

The Baron Homes Corporation Limited

Registered number: 02930345

Directors' report and financial statements

For the year ended 31 March 2017

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THE BARON HOMES CORPORATION LIMITED

COMPANY INFORMATION

Directors	Nazila Blencowe Michael Blencowe
Company secretary	David Howard Barling (resigned 19 May 2017)
Registered number	02930345
Registered office	10 Prince Albert Street Brighton Sussex BN1 1HE
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 14th Floor The Plaza 100 Old Hall Street Liverpool L3 9QJ

THE BARON HOMES CORPORATION LIMITED

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THE BARON HOMES CORPORATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Directors

The directors who served during the year were:

Nazila Blencowe
Michael Blencowe

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

The directors are 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 and other information included in Directors' reports may differ from legislation in other jurisdictions.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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 the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

THE BARON HOMES CORPORATION LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

This report was approved by the board and signed on its behalf.



Nazila Blencowe
Director

Date: 15 December 2017

Independent auditor's report to the members of The Baron Homes Corporation Limited

We have audited the financial statements of The Baron Homes Corporation Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and *International Standards on Auditing* (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006


- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies' exemption in preparing the Directors' report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



David Nicholls (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
14th Floor, The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

18 December 2017

THE BARON HOMES CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover		6,492,029	5,959,750
Cost of sales		(626,090)	(764,514)
Gross profit		5,865,939	5,195,236
Administrative expenses		(954,557)	(739,365)
Exceptional administrative expenses	6	(791,332)	-
Gains on fair value movements of investment properties	10	7,521,003	6,324,340
Gains/(losses) on fair value movements of derivatives	16	94,855	(99,943)
Operating profit		11,735,908	10,680,268
Interest receivable and similar income		3,609	3,396
Interest payable and expenses		(3,376,370)	(3,416,235)
Profit before tax		8,363,147	7,267,429
Tax on profit	7	(968,000)	(1,070,000)
Profit for the financial year		7,395,147	6,197,429

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 8 to 21 form part of these financial statements.

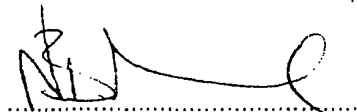
THE BARON HOMES CORPORATION LIMITED
REGISTERED NUMBER: 02930345

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	9	78,993	23,214
Investment property	10	114,963,000	107,441,997
		<u>115,041,993</u>	<u>107,465,211</u>
Current assets			
Debtors: amounts falling due after more than one year	11	3,197,000	3,580,000
Debtors: amounts falling due within one year	11	981,062	987,758
Cash at bank and in hand	12	1,322,190	968,864
		<u>5,500,252</u>	<u>5,536,622</u>
Creditors: amounts falling due within one year	13	(2,309,626)	(2,010,722)
Net current assets		<u>3,190,626</u>	<u>3,525,900</u>
Total assets less current liabilities		<u>118,232,619</u>	<u>110,991,111</u>
Creditors: amounts falling due after more than one year	14	(66,814,533)	(67,553,172)
Provisions for liabilities			
Deferred tax	17	(10,865,000)	(10,280,000)
Net assets		<u><u>40,553,086</u></u>	<u><u>33,157,939</u></u>
Capital and reserves			
Called up share capital		200	200
Profit and loss account		40,552,886	33,157,739
		<u><u>40,553,086</u></u>	<u><u>33,157,939</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Nazila Blencowe
 Director

Date: *15 December 2017*

The notes on pages 8 to 21 form part of these financial statements.

THE BARON HOMES CORPORATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	200	33,157,739	33,157,939
Profit for the year	-	7,395,147	7,395,147
At 31 March 2017	200	40,552,886	40,553,086

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015	200	27,180,310	27,180,510
Profit for the year	-	6,197,429	6,197,429
Dividends: Equity capital	-	(220,000)	(220,000)
At 31 March 2016	200	33,157,739	33,157,939

The notes on pages 8 to 21 form part of these financial statements.

