

# Financial Statements Barry Howard Group PLC and its subsidiary undertakings

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For the year ended 30 June 2009



## Company information

**Company registration number:** 05000190

**Registered office:** Summer Farm  
West Haddon Road  
Crick  
Northants  
NN6 7SQ

**Director:** B J Howard

**Bankers:** Royal Bank of Scotland  
77 Abington Street  
Northampton  
NN1 2BH

**Solicitors:** emw Picton Howell LLP  
Seebeck House  
1 Seebeck Place  
Knowlhill  
Milton Keynes  
MK5 8FR

**Auditor:** Grant Thornton UK LLP  
Grant Thornton House  
Kettering Parkway  
Kettering Venture Park  
Kettering  
Northants  
NN15 6XR

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## Report of the director

The director presents his report together with audited financial statements for the year ended 30 June 2009

### **Principal activity**

The principal activity of the group in the year under review was that of property development and investment

### **Business review**

During the year, the Group has continued to trade for the benefit of its creditors, repaying debts and working to deliver the commitment of Barry Howard Homes Ltd Company Voluntary Arrangement ("CVA")

Since the formation of the CVA, conditions in the economy, credit markets and property sector have worsened appreciably. This is evidenced by our funding partners, Royal Bank of Scotland and Anglo Irish Bank, both being nationalised during the later part of 2008 by the UK and Irish governments respectively. It is in this context that we have not yet been able to release a dividend to the creditors at the present time.

In spite of the unprecedented paucity of the economic and trading markets, the director has worked tirelessly to ensure the survival of the company, protection of the creditors and CVA and realisation of the assets at best value. In a further measure to protect the asset values and realisations, we successfully managed to negotiate a settlement with G&C Finance and RBS whereby G&C as a second charge holder, wrote off their debt in exchange for RBS releasing their guarantees to some of the banking debt. This saved a substantial six figure sum from the estimated outcome statement, and whilst this has been absorbed at present by the falling asset values, this has protected the availability of dividend to the unsecured creditors.

It has been particularly pleasing that, as we had intended, the successful formation of the CVA has resulted in further instructions for many of our creditors. A great number have therefore had the opportunity of work post CVA on the Kettering and Leicester sites, and will have further opportunities into the future.

The success of the CVA remains dependent on asset realisations at certain values and the survival of the Group.

Post year end, the Group disposed of its waste management business, Bio Wayste Ltd, for £908,000 on 17 September 2009. This was a good deal for the company and recovered the investment the Group had made prior to its financial difficulties. The Group also disposed of its land holdings at Crick, Northants, post year end which cleared a further £1.4m of interest bearing debts from the Group.

The Group continues to be supported by Barry Howard Land Limited, a company outside of the Group, which has pledged funding to the Group under the cross-guarantee with the Royal Bank of Scotland.

The director would like to thank creditors, former employees and directors, funding partners and advisors for their continued support during this challenging period.

## **Business review (continued)**

### **Key performance indicators**

#### **Financial**

Turnover is a key indicator of the success of the group. After experiencing rapid growth until 2008, the turnover has decreased by £11,777,396 to £3,683,400.

Gross margin is used as the guide to cost control. This year the gross margin decreased from 15.6% to 7%.

In terms of future growth, the ability to fund projects is vital. Management monitor the level of Loans to Value ("LTV") throughout the year, based on funding from its main clearing bank. The management have a target of 70% although this has been exceeded during 2009 as a consequence of falling property values. The target of the management is to return to a level of 70% as market conditions improve.

#### **Non-financial**

Health and safety is critical in a construction business. In the year there were no notifiable incidents. We were also subject to two random spot check reviews by the Health and Safety commission. In both instances, no failings were reported. Management is very proud of achievements in this area and will continue to ensure that these very high standards are maintained.

Obtaining appropriate planning permission to maximise development opportunities is critical to the business. During this year no planning permission applications have been rejected.

### **Results and dividends**

There was a loss for the year after taxation and minority interests amounting to £1,212,573 (2008 - £1,304,774). A dividend of £nil (2008 - £nil) has been paid during the year.

### **Financial risk management objectives and policies**

The group's principal financial instruments principally comprise bank overdraft and loans. The main purpose of these financial instruments is to raise finance for the group's operations. The group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The group does not enter into derivative transactions.

