

Business Homes Midlands Limited

**Annual report and financial
statements**

Registered number 4499329

For the year ended 30 September 2014

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Strategic report

During the year the company sold its remaining development site.

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 25 February 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A C Green', with a large, stylized initial 'A'.

A C Green
Director

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2014.

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 (2013: £Nil).

The company has sufficient financial resources and the directors believe that the company is well placed to manage its business risks successfully.

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 25 February 2015 and signed on its behalf by:



A C Green
Director

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

The directors are responsible for preparing the strategic report, 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

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 2014 set out on pages 6 to 11. 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.

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 2014 and of its result 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 Strategic report and 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.



Michael Froom (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

25 February 2015

Profit and loss account
for the year ended 30 September 2014

| | <i>Note</i> | 2014 £000 | 2013 £000 |
|--|-------------|----------------------------|----------------------------|
| Turnover | | 328 | 5 |
| Cost of sales | | (328) | - |
| | | <hr/> | <hr/> |
| Gross profit | | - | 5 |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before taxation | 2 | - | 5 |
| Tax on profit on ordinary activities | 4 | - | (1) |
| | | <hr/> | <hr/> |
| Profit for the financial year | 10 | - | 4 |
| | | <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 2014

| | <i>Note</i> | 2014 £000 | £000 | 2013 £000 | £000 |
|---|-------------|----------------------------|-------------|----------------------------|-------------|
| Current assets | | | | | |
| Stocks | 5 | - | | 328 | |
| Debtors | 6 | 365 | | 38 | |
| Cash at bank and in hand | | 12 | | 12 | |
| | | <u>377</u> | | <u>378</u> | |
| Creditors: Amounts falling due within one year | 7 | - | | (1) | |
| | | <u>-</u> | | <u>(1)</u> | |
| Net current assets | | | 377 | | 377 |
| | | | <u>377</u> | | <u>377</u> |
| Net assets | | | 377 | | 377 |
| | | | <u>377</u> | | <u>377</u> |
| Capital and reserves | | | | | |
| Called up share capital | 8 | 1 | | 1 | |
| Profit and loss account | 9 | 376 | | 376 | |
| | | <u>377</u> | | <u>377</u> | |
| Shareholders' funds | 10 | | 377 | | 377 |
| | | | <u>377</u> | | <u>377</u> |

These financial statements were approved by the board of directors on 25 February 2015 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 strategic report and directors' report on page 1 and 2 respectively.

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 and the company continues to receive support from its parent.

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.

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.

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 Tax on profit on ordinary activities

Analysis of charge for the year

| | 2014 £000 | £000 | 2013 £000 | £000 |
|---------------------------------------|--------------|-------|--------------|-------|
| <i>Current tax</i> | | | | |
| UK corporation tax | - | | 1 | |
| Adjustments in respect of prior years | - | | - | |
| | <hr/> | | <hr/> | |
| Total current tax | | - | | 1 |
| | | <hr/> | | <hr/> |
| Tax on profit on ordinary activities | | - | | 1 |
| | | <hr/> | | <hr/> |

Factors affecting the tax charge for the year

The current tax charge for the year is the same (2013: lower) as the standard rate of corporation tax in the UK of 20% (2013: 20%). The differences are explained below:

| | 2014 £000 | 2013 £000 |
|---|--------------|--------------|
| <i>Current tax reconciliation</i> | | |
| Profit on ordinary activities before tax | - | 5 |
| | <hr/> | <hr/> |
| Current tax at 20% (2013: 20%) | - | 1 |
| | <hr/> | <hr/> |
| <i>Effects of:</i> | | |
| Adjustments to tax charge in respect of previous year | - | - |
| | <hr/> | <hr/> |
| Total current tax charge (see above) | - | 1 |
| | <hr/> | <hr/> |

Notes (continued)

4 Tax on profit on ordinary activities (continued)

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.

5 Stocks

| | 2014 £000 | 2013 £000 |
|------------------|--------------|--------------|
| Work in progress | - | 328 |

6 Debtors

| | 2014 £000 | 2013 £000 |
|---------------------------------|--------------|--------------|
| Amounts due from parent company | 37 | 38 |
| Amounts due from group company | 328 | - |
| | <u>365</u> | <u>38</u> |

7 Creditors: Amounts falling due within one year

| | 2014 £000 | 2013 £000 |
|-----------------|--------------|--------------|
| Corporation tax | - | 1 |

8 Called up share capital

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| <i>Allotted, called up and fully paid:</i> | | |
| 1,000 ordinary shares of £1 each | 1 | 1 |

9 Movement on reserves

| | Profit and loss account £000 |
|------------------------------|------------------------------------|
| At beginning and end of year | 376 |

Notes (continued)

10 Reconciliation of movements in shareholders' funds

| | 2014 £000 | 2013 £000 |
|-------------------------------------|--------------|--------------|
| Profit for the financial year | - | 4 |
| Net increase in shareholders' funds | - | 4 |
| Opening shareholders' funds | 377 | 373 |
| Closing shareholders' funds | 377 | 377 |

11 Related party transactions

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

12 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, Maindy, Cardiff CF14 3UZ.

The registered office is Latham House, 4th Floor, 33-34 Paradise Street, Birmingham, B1 2AJ