

Business Homes Midlands Limited

**Directors' report and financial
statements**

Registered number 4499329

For the year ended 30 September 2012

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2012

Principal activities and business review

The company's principal activity is property investment and development

During the year the company promoted its remaining site for development

In the coming year, the company will continue to promote its remaining site for development, but will only commence development on a pre-let or pre-sold basis

The results for the year are in line with the directors' expectations, bearing in mind the stage of the company's existing developments and the state of the market in general

Results and dividends

The results for the year are set out in the profit and loss account on page 5 No dividend is proposed (2011 £Nil)

The company has sufficient financial resources and the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Directors

The directors who held office during the year were as follows

A C Green
R J C Norgrove

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office

Approved by the board of directors on 14th December 2012 and signed on its behalf by



A C Green
Director

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Business Homes Midlands Limited

We have audited the financial statements of Business Homes Midlands Limited for the year ended 30 September 2012 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are 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, and express an opinion on, 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/private.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 September 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

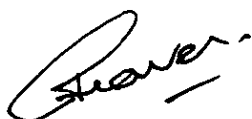
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Business Homes Midlands Limited *(continued)*

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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



I G Greaves (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

14th December 2012

Profit and loss account
for the year ended 30 September 2012

	<i>Note</i>	2012 £	2011 £
Turnover	<i>1</i>	-	1,270,371
Cost of sales		-	(1,139,245)
		<hr/>	<hr/>
Gross profit		-	131,126
Administrative expenses		(85)	(118)
Other operating income		9,343	-
		<hr/>	<hr/>
Operating profit		9,258	131,008
Interest receivable and other income	<i>4</i>	3	23
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>2</i>	9,261	131,031
Tax on profit on ordinary activities	<i>5</i>	(1,851)	(30,078)
		<hr/>	<hr/>
Profit for the financial year	<i>11</i>	7,410	100,953
		<hr/> <hr/>	<hr/> <hr/>

All of the company's operations are derived from continuing operations

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account

Balance sheet
at 30 September 2012

	<i>Note</i>	2012 £	£	2011 £	£
Fixed assets					
Investments	6		1		2
Current assets					
Stocks	7	328,346		327,921	
Debtors	8	47,753		80,464	
Cash at bank and in hand		5,297		23,075	
		<u>381,396</u>		<u>431,460</u>	
Creditors Amounts falling due within one year	9	(7,677)		(65,152)	
Net current assets			<u>373,719</u>		<u>366,308</u>
Net assets			<u>373,720</u>		<u>366,310</u>
Capital and reserves					
Called up share capital	10	1,000		1,000	
Profit and loss account	11	372,720		365,310	
Shareholders' funds	12	<u>373,720</u>		<u>366,310</u>	

These financial statements were approved by the board of directors on 13th December 2012 and were signed on its behalf by



AC Green
Director

Registered number 4499329

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements are prepared under the historical cost convention

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the group is included by full consolidation in the consolidated financial statements of its ultimate United Kingdom parent, Hortons' Estate Limited, a company registered in England and Wales

Due to the nature of the company's business, the directors do not believe that the company has different classes of business as defined in SSAP 25. Accordingly, the additional disclosures set out in SSAP 25 are not considered to be required

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

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the directors' report on page 1

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company continues to receive support from its parent.

The directors, having assessed the responses of the directors of the company's parent, Hortons' Estate Limited, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Hortons' Estate Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Hortons' Estate Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investments

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

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.

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.

Notes (continued)

1 Accounting policies (continued)

Turnover

Development income

Development income 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

Rental income

Gross rents from investment properties are accounted for in the period in which they accrue. When tenants are offered rent free periods, the cost of this incentive is spread from the commencement of the lease over the shorter of the lease term or the period to the next rent review.

2 Notes to the profit and loss account

Remuneration of auditors and non-audit fees in relation to taxation services have been borne by Hortons' Estate Limited in the current and prior year. In the current year, these were payable to KPMG LLP.

3 Staff numbers and costs

No persons were employed directly by the company during the current or prior year. 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.

4 Interest receivable and other income

	2012 £	2011 £
Bank interest receivable	3	23

Notes (continued)

5 Tax on profit on ordinary activities

Analysis of charge for the year

	2012 £	£	2011 £	£
<i>Current tax</i>				
UK corporation tax	1,852		33,443	
Adjustments in respect of prior years	(1)		(3,365)	
	<hr/>		<hr/>	
Total current tax		1,851		30,078
		<hr/>		<hr/>
Tax on profit on ordinary activities		1,851		30,078
		<hr/>		<hr/>

Factors affecting the tax charge for the year

The current tax charge for the year is lower (2011 lower) than the standard rate of corporation tax in the UK of 20% (2011 27%). The differences are explained below

	2012 £	2011 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	9,261	131,031
	<hr/>	<hr/>
Current tax at 20% (2011 27%)	1,852	35,378
	<hr/>	<hr/>
<i>Effects of</i>		
Marginal relief	-	(1,935)
Adjustments to tax charge in respect of previous year	(1)	(3,365)
	<hr/>	<hr/>
Total current tax charge (see above)	1,851	30,078
	<hr/>	<hr/>

Factors that may affect future charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

Should the company no longer be covered by the small companies regime, this will increase the company's future current tax charge accordingly.

Notes (continued)

6 Fixed asset investments

	Shares in subsidiary undertakings £
<i>Cost</i>	
At beginning of year	2
Disposals	(1)
	<hr/>
<i>At end of year</i>	1
	<hr/>

Interests in subsidiaries

The company owned the issued ordinary share of its subsidiaries as follows

Company	Business	Holding %
Birmingham Business Park (Plots 6110-6160) Management Company Limited^	Property management	100

The company's subsidiary undertaking operates wholly within the United Kingdom

^ Post year end, the company was transferred to the freeholders of the units at the related business park

7 Stocks

	2012 £	2011 £
Work in progress	328,346	327,921

8 Debtors

	2012 £	2011 £
Trade debtors	9,752	5,761
Amounts due from parent company	37,916	68,030
Amounts owed from subsidiaries	-	6,350
Prepayments and accrued income	85	323
	<hr/>	<hr/>
	47,753	80,464
	<hr/>	<hr/>

Notes (continued)

9 Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	510	2,128
Corporation tax	1,852	33,443
Accruals and deferred income	5,315	29,581
	<u>7,677</u>	<u>65,152</u>

10 Called up share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

11 Movement on reserves

	Profit and loss account £
At beginning of year	365,310
Profit for the financial year	<u>7,410</u>
At end of year	<u>372,720</u>

12 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	<u>7,410</u>	<u>100,953</u>
Net increase in shareholders' funds	7,410	100,953
Opening shareholders' funds	<u>366,310</u>	<u>265,357</u>
Closing shareholders' funds	<u>373,720</u>	<u>366,310</u>

Notes *(continued)*

13 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with other wholly owned companies in the group

14 Ultimate parent company

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, Mandy, Cardiff CF14 3UZ

The registered office is 31a Colmore Row, Birmingham, B3 2BU