



# Financial Statements Barry Howard Homes (HB) Limited

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**For the year ended 30 June 2009**



**Company No. 05735493**

## Officers and professional advisers

<b>Company registration number</b>	05735493
<b>Registered office</b>	Summer Farm West Haddon Road Crick Northampton NN6 7SQ
<b>Director</b>	B J Howard
<b>Bankers</b>	Royal Bank of Scotland 77 Abington Street Northampton NN1 2BH
<b>Auditor</b>	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 and the financial statements of the company for the year ended 30 June 2009

### **Principal activities**

The principal activity of the company during the year was the construction of housing

### **Results and dividends**

The (loss)/profit for the year amounted to £229,196 (2008 - £1,160,674) The director has recommended a dividend of £nil (2008 -£750,000 )

The director acknowledges the difficult and unprecedented trading conditions within the house building industry, conditions which have been exacerbated by the lack of credit availability The director has reviewed and amended the asset values and business plan to reflect the current market place The director is confident that the company can come through the challenges ahead with the continued support of its financial partners and parent company

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

The company uses various financial instruments These include bank loans and overdrafts, cash, and other items, such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below The main risks arising from the company's financial instruments are interest rate risk and liquidity risk The director reviews and agrees policies for managing each of these risks and they are summarised below

#### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably Short-term flexibility is achieved by overdraft facilities

#### **Interest rate risk**

The company finances its operations through a mixture of retained profits and bank borrowings The company exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities

### **Directors**

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

B J Howard  
W A M Main  
A I Whitmill

Mr W A M Main resigned from the Board on 21 January 2009

Mr A I Whitmill resigned from the Board on 30 June 2009

### **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 company and of the profit or loss of the company 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 him 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.

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.

### **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

24 MARCH 2010



# Report of the independent auditor to the members of Barry Howard Homes (HB) Limited (registered number 5735493)

We have audited the financial statements of Barry Howard Homes (HB) Limited for the year from 1 January 2007 to 30 June 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet 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 the director and auditor**

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is 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 web-site at [www.frc.org.uk/apb/scope/UKNP.cfm](http://www.frc.org.uk/apb/scope/UKNP.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 June 2009 and of its 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

## **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 16 to the financial statements concerning the company's ability to continue as a going concern. On 3 July 2008, the immediate parent company, Barry Howard Homes Limited entered into and is still operating under a Creditors Voluntary Arrangement.



## Report of the independent auditor to the members of Barry Howard Homes (HB) Limited (registered number 5735493)

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 validity of the values attached to development land and part completed sites. 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 16 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 16 since the period end the directors have secured a new overdraft and loan facility. The adequacy of this facility 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 Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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.

**Steve Robinson**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Kettering  
26 March 2010

## Accounting policies

### **Basis of accounting**

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)

The company's accounting policies are unchanged compared with the prior year

### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

### **Turnover**

The turnover represents amounts receivable from the sale of developments exclusive of VAT. Sale of developments is 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

### **Stocks**

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

### **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 company 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



### **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.

## Profit and loss account

	Note	Year to 30 June 2009 £	18 month period to 30 June 2008 £
<b>Turnover</b>	1	<b>143,158</b>	5,181,061
Cost of sales		<u>319,205</u>	<u>3,861,415</u>
<b>Gross (loss)/profit</b>		<b>(176,047)</b>	1,319,646
Other operating charges	2	<u>1,690</u>	<u>128,252</u>
<b>(Loss)/profit on ordinary activities</b>	1	<b>(177,737)</b>	1,191,394
Interest payable	3	<u>51,459</u>	-
<b>(Loss)/profit before taxation</b>		<b>(229,196)</b>	1,191,394
Tax on (loss)/profit on ordinary activities	6	<u>-</u>	<u>(30,720)</u>
<b>(Loss)/profit for the financial year</b>	15	<u><b>(229,196)</b></u>	<u>1,160,674</u>

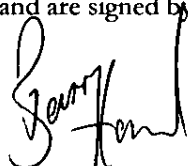
All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

## Balance sheet

	Note	£	2009 £	£	2008 £
<b>Current assets</b>					
Stocks	8	1,095,000		1,380,299	
Debtors	9	<u>47,508</u>		<u>127,561</u>	
		1,142,508		1,507,860	
<b>Creditors' amounts falling due within one year</b>	10	<u>1,032,610</u>		<u>1,168,766</u>	
<b>Net current assets</b>			<u>109,898</u>		<u>339,094</u>
<b>Total assets</b>			<u>109,898</u>		<u>339,094</u>
<b>Capital and reserves</b>					
Called-up equity share capital	14		100		100
Profit and loss account	15		<u>109,798</u>		<u>338,994</u>
<b>Shareholders' funds</b>	16		<u>109,898</u>		<u>339,094</u>