The profit and loss account contains non-distributable reserves of £26,136,884 (2016 £31,281,656)

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. General information

The Baron Homes Corporation Limited is a private company limited by shares. The company is incorporated in the United Kingdom and registered in England and Wales. The registered office is 10 Prince Albert Street, Brighton, BN1 1HE.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

These financial statements have been prepared under the historical cost convention, except for derivative financial instruments and investment properties which are stated at fair value.

The financial statements for the year ended 31 March 2017 are the company's first financial statements that comply with FRS102 with the company's date of transition to FRS102 being 1 April 2015. Note 21 describes the impact on reported profit or loss and equity from transition to FRS102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company accounting policies.

The following principal accounting policies have been applied:

2.2 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover comprises revenue recognised by the company in respect of rental income and service charges receivable during the year. Amounts are accrued or prepaid, as appropriate, to recognise the period for which the revenue relates.

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.3 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.4 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.7 Financial instruments

The company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate derivatives.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.11 Leased assets: the company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.12 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.13 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

3. Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	14,000	14,000
Fees payable to the company's auditor and its associates in respect of:		
All other services	52,900	39,420

4. Employees

The average monthly number of employees, including directors, during the year was 18 (2016 - 18).

5. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	70,025	80,000

6. Exceptional items

	2017 £	2016 £
HMRC Settlement	791,332	-

During the year the company made a payment of £791,332 in full and final settlement of a disputed PAYE balance with HMRC.

7. Taxation

	2017 £	2016 £
Deferred tax		
Origination and reversal of timing differences	968,000	1,070,000
Taxation on profit on ordinary activities	968,000	1,070,000

THE BARON HOMES CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

7. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	8,363,147	7,267,429
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	1,672,629	1,453,486
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	55,697	22,591
Capital allowances for year in excess of depreciation	(20,646)	(30,136)
Other permanent differences	1,385	415
Utilisation of brought forward losses	(185,894)	(884,045)
Unrelieved non trading loan relationship debits carried forward	-	682,568
Timing differences re the utilisation of non trading loan relationship debits	269,547	469,290
Fair value adjustment re derivative	(18,971)	19,989
Fair value adjustment re investment property	(1,504,201)	(1,264,868)
Chargeable gain on investment property	1,157,000	1,095,000
Timing differences arising re accelerated capital allowances	(19,613)	-
Deferred tax movement re derivative	26,000	(25,000)
Change in tax rate	(390,263)	-
Deferred tax asset not recognised	(74,670)	(469,290)
Total tax charge for the year	968,000	1,070,000

Factors that may affect future tax charges

UK corporation tax rates are to reduce to 19% from 1 April 2017 with a further reduction to 18% from 1 April 2020.

8. Dividends

	2017 £	2016 £
Dividends paid on equity capital	-	220,000

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

9. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 April 2016	34,157	17,650	285,827	337,634
Additions	-	67,704	-	67,704
At 31 March 2017	<u>34,157</u>	<u>85,354</u>	<u>285,827</u>	<u>405,338</u>
Depreciation				
At 1 April 2016	31,255	8,872	274,293	314,420
Charge for the year	725	8,316	2,884	11,925
At 31 March 2017	<u>31,980</u>	<u>17,188</u>	<u>277,177</u>	<u>326,345</u>
Net book value				
At 31 March 2017	<u>2,177</u>	<u>68,166</u>	<u>8,650</u>	<u>78,993</u>
At 31 March 2016	<u>2,902</u>	<u>8,778</u>	<u>11,534</u>	<u>23,214</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Motor vehicles	<u>54,022</u>	<u>-</u>

THE BARON HOMES CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

10. Investment property

	Freehold investment property £	Long term leasehold investment property £	Total £
Valuation			
At 1 April 2016	107,260,547	181,450	107,441,997
Surplus on revaluation	7,521,003	-	7,521,003
At 31 March 2017	<u>114,781,550</u>	<u>181,450</u>	<u>114,963,000</u>

The properties were valued on an open market existing use basis by the directors guided by CBRE, professional property valuers.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2017 £	2016 £
Historic cost	<u>31,122,652</u>	<u>31,950,455</u>

