

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020

THE BARON HOMES
CORPORATION LIMITED



MENZIES

THE BARON HOMES CORPORATION LIMITED

COMPANY INFORMATION

Directors	Nazila Blencowe Michael Blencowe Montgomery Blencowe Martin Blencowe
Registered number	02930345
Registered office	10 Prince Albert Street Brighton East Sussex BN1 1HE
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor 3000a Parkway Whiteley Hampshire PO15 7FX

THE BARON HOMES CORPORATION LIMITED

CONTENTS

	Page
Statement of Financial Position	1 - 2
Notes to the Financial Statements	3 - 12

**THE BARON HOMES CORPORATION
LIMITED**
REGISTERED NUMBER:02930345

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	5	15,686	67,733
Investment property	6	117,606,307	117,606,308
		<u>117,621,993</u>	<u>117,674,041</u>
Current assets			
Debtors: amounts falling due after more than one year	7	822,165	1,494,060
Debtors: amounts falling due within one year	7	5,077,894	2,382,837
Cash at bank and in hand		1,547,510	2,567,816
		<u>7,447,569</u>	<u>6,444,713</u>
Creditors: amounts falling due within one year	8	(7,552,956)	(4,577,518)
Net current (liabilities)/assets		<u>(105,387)</u>	<u>1,867,195</u>
Total assets less current liabilities		<u>117,516,606</u>	<u>119,541,236</u>
Creditors: amounts falling due after more than one year	9	(60,644,257)	(65,621,403)
Provisions for liabilities			
Deferred tax		(9,444,349)	(8,450,207)
		<u>(9,444,349)</u>	<u>(8,450,207)</u>
Net assets		<u>47,428,000</u>	<u>45,469,626</u>
Capital and reserves			
Called up share capital		200	200
Profit and loss account		47,427,800	45,469,426
		<u>47,428,000</u>	<u>45,469,626</u>

THE BARON HOMES CORPORATION LIMITED

REGISTERED NUMBER:02930345

STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 MARCH 2020

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 have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

Nazila Blencowe

.....
Nazila Blencowe
Director

15-Dec-2020

The notes on pages 3 to 12 form part of these financial statements.

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

The Baron Homes Corporation Limited is a private company limited by shares, registered in England and Wales. The address of its registered office is disclosed on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and 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.

The following principal accounting policies have been applied:

2.2 Going concern

On 11 March 2020, the World Health Organisation declared Covid-19 a global pandemic and subsequently, the UK Government imposed stay-at-home lockdowns and other measures. The Government's response to the pandemic for the business environment has been rapid and wide ranging.

Despite this, the Directors consider there to be sufficient resources for the Company to continue to as a going concern for at least 12 months from the date these accounts are approved. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing these annual financial statements.

2.3 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

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.

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.5 Finance costs

Finance costs are charged to profit or loss 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.

2.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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 Statement of Financial Position 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 reporting date.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model 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.

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

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 and machinery	-	25%	reducing balance
Motor vehicles	-	25%	reducing balance
Fixtures and 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 profit or loss.

2.10 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 profit or loss.

2.11 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.

2.12 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.

2.13 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.

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.15 Financial instruments

The Company only enters into basic financial instrument 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, loans to related parties and investments in ordinary shares.

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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

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 reporting date.

Derivatives, including interest rate swaps and forward foreign exchange contracts, 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 and foreign exchange derivatives.

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires the directors to make judgements and estimates that affect reported amounts of assets and liabilities during the year. These judgements and estimates are based on experience and knowledge of the detailed facts. The actual outcome may differ from those amounts and any variance is reflected in the accounting records once it becomes apparent.

In preparing the financial statements, the fair value of reported investment properties held at the year-end includes inherently uncertain estimates such as future rental values and refurbishment costs. Judgements are made by the directors based on their knowledge of the investment market and the individual property asset. The combined effect of these judgements and estimates has not had a significant effect on the fair values reported and the values remain the same as in the previous year.

The primary source of evidence is recent comparable market activity and previous external valuation reports prepared for lenders to the company but nevertheless, the valuation of the investment property portfolio is inherently subjective. The directors have had to consider whether the developing events and Government pronouncements since the year end have made the level of subjectivity in the valuation this year so great that the stated valuations become unreliable or whether, despite the uncertainty, they remain a reliable estimate. The subjectivity of this judgement, in the period of market turbulence and disruption since the year end date cannot be overstated.

The directors, however, have made an assertion that the values reported at 31 March 2020 were not materially impacted from the effects of the virus at that date. The initial period of lockdown was extended due to Government pronouncements after the balance sheet date and although the level of uncertainty continues, there is now hope that the proposed roll out of a vaccine will help reduce this.

