED PARTY TRANSACTIONS**

During the period the company received loan finance from Hortons' Estate Limited, a shareholder company during the year, and was charged interest of £204,422 (2007: £203,915) on this loan. The balance outstanding as at 30th September 2008 in relation to both the loan and interest was £nil (2007: £6,966,772). Also during the period, the company was charged a management charge of £30,000 (2007: £30,000) by Hortons' Estate Limited. The balance outstanding as at 30th September 2008 in relation to this transaction was £nil (2007: £nil). During the period Business Homes Limited, a company wholly owned by a shareholder company during the year, charged a management fee of £48,000 (2007: £48,000), the balance outstanding in respect of these transactions at 30th September 2008 was £4,000 (2007: £nil).

**13. ULTIMATE CONTROLLING PARTY**

The immediate and ultimate parent undertaking and ultimate controlling party is Hortons' Estate Limited, registered in England and Wales and is the smallest and largest group in which the results of this company are consolidated. A copy of their financial statements can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