It is, and has been throughout the year under review, the group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

#### **Interest rate risk**

The group's exposure to market risk for the changes in interest rates relates primarily to the group's bank overdraft and loan obligations. The group's policy is to manage its interest cost using, primarily, variable debt.

#### **Liquidity risk**

The group's objective is to maintain continuity of funding and flexibility through the use of overdraft and bank loan facilities. The directors recognise that in current market conditions this is critical.

### **Financial risk management objectives and policies (continued)**

#### **Credit risk**

The group's principal financial assets are trade debtors. In order to manage the credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

#### **Directors**

The directors who served the company during the year were as follows

B J Howard

Mr W A M Main resigned from the Board on 21 January 2009. Mr W E Williams and Mr A I Whitmill resigned from the Board on 30 June 2009.

#### **Employment of disabled persons**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue. It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

#### **Employee involvement**

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group.

This is achieved through consultations with employee representatives and regular staff meetings.

#### **Statement of director's responsibilities**

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period. In preparing these financial statements, the director is 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, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping adequate 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 2006. He is 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.

**Statement of director's responsibilities (continued)**

In so far as the director is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Political and charitable donations**

Donations to charitable organisations by Barry Howard Homes Limited amounted to £3,324 (2008 - £15,486)

Donations to political organisations by Barry Howard Homes Limited amounted to £nil (2008 - £10,600)

**Payment policy and practice**

The group's normal terms of payment are between 7 days from invoice date and 30 days from the end of the month in which the invoice is received.

Trade creditors at the year end amount to 80 (2008 - 27) days of average supplies for the year, taking into consideration the Company Voluntary Arrangement adjustments.

**Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD



B J Howard  
Director

30 Jun 2010



## Independent auditor's report to the members of Barry Howard Group Plc (registered number 05000190)

We have audited the financial statements of Barry Howard Group Plc for the year ended 30 June 2009 which comprise the principal accounting policies, the group profit and loss account, the group and company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 pages 5 and 6, 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 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 website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2009 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.



## Independent auditor's report to the members of Barry Howard Group Plc (registered number 05000190)

### **Emphasis of matter - Going concern**

In forming our opinion, which is not qualified in this respect, we have considered the adequacy of the disclosure made in note 19 to the financial statements concerning the company's ability to continue as a going concern. At 30 June 2009, the group's liabilities exceeded its assets by £3,137,220 and the main trading subsidiary, Barry Howard Homes Limited was and still is operating under a Company Voluntary Arrangement.

The evidence available to us to confirm the appropriateness of preparing the financial statements on the going concern basis was limited because the validity of the going concern basis depends on the ability of the director to generate sufficient funding and the values attached to development land and part completed sites are subjective and liable to change. As a result, and in the absence of any alternative evidence available to us, we have been unable to form a view as to the applicability of the going concern basis, the circumstances of which, together with the effect on the financial statements should this basis be inappropriate, are set out in note 19 to the financial statements.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

As explained in note 19 the company continues to receive the support of its bankers. The adequacy of the bank overdraft and loan facilities and the ability to meet the repayment schedule is dependent upon the company's ability to generate profits and cash. This uncertainty together with the losses, the uncertainty in the housing market and the balance sheet position noted above may cast doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Director's 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  
Barry Howard Group Plc  
(registered number 05000190)

**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

A handwritten signature in black ink, appearing to read "Steve Robinson".

**Steve Robinson**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
**Kettering**

30 June 2010

## Principal accounting policies

### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice), except for investment properties and freehold land which are shown at their revalued amounts

The principal accounting policies of the group are set out below and have remained unchanged from the previous year

### **Basis of consolidation**

The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 7) drawn up to 30 June 2009. Profits or losses on intra-group transactions are eliminated in full

Acquisitions of subsidiaries are dealt with by the acquisition method of accounting except for those qualifying as group reconstructions where merger accounting is permitted

### **Turnover**

The turnover represents amounts receivable from the sale of developments exclusive of VAT. Sale of developments are recognised on exchange of contracts only when completion occurs within the following month and, in the case of building projects, where development has been substantially completed

### **Fixed assets**

Tangible fixed assets are recorded at historical cost, modified to include the revaluation of investment properties and freehold land, less depreciation and provision for impairment

### **Depreciation**

Depreciation is calculated so as to write off the cost of a tangible fixed asset other than freehold land, less its estimated residual value, over the useful economic life of that asset as follows

Plant and machinery	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance
Motor vehicles	-	25% reducing balance

### **Investment properties**

In accordance with Statement of Standard Accounting Practice No 19, some of the group'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 of 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**

Stocks and 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 year, is allocated to stocks until the date of completion of the project.

### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

### **Long-term contracts**

The amount of long-term contracts, at costs incurred, net of amounts transferred to cost 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 account is included in debtors as amounts recoverable on long-term contracts.

### **Finance lease agreements**

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.

### **Investments**

Investments are included at cost less amounts written off.

### **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 group 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.

### **Pension costs**

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## Consolidated profit and loss account

	Note	Year to 30 June 2009 £	18 month period to 30 June 2008 £
<b>Turnover</b>	1	<b>3,683,400</b>	15,460,796
Cost of sales		<u>(3,401,187)</u>	<u>(13,052,778)</u>
<b>Gross profit</b>		<b>282,213</b>	2,408,018
Administrative expenses		<u>(853,238)</u>	<u>(3,309,223)</u>
<b>Operating loss</b>	17	<b>(571,025)</b>	(901,205)
Net interest	2	<u>(665,690)</u>	<u>(254,217)</u>
<b>Loss on ordinary activities before taxation</b>	1	<b>(1,236,715)</b>	(1,155,422)
Tax on loss on ordinary activities	4	<u>-</u>	<u>(210,691)</u>
<b>Loss for the financial year after taxation</b>		<b>(1,236,715)</b>	(1,366,113)
Equity minority interests		<u>24,142</u>	<u>61,339</u>
<b>Loss for the financial year</b>	14	<b><u>(1,212,573)</u></b>	<b><u>(1,304,774)</u></b>

All of the activities of the group in the current year are classed as continuing

## Consolidated balance sheet

	Note	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	6	2,773,079	3,888,462
<b>Current assets</b>			
Stocks	8	4,898,574	7,604,361
Debtors	9	1,883,897	734,560
Cash at bank and in hand		1,385	862
		6,783,856	8,339,783
<b>Creditors: amounts falling due within one year</b>	10	12,687,848	13,230,314
<b>Net current liabilities</b>		(5,903,992)	(4,890,531)
<b>Total assets less current liabilities</b>		(3,130,913)	(1,002,089)
<b>Creditors: amounts falling due after more than one year</b>	11	6,307	50,464
		(3,137,220)	(1,052,533)
<b>Capital and reserves</b>			
Called up share capital	13	2,500,000	2,500,000
Capital redemption reserve	14	30	13
Revaluation reserve	14	220,822	1,068,794
Merger reserve	14	(2,498,298)	(2,498,298)
Profit and loss account	14	(3,135,431)	(1,922,841)
Shareholders' funds	15	(2,912,877)	(852,332)
Minority interests		(224,343)	(200,201)
		(3,137,220)	(1,052,533)

These financial statements were approved by the director and authorised for issue on 30 June 2010 and are signed by

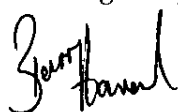


B J Howard  
Director

## Balance sheet

	Note	£	2009 £	£	2008 £
<b>Fixed assets</b>					
Tangible assets	6		1,522,834		2,465,150
Investments	7		<u>354</u>		<u>354</u>
			1,523,188		2,465,504
<b>Current assets</b>					
Debtors	9	186,373		79,964	
<b>Creditors: amounts falling due within one year</b>	10	<u>3,059,401</u>		<u>2,758,272</u>	
<b>Net current liabilities</b>			<u>(2,873,028)</u>		<u>(2,678,308)</u>
<b>Total assets less current liabilities</b>			<u>(1,349,840)</u>		<u>(212,804)</u>
<b>Capital and reserves</b>					
Called up share capital	13		2,500,000		2,500,000
Revaluation reserve	14		-		847,972
Profit and loss account	14		<u>(3,849,840)</u>		<u>(3,560,776)</u>
<b>Shareholders' funds</b>			<u>(1,349,840)</u>		<u>(212,804)</u>

