

**Business Homes Midlands Limited**

**Directors' report and financial  
statements**

Registered number 4499329

For the year ended 30 September 2013

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2013

### Principal activities

The company's principal activity is commercial property development

### Results and dividends

The results for the year are set out in the profit and loss account on page 6 No dividend is proposed (2012 £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 3 December 2013 and signed on its behalf by

A handwritten signature in black ink, appearing to be 'A C Green', enclosed within a circular stamp or seal.

A C Green  
Director

## Strategic report

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

Approved by the board of directors on 3 December 2013 and signed on its behalf by

A handwritten signature in black ink, consisting of a large capital 'A' followed by the letters 'C' and 'Green' in a cursive style.

**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 2013 set out on pages 6 to 13. 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 3, 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 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 Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2013 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



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

3 December 2013

**Profit and loss account**  
*for the year ended 30 September 2013*

	<i>Note</i>	<b>2013</b> <b>£</b>	2012 <b>£</b>
Administrative expenses		<b>235</b>	(85)
Other operating income		<b>4,451</b>	9,343
<b>Operating profit</b>		<b>4,686</b>	9,258
Interest receivable and other income	4	<b>2</b>	3
<b>Profit on ordinary activities before taxation</b>	2	<b>4,688</b>	9,261
Tax on profit on ordinary activities	5	<b>(938)</b>	(1,851)
<b>Profit for the financial year</b>	<b>11</b>	<b>3,750</b>	7,410

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 2013*

	<i>Note</i>	<b>2013</b> <b>£</b>	<b>£</b>	<b>2012</b> <b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Investments	6		-		1
<b>Current assets</b>					
Stocks	7	<b>328,346</b>		328,346	
Debtors	8	<b>38,088</b>		47,753	
Cash at bank and in hand		<b>11,977</b>		5,297	
		<b>378,411</b>		<b>381,396</b>	
<b>Creditors</b> Amounts falling due within one year	9	<b>(941)</b>		<b>(7,677)</b>	
<b>Net current assets</b>			<b>377,470</b>		<b>373,719</b>
<b>Net assets</b>			<b>377,470</b>		<b>373,720</b>
<b>Capital and reserves</b>					
Called up share capital	10		<b>1,000</b>		1,000
Profit and loss account	11		<b>376,470</b>		372,720
<b>Shareholders' funds</b>	12		<b>377,470</b>		<b>373,720</b>

These financial statements were approved by the board of directors on 3 December 2013 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 Directors' report and Strategic report on page 1 and 3 respectively

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**

	2013 £	2012 £
Bank interest receivable	2	3

**Notes (continued)**

**5 Tax on profit on ordinary activities**

*Analysis of charge for the year*

	2013		2012	
	£	£	£	£
<i>Current tax</i>				
UK corporation tax	938		1,852	
Adjustments in respect of prior years	-		(1)	
	<u>          </u>		<u>          </u>	
Total current tax		938		1,851
		<u>          </u>		<u>          </u>
Tax on profit on ordinary activities		938		1,851
		<u>          </u>		<u>          </u>

*Factors affecting the tax charge for the year*

The current tax charge for the year is the same (2012 lower than) as the standard rate of corporation tax in the UK of 20% (2012 20%). The differences are explained below

	2013	2012
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	4,688	9 261
	<u>          </u>	<u>          </u>
Current tax at 20% (2012 20%)	938	1,852
	<u>          </u>	<u>          </u>
<i>Effects of</i>		
Adjustments to tax charge in respect of previous year	-	(1)
	<u>          </u>	<u>          </u>
Total current tax charge (see above)	938	1,851
	<u>          </u>	<u>          </u>

*Factors that may affect future charges*

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

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	1
Disposals	(1)
	<hr/>
<b>At end of year</b>	<b>-</b>
	<hr/>

**7 Stocks**

	2013 £	2012 £
Work in progress	328,346	328,346
	<hr/>	<hr/>

**8 Debtors**

	2013 £	2012 £
Trade debtors	-	9,752
Amounts due from parent company	38,088	37,916
Prepayments and accrued income	-	85
	<hr/>	<hr/>
	<b>38,088</b>	<b>47,753</b>
	<hr/>	<hr/>

**Notes (continued)**

**9 Creditors: Amounts falling due within one year**

	2013 £	2012 £
Trade creditors	-	510
Corporation tax	936	1,852
Accruals and deferred income	5	5,315
	<u>941</u>	<u>7,677</u>

**10 Called up share capital**

	2013 £	2012 £
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

**11 Movement on reserves**

	Profit and loss account £
At beginning of year	372,720
Profit for the financial year	3,750
	<u>376,470</u>
<b>At end of year</b>	<b><u>376,470</u></b>

**12 Reconciliation of movements in shareholders' funds**

	2013 £	2012 £
Profit for the financial year	3,750	7,410
	<u>3,750</u>	<u>7,410</u>
Net increase in shareholders' funds	3,750	7,410
Opening shareholders' funds	373,720	366,310
	<u>377,470</u>	<u>373,720</u>
Closing shareholders' funds	<u>377,470</u>	<u>373,720</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