11. Debtors

	2017 £	2016 £
Due after more than one year		
Deferred tax asset	3,197,000	3,580,000
	<u>3,197,000</u>	<u>3,580,000</u>
Due within one year		
Trade debtors	447,696	361,213
Amounts owed by group undertakings	270,292	11,100
Other debtors	237,517	576,272
Prepayments and accrued income	25,557	39,173
	<u>981,062</u>	<u>987,758</u>

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

12. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,322,190	968,864

13. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	69,918	146,284
Other taxation and social security	414,054	385,547
Obligations under finance lease and hire purchase contracts	3,591	-
Other creditors	402,597	404,530
Accruals and deferred income	1,419,466	1,074,361
	<u>2,309,626</u>	<u>2,010,722</u>

14. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	50,372,926	50,920,426
Net obligations under finance leases and hire purchase contracts	40,128	-
Other creditors	33,697	170,109
Financial instruments (note 16)	16,367,782	16,462,637
	<u>66,814,533</u>	<u>67,553,172</u>

Secured loans

Security for bank loans is in the form of a legal charge over all freehold and leasehold properties owned by the company at the year end date as shown in note 10.

THE BARON HOMES CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

15. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due 2-5 years		
Bank loans	50,372,926	50,920,426

16. Derivatives

The company uses interest rate derivatives to manage its exposure to interest rate risks on its variable rate bank loans. Such contracts, which have maturity dates of more than 5 years from the balance sheet date, are derivative financial instruments for the purpose of these financial statements. The fair value of such instruments have been calculated using valuation techniques which use market and non-market inputs to estimate the estimated discounted cashflows. The notional and fair value of the open derivative financial instruments at the reporting date were as follows:

The notional value of the open derivative financial instruments as at 31 March 2017 was £35m (2016: £35m).

The change in fair value of the derivative financial instruments has resulted in income of £94,855 (2016: an expense of £99,943) being recorded in the Statement of Comprehensive Income.

The derivative financial instruments were settled in full on 8 June 2017.

17. Deferred taxation

	2017 £	2016 £
At beginning of year	6,700,000	5,630,000
Charged to profit or loss	968,000	1,070,000
At end of year	7,668,000	6,700,000

THE BARON HOMES CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

17. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	82,000	-
Tax losses	(169,000)	(280,000)
Fair value of investment property	10,865,000	10,280,000
Fair value of derivative financial instruments	(3,110,000)	(3,300,000)
	<u>7,668,000</u>	<u>6,700,000</u>
Comprising:		
Asset - due after one year	3,197,000	3,580,000
Liability	(10,865,000)	(10,280,000)
	<u>(7,668,000)</u>	<u>(6,700,000)</u>

The deferred tax asset arising from the fair value of derivative financial instruments is expected to reverse in the next financial year as per note 16 with their settlement on 8 June 2017.

18. Commitments under operating leases

At 31 March 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	2,591	-
Later than 1 year and not later than 5 years	432	-
	<u>3,023</u>	<u>-</u>

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

19. Related party transactions

As at 31 March 2017, N Blencowe's directors loan showed £10,504 (2016: £9,482) owed to her. During the year the maximum overdrawn balance was £419,022 (2016: £3,598) with repayments totalling £597,261 (2016: £209,703). No interest was charged on the loan.

As at 31 March 2017, M Blencowe's directors loan showed £23,193 owed by the company to him (2016: £362 owed by him to the company).

As at 31 March 2017 the company was owed £353,322 by Baron Management Limited (2016: £208,229), a company in which N Blencowe is a director and shareholder and M Blencowe is a director. During the year the company charged a management fee of £97,000 (2016: £100,000), was charged a management fee of £156,182 (2016: £Nil) and recharged £Nil (2016: £5,989) for insurance paid by the company on behalf of Baron Management Limited. Baron Management Limited holds £234,536 (2016: £234,536) of tenants' lease deposits on behalf of the company.

