

**Bellwinch Homes (Western) Limited**

**Directors' report and financial  
statements**

**Registered number 2308574**

**30 June 2009**

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## Directors' report

The directors present their directors' report and financial statements for the year ended 30 June 2009.

### Principal activities

The principal activity of the Company is residential land and property development.

### Business review

#### *Development and performance of the business*

Conditions within the housing market were extremely difficult throughout the year due to restricted mortgage availability and tighter mortgage lending criteria as well as weak buyer sentiment, which led to deflationary pressures in many areas.

The Company sold 15 homes in the year (2008: 27 homes) representing a decrease of 44% compared with last year. Average selling prices were lower for the year at £236,000 (2008: £274,000). Revenue of £3,540,000 was generated from house sales (2008: £7,389,000). Operating profit from housing sales, before exceptional items of £6,000 declined to £227,000 loss (2008: £772,000) at a reduced margin of (6)% (2008: 10%).

#### *Market and Outlook*

We remain cautious on the outlook for 2010 but we believe that the difficult market conditions which we have experienced over the last twelve months are beginning to ease. Visitor levels have been steady over the last six months and are now showing some signs of modest increases. Even though the downward pressure we saw on selling prices is beginning to alleviate and we have seen price stabilisation in some of our locations, this is still very varied dependant on site geography.

We have started to build to provide sales in 2010 as demand returns; both from recommencing construction on a number of developments and also starting new sites in locations where demand is stronger. We will continue to enforce rigid controls over our expenditure.

#### *Risks and uncertainties*

The Company is required to comply with environmental and planning issues, which, by nature of its operations, requires that considerable resource is devoted to its Health and Safety commitments and its duty of care to its employees and the public.

The housing market is subject to fluctuations in demand and activity. The Company continually reviews its products and specifications in order to maximise its revenues and therefore maintain and improve margins.

The Board of Directors are well placed to deal with the ongoing challenges facing the Company in the current market place.

#### *Key Performance Indicators*

The Company uses a number of financial and non-financial KPIs to monitor and measure performance. Financial KPIs include profit before tax, operating margin and efficient usage of cash. Non – financial KPIs include land bank plots, construction costs versus viability, sales visitors and reservation rates, AIR safety trends and customer satisfaction.

The KPIs together with their benchmark targets have not been reproduced as they are considered to be commercially sensitive.

## Directors' report *(continued)*

### Results and dividends

The loss for the year after taxation dealt with in the financial statements is £166,000 (2008: £618,000 profit).

The directors do not recommend the payment of any final dividend in respect of the current year ended 30 June 2009 (2008: £Nil).

### Directors

The directors of the Company during the year were:

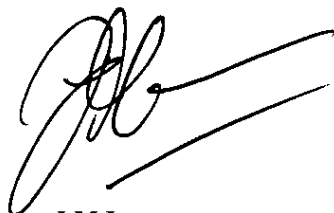
M Broomfield	(Appointed 1 October 2008)
R P Page	(Resigned 2 February 2009)
A C Parker	(Resigned 25 September 2008)
S P Croft	(Resigned 30 September 2008)
S J Whitehead	(Resigned 26 May 2009)
D I Holdom	(Appointed 1 October 2008)
C King	(Appointed 1 June 2009)
I M Lawson	(Appointed 1 October 2008)

### Auditors

As far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and each of us has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

A resolution to reappoint the auditors, KPMG Audit Plc, will be proposed at the forthcoming Annual General Meeting.

On behalf of the board



**I M Lawson**  
Director



**D I Holdom**  
Director

Lysander House  
Tempsford Hall  
Sandy  
Bedfordshire  
SG19 2BD

15 September 2009

## **Statement of Directors' responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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; 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.

ABCD

**KPMG Audit plc**

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

**Independent auditors' report to the members of Bellwinch Homes (Western) Limited**

We have audited the financial statements of Bellwinch Homes (Western) Limited for the year ended 30 June 2009 set out on pages 6 to 12. 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 sections 495 and 496 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 auditors' 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 auditors**

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 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](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 Company's affairs as at 30 June 2009 and of its loss 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 matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BELLWINCH HOMES  
(WESTERN) 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:

- we have not received all the information and explanations we require for our audit
- 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.



Andrew Marshall (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

8 Salisbury Square

London

EC4Y 8BB

15 September 2009

**Profit and loss account**  
*for the year ended 30 June 2009*

	<i>Note</i>	<b>2009 £000</b>	<b>2008 £000</b>
<b>Turnover</b>		<b>3,540</b>	<b>7,389</b>
Cost of sales		<b>(3,458)</b>	<b>(5,832)</b>
<b>Gross profit</b>		<b>82</b>	<b>1,557</b>
Administrative expenses		<b>(176)</b>	<b>(485)</b>
<b>Operating (loss) / profit</b>		<b>(94)</b>	<b>1,072</b>
Interest payable	2	<b>(139)</b>	<b>(299)</b>
<b>(Loss) / Profit on ordinary activities before taxation</b>	3	<b>(233)</b>	<b>773</b>
Tax on (loss) / profit on ordinary activities	5	<b>67</b>	<b>(155)</b>
<b>(Loss) / Profit on ordinary activities after taxation</b>		<b>(166)</b>	<b>618</b>
<b>(Loss)/ Profit for the financial year</b>	9	<b>(166)</b>	<b>618</b>

All of the above results relate to continuing activities.

There were no other recognised gains or losses other than the profit for the financial year and the previous financial year.

There is no difference between historical costs result and the result stated above.

