



Grant Thornton

Financial Statements Barry Howard Homes (Developments) Limited

For the year ended 30 June 2009

SATURDAY



A65

AHMWCINQ
27/03/2010
COMPANIES HOUSE

114

Company No. 5859742

Officers and professional advisers

Company registration number	5859742
Registered office	Summer Farm West Haddon Road Crick Northampton NN6 7SQ
Director	B J Howard
Bankers	Royal Bank of Scotland 77 Abington Street Northampton NN1 2BH
Auditor	Grant Thornton UK LLP Grant Thornton House Kettering Parkway Kettering Venture Park Kettering Northants NN15 6XR

Contents

Report of the director	3 - 4
Report of the independent auditor	6 - 7
Accounting policies	8
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	11 - 15

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 and business review

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

Results and dividends

The loss for the year amounted to £26,441 (2008 - profit of £1,085,952) The director does not recommend a dividend of £nil (2008 - £1,000,000)

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, overdrafts and cash 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

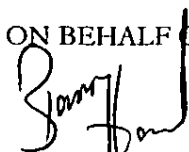
- there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

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 (Developments) Limited (registered number 5859742)

We have audited the financial statements of Barry Howard Homes (Developments) Limited for the year ended 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

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 15 to the financial statements concerning the company's ability to continue as a going concern. At 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 (Developments) Limited (registered number 5859742)

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 15 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 15 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 director's 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 director has 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 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

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 £
Turnover	1	329,030	4,663,597
Cost of sales		<u>355,294</u>	<u>3,561,925</u>
Gross (loss)/profit		(26,264)	1,102,672
Operating costs		<u>(177)</u>	<u>-</u>
Operating (loss)/profit and (loss)/profit on ordinary activities before taxation	2	(26,441)	1,101,672
Tax on (loss)/profit on ordinary activities	4	<u>-</u>	<u>(15,720)</u>
(Loss)/profit for the financial year	13	<u>(26,441)</u>	<u>1,085,952</u>

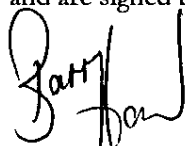
All of the activities of the company are classed as continuing

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

Balance sheet

	Note	£	2009 £	£	2008 £
Current assets					
Stocks	5	-		241,131	
Debtors	6	23,389		20,884	
		23,389		262,015	
Creditors, amounts falling due within one year	7	(458)		(212,643)	
Net current assets			22,931		49,372
Capital and reserves					
Called-up equity share capital	12		100		100
Profit and loss account	13		22,831		49,272
Shareholders' funds	14		22,931		49,372

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>329,030</u>	<u>4,663,597</u>

2 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Director's emoluments	-	-
Auditor's remuneration	-	-
Audit fees	-	-

Auditor's remuneration has been borne by another group company

3 Directors and employees

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

4 Taxation on ordinary activities

a) The tax charge/(credit) represents

	Year to 30 June 2009 £	18 month period to 30 June 2008 £
Deferred tax	-	(15,720)
Tax on loss on ordinary activities	-	(15,720)

Taxation on ordinary activities (continued)

b) Factors affecting current tax charge

The tax assessed on the loss for the year is lower than 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	<u>(26,441)</u>	<u>1,101,672</u>
(Loss)/profit on ordinary activities by rate of tax	(7,403)	330,502
(Utilisation)/creation of tax losses	<u>7,403</u>	<u>(330,502)</u>
Total current tax	<u>-</u>	<u>-</u>

Note 4b) 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 director's opinion that this does not affect the readers' view of the financial statements, as separately analysed amounts would not be material

5 Stocks

	2009 £	2008 £
Work in progress	<u>-</u>	<u>241,131</u>

Interest on capital borrowed to finance construction is included in stocks to the extent of £nil (2008 - £nil)

6 Debtors

	2009 £	2008 £
Other debtors	20,012	20,884
Amounts owed by group undertakings	<u>3,377</u>	<u>-</u>
	<u>23,389</u>	<u>20,884</u>

7 Creditors: amounts falling due within one year

	2009	2008
	£	£
Bank loans and overdrafts	-	103,477
Other creditors	458	-
Accruals and deferred income	-	-
Amounts due to group undertakings	-	109,166
	<u>458</u>	<u>212,643</u>

The bank loans and overdrafts are secured by an all asset debenture in favour of the Royal Bank of Scotland

8 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>

9 Capital commitments

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

10 Contingencies

At 30 June 2009 the company had a group cross guarantee with the following companies, Barry Howard Homes Limited, Barry Howard Group PLC, Bio Wayste (formerly Barry Howard Waste Management Ltd), Barry Howard Homes (HB) 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)

11 Related party transactions

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

12 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>

13 Profit and loss account

	2009 £	2008 £
Balance brought forward	49,272	(36,680)
(Loss)/profit for the financial year	(26,441)	1,085,952
Dividends paid	<u>-</u>	<u>(1,000,000)</u>
Balance carried forward	<u>22,831</u>	<u>49,272</u>

14 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
(Loss)/profit for the financial year	(26,441)	1,085,952
New ordinary share capital subscribed	-	-
Net (decrease)/increase to shareholders' funds	(26,441)	1,085,952
Dividend paid	-	(1,000,000)
Opening shareholders surplus/(deficit)	49,372	(36,580)
Closing shareholders' funds	<u>22,931</u>	<u>49,372</u>

15 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 Waste 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.

16 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.