As at 31 March 2017 the company was owed £270,292 by Chestnut Development Co Limited (2016: £11,099) its ultimate parent company.

20. Controlling party

The ultimate parent undertaking of The Baron Homes Corporation Limited is Chestnut Development Co Limited, a company incorporated in England and Wales. The principal place of business is 10 Prince Albert Street, Brighton, BN1 1HE.

Chestnut Development Co Limited is under the control of N Blencowe.

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

21. First time adoption of FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2015. The impact of the transition to FRS 102 is as follows:

	As previously stated 1 April 2015 £	Effect of transition 1 April 2015 £	FRS 102 (as restated) 1 April 2015 £	As previously stated 31 March 2016 £	Effect of transition 31 March 2016 £	FRS 102 (as restated) 31 March 2016 £
Note						
Fixed assets	101,159,608	-	101,159,608	107,465,211	-	107,465,211
Current assets	2,098,897	3,275,000	5,373,897	2,236,622	3,300,000	5,536,622
Creditors: amounts falling due within one year	(1,623,006)	-	(1,623,006)	(2,010,722)	-	(2,010,722)
Net current assets	475,891	3,275,000	3,750,891	225,900	3,300,000	3,525,900
Total assets less current liabilities	101,635,499	3,275,000	104,910,499	107,691,111	3,300,000	110,991,111
Creditors: amounts falling due after more than one year	(52,182,295)	(16,362,694)	(68,544,989)	(51,090,535)	118,643,707	67,553,172
Provisions for liabilities	-	(9,185,000)	(9,185,000)	-	(10,280,000)	(10,280,000)
Net assets	49,453,204	(22,272,694)	27,180,510	56,600,576	111,663,707	168,264,283
Capital and reserves	49,453,204	(22,272,694)	27,180,510	56,600,576	(23,442,637)	33,157,939

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

21. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 March 2016 £	Effect of transition 31 March 2016 £	FRS 102 (as restated) 31 March 2016 £
Turnover		5,959,750	-	5,959,750
Cost of sales		(764,514)	-	(764,514)
		5,195,236	-	5,195,236
Administrative expenses		(739,365)	-	(739,365)
Fair value movements of investment properties	1	-	6,324,340	6,324,340
Fair value movements of derivatives	1	-	(99,943)	(99,943)
Operating profit		4,455,871	6,224,397	10,680,268
Interest receivable and similar income		3,396	-	3,396
Interest payable and similar charges		(3,416,235)	-	(3,416,235)
Taxation	1	-	(1,070,000)	(1,070,000)
Profit on ordinary activities after taxation and for the financial year		1,043,032	5,154,397	6,197,429

Explanation of changes to previously reported profit and equity:

- 1 Under FRS102 the movements in fair values of investment properties are recognised in profit or loss for the year. The transitional adjustment for the year ended 31 March 2016 was that a gain of £6,324,340 was credited to profit for the year.

FRS102 also requires recognition of deferred taxation arising from inclusion of the investment properties at fair value. The transitional adjustment has been to recognise an additional liability of £9,185,000 as at 1 April 2015 with the consequential reduction in retained earnings of the same amount. As at 31 March 2016 the deferred tax provision was increased by a further £1,095,000 which was charged to profit or loss for the year.

Under FRS102 an interest rate swap is classed as a derivative with it being revalued to its fair value at each reporting date, and the movement being recognised as a gain or loss through profit or loss. This adjustment has resulted in the recognition of a financial liability and an impact on the equity reserves of £16,362,694 at 1 April 2015 and £16,462,637 at 31 March 2016. There has been a consequential movement in profit or loss during the year ended 31 March 2016 of £99,943 recognised in the gains/(losses) arising on derivative financial instruments held at fair value.

FRS102 also requires recognition of deferred taxation arising from inclusion of the derivatives at fair value. The transitional adjustment has been to recognise a deferred tax asset of £3,275,000 as at 1 April 2015 and a consequential increase in retained earnings of the same amount. As at 31 March 2016 this deferred tax asset was increased by £25,000 with a credit to profit or loss in the taxation charge for the year.