These financial statements were approved by the Director and authorised for issue on 24 MARCH 2010 and are signed by



B J Howard  
 Director

## Notes to the financial statements

### **1 Turnover**

The turnover and profit before tax are attributable to the one principal activity of the company  
 An analysis of turnover is given below

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
United Kingdom	<u>143,158</u>	<u>5,181,061</u>

### **2 Other operating charges**

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Administrative expenses	<u>1,690</u>	<u>128,252</u>

### **3 Interest payable and similar charges**

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Interest payable on bank borrowings	<u>51,459</u>	<u>-</u>

### **4 Operating (loss)/profit**

Operating (loss)/profit is stated after charging:

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Directors' emoluments	-	-
Auditor's remuneration	-	-
Audit fees	<u>-</u>	<u>2,400</u>

In 2009 the auditor's remuneration was borne by another group company

**5 Directors and employees**

No salaries or wages have been paid to employees, including the directors, during the year

**6 Taxation on ordinary activities**

(a) Tax charge/credit represents

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Deferred tax	-	30,720
Tax on (loss)/profit on ordinary activities	-	30,720

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 28% (2008 30%)

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
(Loss)/profit on ordinary activities before taxation	(229,196)	1,191,394
(Loss)/profit on ordinary activities by rate of tax	(64,175)	357,418
Creation/(utilisation) of tax losses	64,175	(357,418)
Total current tax	-	-

Note 5b) 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

**7 Dividends**

Dividends on shares classed as equity

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Paid during the year	-	-
Equity dividends on ordinary shares of £nil per share (2008 £7,500)	-	750,000

**8 Stocks**

	2009	2008
	£	£
Long-term contract balances		
Cost less provision for foreseeable losses	<u>1,095,000</u>	<u>1,380,299</u>
Interest on capital borrowed to finance construction is included in stocks to the extent of £12,500 (2008 £68,480)		

**9 Debtors**

	2009	2008
	£	£
Other debtors	-	12,517
Amounts owed by group undertakings	<u>47,508</u>	<u>115,044</u>
	<u>47,508</u>	<u>127,561</u>

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

	2009	2008
	£	£
Bank loans and overdrafts	1,030,975	1,168,513
Other creditors	<u>1,634</u>	<u>253</u>
	<u>1,032,609</u>	<u>1,168,766</u>

The bank loans and overdrafts are secured by a debenture in favour of the Royal Bank of Scotland plc over certain assets

**11 Deferred taxation**

	£
At 1 July 2008	-
Movement in the year	<u>-</u>
At 30 June 2009	<u>-</u>

Deferred taxation provided for in the financial statements is set out below

	2009	2008
	£	£
Tax losses	<u>-</u>	<u>-</u>

**12 Contingencies**

At 30 June 2009 the company had a group cross guarantee with the following companies, Barry Howard Homes Limited, Barry Howard Group PLC, Barry Howard Waste Management Ltd, Barry Howard Homes (Developments) Limited, Barry Howard Homes (Eastern) Limited, Barry Howard Homes (Midlands) Limited, Barry Howard Homes (Investments) Limited, and Barry Howard Homes (East Midlands) Limited

At 30 June 2009 the maximum liability under this guarantee was £8,791,291 (2008 - £8,958,292)

**13 Related party transactions**

The company has taken advantage of the exemption offered by Financial Reporting Standard No 8 Related Party Disclosure not to disclose transactions with other group companies on the grounds that it is a wholly owned subsidiary and the group accounts are publicly available from the registered office of the ultimate parent undertaking

**14 Share capital**

Authorised share capital

	2009	2008
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid

	No	2009	No	2008
		£		£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**15 Profit and loss account**

	2009	2008
	£	£
Balance brought forward	338,994	(71,680)
Equity dividends	-	(750,000)
(Loss)/profit for the financial year	<u>(229,196)</u>	<u>1,160,674</u>
Balance carried forward	<u>109,798</u>	<u>338,994</u>

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

	2009	2008
	£	£
(Loss)/profit for the financial year	(229,196)	1,160,674
New ordinary share capital subscribed	-	-
Equity dividends	<u>-</u>	<u>(750,000)</u>
Net (reduction)/ increase to shareholders' funds	(229,196)	410,674
Opening shareholders' funds	<u>339,094</u>	<u>(71,580)</u>
Closing shareholders' funds	<u>109,898</u>	<u>339,094</u>

**17 Emphasis of matter - Going concern**

On 3 July 2008 the immediate parent company, 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 they believe 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.

**18 Ultimate parent company**

The controlling related party of this company is Barry Howard Homes Limited by virtue of its majority shareholding of the issued share capital. The ultimate parent undertaking is Barry Howard Group Plc.

The ultimate controlling party of this company is Barry Howard by virtue of his shareholding in Barry Howard Group PLC.