These financial statements were approved by the director and authorised for issue on 30 Jun 2010 and are signed by



B J Howard  
Director

## Consolidated cash flow statement

	Note	Year to 30 June 2009 £	18 month period to 30 June 2008 £
<b>Net cash inflow/(outflow) from operating activities</b>	16	<b>846,679</b>	<b>(2,961,829)</b>
<b>Returns on investments and servicing of finance</b>			
Interest paid		(655,034)	(220,231)
Interest received		-	4,993
Hire purchase interest paid		(10,656)	(38,979)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(665,690)</b>	<b>(254,217)</b>
<b>Taxation</b>		<b>-</b>	<b>-</b>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(140,321)	(1,311,333)
Sale of tangible fixed assets		302,785	17,865
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		<b>162,464</b>	<b>(1,293,468)</b>
<b>Financing</b>			
Repayments from borrowing		(2,023,950)	(10,172,760)
New borrowing		200,000	14,000,190
Capital element of hire purchase		(44,157)	(82,658)
Inception of new finance leases		-	115,205
<b>Net cash (outflow)/inflow from financing</b>		<b>(1,868,107)</b>	<b>3,859,977</b>
<b>Decrease in cash</b>	16	<b>(1,524,654)</b>	<b>(649,537)</b>

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

## Consolidated statement of total recognised gains and losses

	Note	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Loss for the financial year	14	(1,212,573)	(1,304,774)
Unrealised loss on revaluation of tangible fixed assets			
Investment properties		-	(138,830)
Freehold land	15	<u>(847,972)</u>	<u>-</u>
<b>Total gains and losses recognised since last financial statements</b>		<b><u>(2,060,545)</u></b>	<b><u>(1,443,604)</u></b>

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

## Notes to the financial statements

### 1 Turnover and loss on ordinary activities

Turnover is attributable to the one principal activity of the group

The loss on ordinary activities before taxation is stated after

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Auditor's remuneration		
Audit services	27,000	27,000
Non-audit services	13,250	-
Depreciation		
Tangible fixed assets owned	22,542	46,056
Tangible fixed assets held under finance leases and hire purchase contracts	27,568	64,604
Deficit on revaluation	86,692	340,738
Profit on disposal of fixed assets		-
Hire of plant and machinery	150,000	334,690
Other operating lease rentals		
Land and buildings	-	67,392

Fees payable to the company's auditor for audit services comprise £7,000 (2008 - £7,000) for the audit of the company's financial statements and £20,000 (2008 - £20,000) for the audit of the company's subsidiaries. Fees payable to the company's auditor for other services comprise £11,400 (2008 - £nil) for tax services and £1,850 (2008 - £nil) for other services.

### 2 Net interest

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
On bank borrowings	655,034	218,891
Hire purchase interest	10,656	38,979
Other interest payable	-	1,340
Other interest receivable	-	(4,993)
	<u>665,690</u>	<u>254,217</u>

### **3 Directors and employees**

Staff costs during the year were as follows

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Wages and salaries	380,434	962,816
Social security costs	38,928	103,003
Other pension costs	3,128	64,441
	<u>422,490</u>	<u>1,130,260</u>

The average number of employees of the group during the year was

	Year to 30 June 2009 Number	18 month period to 30 June 2008 Number
Administration	<u>10</u>	<u>19</u>

Remuneration in respect of directors was as follows

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Emoluments	206,139	1,170,175
Pension contributions to defined contribution pension schemes	3,128	64,441
	<u>209,267</u>	<u>1,234,616</u>

During the year 3 directors (2008 - 3) participated in defined contribution pension schemes

The amounts set out above include remuneration in respect of the highest paid director as follows

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Emoluments	97,664	887,469
Pension contributions to defined contribution pension schemes	-	27,808
	<u>97,664</u>	<u>915,277</u>

#### 4 Taxation on ordinary activities

The tax charge/(credit) represents

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Corporation tax at 28% (2008 - 29.5%) and total current tax	-	-
Deferred tax	-	210,691
	<u>-</u>	<u>210,691</u>
Tax on loss on ordinary activities	<u>-</u>	<u>210,691</u>

#### Factors affecting the tax credit for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 28% (2008 - 29.5%). The differences are explained as follows

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Loss on ordinary activities before tax	<u>(1,236,715)</u>	<u>(1,155,422)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 29.5% (2008 - 30%)	(346,280)	(340,849)
Effects of Creation of tax losses	<u>346,280</u>	<u>340,849</u>
Current tax charge/(credit) for the year	<u>-</u>	<u>-</u>

The above does not show the full analysis of the differences to the tax charge and as such does not comply with Financial Reporting Standard 19 'Deferred Tax'. It is the directors' opinion that this does not affect the readers' view of the financial statements as separately analysed amounts would not be material.