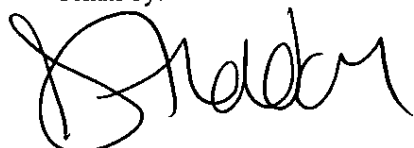


# **Balance sheet**

*at 30 June 2009*

	<i>Note</i>	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>
<b>Current assets</b>			
Stocks and work in progress		<b>561</b>	2,918
Debtors	5	<b>3,046</b>	1,153
		<hr/>	<hr/>
		<b>3,607</b>	4,071
<b>Creditors: amounts falling due within one year</b>	6	<b>(243)</b>	(541)
		<hr/>	<hr/>
<b>Net current assets</b>		<b>3,364</b>	3,530
		<hr/>	<hr/>
<b>Net assets</b>		<b>3,364</b>	3,530
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	7	<b>2,500</b>	2,500
Profit and loss account	8	<b>864</b>	1,030
		<hr/>	<hr/>
<b>Shareholders' funds</b>		<b>3,364</b>	3,530
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 15 September 2009 and were signed on its behalf by:



**D I Holdom**  
*Director*

**Reconciliation of movements in shareholders' funds**  
*for the year ended 30 June 2009*

	2009 £000	2008 £000
(Loss) / Profit for the financial year	(166)	618
Net (decrease) / increase in shareholders' funds	(166)	618
Opening shareholders' funds	3,530	2,912
Closing shareholders' funds	3,364	3,530

## **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 financial statements, except as noted below.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

The consolidated financial statements of Kier Group plc, within which this Company is included, can be obtained from the address given in note 12.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Stocks***

Stock and work in progress, which includes attributable overheads, is stated at the lower of cost and net realisable value.

#### ***Revenue recognition***

Revenue in respect of house sales is taken at the time of legal completion of the sale. Revenue in respect of land sales and land exchanges are taken on the unconditional exchange of contract.

#### ***Dividend Policy***

Dividends unpaid at the balance sheet date are only recognised as a liability at the date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

## Notes (continued)

### 2 Interest payable and similar charges

	2009 £000	2008 £000
Payable to group undertakings	139	299

### 3 Profit on ordinary activities before taxation

There is no direct charge for auditor's remuneration in the financial statements of the Company (2008: £Nil). Their remuneration as auditor is borne by a fellow subsidiary.

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Kier Group plc.

Directors are remunerated by Kier Homes Limited and details are disclosed in those accounts.

There are no staff, other than the directors (2008: Nil).

### 4 Taxation

#### Analysis of (credit)/ charge in year

	2009 £000	2008 £000
<i>UK corporation tax</i>		
UK Corporation tax charge based on the result for the year	(68)	222
Adjustments in respect of prior years	1	(67)
Total current tax (credit) / charge	(67)	155

## Notes (continued)

### 4 Taxation (continued)

#### Factors affecting the tax charge for the current year

The current tax credit for the year is higher (2008: lower) than the standard rate of corporation tax in the UK of 28 % (2008: 29.5%). The differences are explained below.

	2009 £000	2008 £000
<i>Current tax reconciliation</i>		
(Loss) / Profit on ordinary activities before tax	(233)	772
Current tax at 28 % (2008: 29.5%)	(65)	228
<i>Effects of:</i>		
Land remediation relief	(3)	(6)
Adjustments to tax charge in respect of previous periods	1	(67)
Total current tax charge (see above)	(67)	155

#### Factors that may affect future tax charges

The Company is not aware of any significant factors that may affect future tax charges.

### 5 Debtors

	2009 £000	2008 £000
Amounts due from parent undertaking	2,979	1,153
Corporation tax	67	-
	3,046	1,153

### 6 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Amounts due to group undertakings	182	487
Corporation tax	-	54
Accruals and deferred income	61	-
	243	541

## Notes (continued)

### 7 Called up share capital

	2009 £000	2008 £000
<i>Authorised</i>		
3,000,000 ordinary shares of £1 each	3,000	3,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
2,500,000 ordinary shares of £1 each	2,500	2,500
	<hr/>	<hr/>

### 8 Profit and loss account

	£000	£000
At beginning of year	1,030	412
(Loss) / Profit for the financial year	(166)	618
	<hr/>	<hr/>
At end of year	864	1,030
	<hr/>	<hr/>

### 9 Contingent liabilities

There are contingent liabilities in respect of performance bonds, guarantees and claims under contracting and other agreements, entered into in the normal course of business.

The Company is party to cross guarantees in respect of group banking arrangements in which Kier Group plc has no net liability.

### 10 Pension scheme

The Company is a member of the Kier Group Pension Scheme a section of which provided benefits based on final pensionable pay. Because the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement Benefits' the scheme is accounted for by the Company as if the scheme was a defined contribution scheme. Full disclosure of the deficit in the Kier Group Pension Scheme (defined benefit section) is provided in the financial statements of the ultimate parent company, Kier Group plc. Pension contributions paid to the scheme are disclosed in note 3.

### 11 Related party disclosures

The ultimate holding party is Kier Group plc. In accordance with paragraph 3(c) of FRS 8 'Related Party Transactions', the Company is exempt from disclosing details of arrangements with other companies in the group or investees of the group qualifying as related parties.

### 12 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a wholly owned subsidiary of Bellwinch Limited. The ultimate holding company is Kier Group plc. The parent of the only group for which group financial statements have been drawn up is Kier Group plc. The parent company is registered in England and Wales and copies of their financial statements will be filed with Companies House, Crown Way, Cardiff, where they will be available to the public.