4. Employees

The average monthly number of employees, including directors, during the year was 12 (2019 - 14).

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

5. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 April 2019	36,140	85,354	288,492	409,986
Disposals	-	(57,623)	-	(57,623)
At 31 March 2020	36,140	27,731	288,492	352,363
Depreciation				
At 1 April 2019	32,932	27,271	282,050	342,253
Charge for the year on owned assets	802	14,521	1,610	16,933
Disposals	-	(22,509)	-	(22,509)
At 31 March 2020	33,734	19,283	283,660	336,677
Net book value				
At 31 March 2020	2,406	8,448	4,832	15,686
At 31 March 2019	3,208	58,083	6,442	67,733

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

6. Investment property

	Freehold investment property £	Long term leasehold investment property £	Total £
Valuation			
At 1 April 2019	117,424,858	181,450	117,606,308
At 31 March 2020	117,424,858	181,450	117,606,308

The 2020 valuations were made by the directors. The directors have based their valuations on external reports dated 6 April 2018 produced by CBRE Limited, on an open market value for existing use basis. The directors consider these valuations still remain to be appropriate.

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

	2020 £	2019 £
Historic cost	48,554,585	48,554,585
Accumulated depreciation and impairments	(13,120,443)	(12,151,610)
	35,434,142	36,402,975

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

7. Debtors

	2020 £	2019 £
Due after more than one year		
Deferred tax asset	822,165	1,494,060
	822,165	1,494,060
	2020 £	2019 £
Due within one year		
Trade debtors	1,295,353	456,404
Amounts owed by group undertakings	3,537,430	1,380,195
Other debtors	4,071	262,910
Prepayments and accrued income	222,088	74,000
Financial instruments	18,952	209,328
	5,077,894	2,382,837

8. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	24,965	90
Bank loans	971,429	971,429
Trade creditors	82,657	206,059
Amounts owed to group undertakings	296,233	-
Other taxation and social security	485,436	374,980
Obligations under finance lease and hire purchase contracts	-	4,290
Other creditors	4,247,921	1,648,981
Accruals and deferred income	1,444,315	1,371,689
	7,552,956	4,577,518

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

	2020 £	2019 £
Bank loans	60,644,257	61,590,685
Net obligations under finance leases and hire purchase contracts	-	31,206
Other creditors	-	3,999,512
	<u>60,644,257</u>	<u>65,621,403</u>

Security for bank loans is in the form of a legal charge over the freehold and leasehold properties owned by the Company at the year end.

10. Related party transactions

At 31 March 2020:

The Company owed Nazila Blencowe, a director of the Company, an amount of £2,833,734 (2019 - £3,999,512) and is included in Other creditors. Loan balances totalling £3,211 (2019 - £8,402) are owed to the other directors.

The Company had the following balances and transactions with fellow group undertakings:

The ultimate parent company, Chestnut Development Co Limited, owed £3,537,430 (2019 - £1,380,195).

The Company owed a loan of £950 to Baron Developments (Brighton) Limited and was owed an amount of £35,000, included within Other debtors (2019 - £31,830 owed to). During the year, the Company charged a management fee of £35,000 (2019 - £nil).

The Company owed a loan of £295,283 to Baron Management Limited and was also owed £181,000, included within Trade and Other debtors (2019 - £456,636). During the year, the Company charged a management fee of £74,000 (2019 - £146,000).

The Company had the following transactions with companies under common control:

The Company was owed by Newhaven Marina Holding Company Limited an amount of £60,000 (2019 - £nil). During the year, the Company charged a management fee of £60,000 (2019 - £nil).

The Company was owed by Baron's Bay Limited an amount of £53,822 (2019 - £10,856). During the year, the Company charged a management fee of £42,500 (2019 - £nil).

The Company was owed by Bell Harbour Limited £52,500 (2019 - £nil).

The Company owed Lyons Corporation Limited £2,710 (2019 - £26,800 owed by).

The Company owed West Acre UK Investments Limited £950,535 (2019 - £755,500). During the year, the Company charged a management fee of £45,525 (2019 - £nil).

11. Post balance sheet events

Following the year end, the Company was in breach of one of its banking covenants and the Lender subsequently issued a Waiver letter dated 20 July 2020. The breach has since been rectified.

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

12. Ultimate parent undertaking

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.

13. Auditors' information

The auditors' report on the financial statements for the year ended 31 March 2020 was unqualified.

The audit report was signed on 16-Dec-2020 by Mr James Hadfield FCA (Senior Statutory Auditor) on behalf of Menzies LLP.