#### 5 Loss for the financial year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year was £289,064 (2008 - £2,693,412).

**6 Tangible fixed assets**

The Group	Freehold land £	Plant and machinery £	Fixtures and fittings £	Investment properties £	Total £
Cost or valuation					
At 1 July 2008	2,434,664	248,466	97,330	1,280,000	4,060,460
Additions	-	140,321	-	-	140,321
Deficit on revaluation	(934,664)	-	-	-	(934,664)
Disposals	-	-	(30)	(270,900)	(270,930)
At 30 June 2009	1,500,000	388,787	97,300	1,009,100	2,995,187
Depreciation					
At 1 July 2008	-	103,701	68,297	-	171,998
Provided in the year	-	42,829	7,281	-	50,110
At 30 June 2009	-	146,530	75,578	-	222,108
Net book amount at 30 June 2009	1,500,000	242,257	21,722	1,009,100	2,773,079
Net book amount at 30 June 2008	2,434,664	144,765	29,033	1,280,000	3,888,462

The Company	Freehold land £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 July 2008	2,434,664	10,723	96,797	2,542,184
Disposals	-	-	(30)	(30)
Deficit on revaluation	(934,664)	-	-	(934,664)
At 30 June 2009	1,500,000	10,723	96,767	1,607,490
Depreciation				
At 1 July 2008	-	9,096	67,938	77,034
Provided in the year	-	407	7,215	7,622
At 30 June 2009	-	9,503	75,153	84,656
Net book amount at 30 June 2009	1,500,000	1,220	21,614	1,522,834
Net book amount at 30 June 2008	2,434,664	1,627	28,859	2,465,150

**Tangible fixed assets (continued)**

Investment properties and freehold land have been valued in the year by the directors at open market value. The deficit has been initially transferred from the revaluation reserve, to the extent available, and secondly as a charge to profit and loss account.

In accordance with SSAP19, investment properties with a value of £1,009,100 (2008 - £1,280,000), as determined by the directors, have not been depreciated.

In the opinion of the directors, no chargeable gains will arise on disposal of investment properties at these valuations.

Included with the net book value of £2,773,079 (2008 - £3,888,462) is £82,705 (2008 - £110,273) 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 £27,568 (2008 - £64,604).

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts:

	Freehold land £	Investment properties £
Cost and net book amount at 30 June 2009	<u>2,243,003</u>	<u>1,284,857</u>
Net book amount at 30 June 2008	<u>2,243,003</u>	<u>1,620,737</u>

**7 Fixed asset investments**

The Company	Shares in group undertakings £
Cost	
At 1 July 2008 and at 30 June 2009	<u>2,500,354</u>
Amounts written off	
At 1 July 2008 and at 30 June 2009	<u>2,500,000</u>
Net book amount at 30 June 2009 and at 30 June 2006	<u>354</u>

**Fixed asset investments (continued)**

At 30 June 2009 the company held (directly or indirectly) more than 20% of the allotted share capital of the following

<b>Subsidiary undertaking</b>	<b>Country of registration/ incorporation</b>	<b>Class of share capital held</b>	<b>Proportion held by the group</b>	<b>by parent company</b>	<b>Nature of business</b>
Barry Howard Homes Limited	England & Wales	Ordinary	99%	99%	Property development
Barry Howard Energy Ltd	England & Wales	Ordinary	76%	76%	Dormant
Barry Howard Homes (THF) Limited	England & Wales	Ordinary	100%	-	Property development
Barry Howard Homes (Midlands) Limited	England & Wales	Ordinary	100%	-	Property development
Barry Howard Homes (Investments) Limited	England & Wales	Ordinary	100%	100%	Leasing of rental properties
Barry Howard Technology Limited	England & Wales	Ordinary	76%	76%	Dormant
Bio Wayste Limited	England & Wales	Ordinary	78%	78%	Waste management and green energy
Barry Howard Car Parks Limited	England & Wales	Ordinary	100%	100%	Dormant
Barry Howard Homes (Eastern) Limited	England & Wales	Ordinary	100%	-	Property development
Barry Howard Homes (HB) Limited	England & Wales	Ordinary	100%	-	Property development
Barry Howard Homes (Developments) Limited	England & Wales	Ordinary	100%	-	Property development
Barry Howard Homes (East Midlands) Limited	England & Wales	Ordinary	100%	-	Property development
Barry Howard Homes (Weedon) Limited	England & Wales	Ordinary	100%	-	Property development
Barry Howard Waste Management Ltd	England & Wales	Ordinary	100%	-	Dormant
Barry Howard Homes (Acquisition) Limited	England & Wales	Ordinary	100%	-	Dormant

**Fixed asset investments (continued)**

All of the above subsidiary undertakings have been consolidated in the group financial statements. All are subsidiary undertakings by virtue of control.

Other participating interests	Country of registration	Class of share capital held	Proportion held by the group	Proportion held by parent company	Nature of business
Renewable Investments Limited	Northern Ireland	Ordinary	28.9%	28.9%	Renewable energy

The above entity has not been included in the consolidated group financial statements as Barry Howard Group PLC does not exercise significant influence over this entity as Barry Howard Group PLC does not have significant representation at Board level.

**8 Stocks**

	Group £	2009 Company £	Group £	2008 Company £
Work in progress	<u>4,898,574</u>	<u>-</u>	<u>7,604,361</u>	<u>-</u>

At 30 June 2008, interest on capital borrowed to finance construction was included in stocks to the extent of £68,480. As a result of stock disposals and write-downs during the year ended 30 June 2009, there was no interest on capital borrowed included in stock at 30 June 2009.

**9 Debtors**

	Group £	2009 Company £	Group £	2008 Company £
Trade debtors	1,291	-	-	-
Other debtors	1,882,606	2,219	734,560	7,638
Amounts owed by group undertakings	<u>-</u>	<u>184,154</u>	<u>-</u>	<u>72,326</u>
	<u>1,883,897</u>	<u>186,373</u>	<u>734,560</u>	<u>79,964</u>

**10 Creditors: amounts falling due within one year**

	2009		2008	
	Group £	Company £	Group £	Company £
Bank loans, overdrafts and mortgage	11,300,996	1,434,353	11,599,769	1,424,065
Trade creditors	743,311	59,814	966,522	28,524
Amounts owed to group undertakings	-	1,488,311	-	1,230,883
Social security and other taxes	36,536	-	28,870	-
Other creditors	249,295	70,000	262,377	70,000
Directors' current accounts	241,088	-	250,017	-
Accruals and deferred income	72,465	6,923	78,602	4,800
Amounts due under finance leases and hire purchase	44,157	-	44,157	-
	<u>12,687,848</u>	<u>3,059,401</u>	<u>13,230,314</u>	<u>2,758,272</u>

The bank loans, overdraft and mortgage are secured by fixed and floating charges over all the assets of the group

Amounts due under finance leases and hire purchase contracts are secured upon the assets to which they relate

**11 Creditors: amounts falling due after more than one year**

	2009		2008	
	Group £	Company £	Group £	Company £
Bank loans and mortgage	-	-	-	-
Amounts due under finance leases	6,307	-	50,464	-
	<u>6,307</u>	<u>-</u>	<u>50,464</u>	<u>-</u>

The bank loans and mortgage are secured by fixed and floating charges over all the assets of the group

Amounts due under finance leases and hire purchase contracts are secured upon the assets to which they relate

## **12 Borrowings**

Borrowings are repayable as follows

	Group £	2009 Company £	Group £	2008 Company £
Within one year or on demand				
Bank overdraft and loans	11,300,996	1,434,353	11,599,769	1,424,065
Finance leases	44,157	-	44,157	-
After one and within two years				
Finance leases	6,307	-	44,157	-
After two and within five years				
Finance leases	-	-	6,307	-
	<u>11,351,460</u>	<u>1,434,353</u>	<u>11,694,390</u>	<u>1,424,065</u>

## **13 Share capital**

	2009 £	2008 £
Authorised		
5,000,000 Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid		
2,500,000 Ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>

## **14 Reserves**

The Group	Capital redemption reserve £	Revaluation reserve £	Merger reserve £	Profit and loss account £
At 1 July 2008	13	1,068,794	(2,498,298)	(1,922,841)
Loss for the financial year	-	-	-	(1,212,573)
Deficit on revaluation of assets	-	(847,972)	-	-
Purchase of own shares - subsidiary	17	-	-	(17)
At 30 June 2009	<u>30</u>	<u>220,822</u>	<u>(2,498,298)</u>	<u>(3,135,431)</u>

The capital redemption reserve may not be legally distributed under section 830 of the Companies Act 2006

**Reserves (continued)**

<b>The Company</b>	<b>Revaluation reserve £</b>	<b>Profit and loss account £</b>
At 1 July 2008	847,972	(3,560,776)
Loss for the financial year	-	(289,064)
Deficit on revaluation of assets	<u>(847,972)</u>	<u>-</u>
At 30 June 2009	<u>-</u>	<u>(3,849,840)</u>

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

	<b>2009 £</b>	<b>2008 £</b>
Loss for the financial year	(1,212,573)	(1,304,774)
Other recognised gains and losses	<u>(847,972)</u>	<u>(138,830)</u>
Decrease in shareholders' funds	(2,060,545)	(1,443,604)
Shareholders' funds at 1 July 2008	<u>(852,332)</u>	591,272
Shareholders' funds at 30 June 2009	<u>(2,912,877)</u>	<u>(852,332)</u>

**16 Notes to the statement of cash flows**

**Reconciliation of operating loss to net cash inflow/(outflow) from operating activities**

	<b>2009 £</b>	<b>2008 £</b>
Operating loss	(571,025)	(901,205)
Depreciation	50,110	101,660
Profit on sale of fixed assets	(31,855)	-
Property devaluation	86,692	340,738
Decrease/(increase) in stock	2,705,787	(1,225,028)
(Increase)/decrease in debtors	(1,149,337)	27,545
Decrease in creditors	<u>(243,693)</u>	<u>(1,305,539)</u>
Net cash inflow/(outflow) from operating activities	<u>846,679</u>	<u>(2,961,829)</u>

**Notes to the statement of cash flows (continued)**

**Reconciliation of net cash flow to movement in net debt**

	2009 £	2008 £
Decrease in cash in the year	<b>(1,524,654)</b>	(649,537)
Cash outflow/(inflow) from financing	<b>1,823,950</b>	(3,827,430)
Cash outflow/(inflow) from finance leases	<b>44,157</b>	(90,547)
	<u>343,453</u>	<u>(4,567,514)</u>
Movement in net debt	<b>(11,693,528)</b>	(7,126,014)
Net debt at 1 July 2008	<u>(11,350,075)</u>	<u>(11,693,528)</u>
Net debt at 30 June 2009	<u>(11,350,075)</u>	<u>(11,693,528)</u>

**Analysis of changes in net debt**

	At 1 July 2008 £	Cash flow £	At 30 June 2009 £
Cash at bank and in hand	862	523	<b>1,385</b>
Overdrafts	(1,187,090)	(1,525,177)	<b>(2,712,267)</b>
	<u>(1,186,228)</u>	<u>(1,524,654)</u>	<u>(2,710,882)</u>
Debt	(10,412,679)	1,823,950	<b>(8,588,729)</b>
Finance leases	(94,621)	44,157	<b>(50,464)</b>
	<u>(11,693,528)</u>	<u>343,453</u>	<u>(11,350,075)</u>

**17 Capital commitments**

There were no capital commitments at 30 June 2009 or 30 June 2008

**18 Contingent liabilities**

The group has provided a £400,000 guarantee, plus interest and fees, (2008 - £400,000) to Anglo Irish Bank plc in relation to its loan to Barry Howard Homes (Weedon) Limited. The group has bonds of £50,000 (2008 - £50,000) in relation to the NHBC Scheme.

**19 Emphasis of matter - Going concern**

On 3 July 2008 the main trading subsidiary, Barry Howard Homes Limited entered into a Company Voluntary Arrangement. This was to allow the director to effect an orderly sale of part complete sites and maximise the value of land with future development potential.

The banks have been supportive throughout this process and have extended the overdraft facility on a number of occasions to enable the completion of some sites, weatherproofing some part complete sites and obtaining planning permission on development land to enhance value. On 17 September 2009, £1m was paid off the overdraft following the sale by the parent company of its Bio Wayste subsidiary. The overdraft and borrowings are also supported by Barry Howard Land Limited. Asset disposals from this company are expected to clear the overdraft in full during 2010 and provide funds to the Company Voluntary Arrangement.

The ability of the Barry Howard Homes Limited group to continue trading depends heavily on an upturn in the property market. The director has made his best estimate of the current value of land and property assets, where he believes that cost exceeds net realisable value. These write downs have been included in the accounts but in this current market, it is not possible to be certain whether these provisions against the value of assets will be sufficient.

The Barry Howard Homes Limited group will also continue to incur interest charges until assets are sold. Every effort is being made to agree sales on all trade assets to reduce the overall bank indebtedness and reduce the ongoing interest charge. However the Barry Howard Homes Limited group is entirely reliant on the support of its bankers to allow sufficient time to realise assets at maximum value.

The director remains positive that he can ultimately realise sufficient assets to comply with the terms of the Company Voluntary Arrangement but recognises that it is impossible to be specific about the timing. He will continue to work closely with the bankers, who have been positive about progress to date and currently remain supportive.

**20 Pensions**

**Defined Contribution Scheme**

The Group operates a defined contribution pension scheme for the benefit of the employees and certain directors. The assets of the scheme are administered by trustees in a fund independent from those of the Group.

**21 Leasing commitments**

There were no leasing commitments at 30 June 2009 or 30 June 2008.

**22 Post balance sheet events**

On 17 September 2009, the group sold its subsidiary undertaking, Bio Wayste Limited, and its land at Crick for proceeds of £908,000 and £1,399,995 respectively. As explained in note 19, bank borrowings have been significantly reduced as a result of these disposals.

To facilitate the sales of Bio Wayste Limited and the land at Crick, loans due from Bio Wayste Limited to other members of the group amounting to £1,137,636 were formally waived on 16 September 2009.

## **23 Transactions with related parties**

During the year, Mr Barry Howard, one of the directors, had a loan with the group. At the year end the amount due to the group was £8,441 (2008 - £nil). The maximum amount overdrawn during the year was £8,441.

Mr Howard has provided a personal guarantee to Royal Bank of Scotland in the sum of £500,000 (2008 - £500,000).

During the previous period the group exchanged contracts for sale of a property to Mr Howard for £205,000. A 10% deposit was paid. Completion is expected to take place in 2010.

During the year, William Main, a director during part of the year, had a loan with the group. At the year end the amount due from the group was £250,000 (2008 - £250,000).

Barry Howard LLP is a related party by virtue of common members and directors. During the year, fixed assets with a net book value of £nil (2008 - £17,865) were sold to Barry Howard LLP for £nil (2008 - £17,865). During the year, Barry Howard LLP invoiced £252,105 (2008 - £482,248) to the group. The balance outstanding from Barry Howard LLP at the year end was £99,626 (2008 - £30,361). There is a balance due to Barry Howard LLP at the year end of £21,851 (2008 - £14,340). During the year, Barry Howard LLP paid a management fee of £30,000 (2008 - £175,000) to the group.

During the prior period, the group received £333,333 from Barry Howard Land Limited, a company controlled by Mr B J Howard. The receipt was in respect of the sale of land options to Barry Howard Land Limited and reflected fair value. Barry Howard Land Limited has also contracted to repay any planning and other costs associated with those land options to Barry Howard Homes Limited. During the current period, the company has been charged management fees of £1,000,000 by Barry Howard Homes Limited. At the end of the year the amount outstanding was £1,483,850 (2008 - £470,780).

Barry Howard Land Limited is party to the cross-guarantee structure of Barry Howard Group plc and is providing financial support to the Group.

## **24 Controlling related party**

The ultimate controlling related party of the group is Barry Howard by virtue of his shareholding and directorship.