Company registration number 02930345 (England and Wales)

THE BARON HOMES CORPORATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

PAGES FOR FILING WITH REGISTRAR

THE BARON HOMES CORPORATION LIMITED

CONTENTS

THE BARON HOMES CORPORATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	**4**		20,382		23,355
Investment properties	**5**		56,473,907		117,800,528
			56,494,289		117,823,883
Current assets					
Stocks		69,510,080		-	
Debtors	**7**	2,361,449		2,886,896	
Cash at bank and in hand		6,329,454		4,800,396	
		78,200,983		7,687,292	
Creditors: amounts falling due within one year	**8**	(5,169,234)		(5,930,450)	
Net current assets			73,031,749		1,756,842
Total assets less current liabilities			129,526,038		119,580,725
Creditors: amounts falling due after more than one year	**9**		(58,602,827)		(59,794,256)
Provisions for liabilities			(14,350,954)		(9,380,669)
Net assets			56,572,257		50,405,800
Capital and reserves					
Called up share capital			200		200
Profit and loss reserves	**10**		56,572,057		50,405,600
Total equity			56,572,257		50,405,800

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 7 December 2022 and are signed on its behalf by:

Nazila Blencowe
Director

Company Registration No. 02930345

1 Accounting policies

Company information

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

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	25 % reducing balance basis
Fixtures and fittings	25 % reducing balance basis
Motor vehicles	25 % reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies **(Continued)**

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	10	12

4 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 April 2021	357,658
Additions	858
Disposals	(10,150)
At 31 March 2022	348,366
Depreciation and impairment	
At 1 April 2021	334,303
Depreciation charged in the year	2,687
Eliminated in respect of disposals	(9,006)
At 31 March 2022	327,984
Carrying amount	
At 31 March 2022	20,382
At 31 March 2021	23,355

5 Investment property

	2022
	£
Fair value	
At 1 April 2021	117,800,528
Additions	595,464
Transfers	(69,510,080)
Revaluations	7,587,995
At 31 March 2022	56,473,907

The 2022 valuations were made by the directors. The directors have based their valuations on external reports dated 12 November 2021 by CBRE Limited and on an open market value for existing use basis.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2022	2021
	£	£
Cost	30,853,327	48,748,805
Accumulated depreciation	(7,914,048)	(14,093,160)
Carrying amount	22,939,279	34,655,645

As at the balance sheet date, the Fair value reserve relating to investment properties stands at £21,559,237 (2021 - £59,671,055). This is included within Profit and loss reserves but is not distributable as it is unrealised.

6 Financial instruments

	2022	2021
	£	£
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	171,567	12,887

Hedging arrangements

7 Debtors

	2022	2021
Amounts falling due within one year:	£	£
Trade debtors	699,129	989,973
Amounts owed by group undertakings	1,128,287	1,581,390
Other debtors	495,016	279,082
	2,322,432	2,850,445

	2022	2021

THE BARON HOMES CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

7 Debtors **(Continued)**

Amounts falling due after more than one year:	**£**	**£**
Deferred tax asset	39,017	36,451
Total debtors	2,361,449	2,886,896

8 Creditors: amounts falling due within one year

	2022	**2021**
	£	**£**
Bank loans	1,320,000	1,320,000
Trade creditors	145,622	84,996
Amounts owed to group undertakings	58,663	-
Corporation tax	805,510	-
Other taxation and social security	387,886	404,571
Other creditors	2,451,553	4,120,883
	5,169,234	5,930,450

9 Creditors: amounts falling due after more than one year

	2022	**2021**
	£	**£**
Bank loans and overdrafts	58,602,827	59,794,256

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 Profit and loss reserves

As at the balance sheet date, the Fair value reserve stands at £62,288,764 (2021 - £59,671,055). This is included within Profit and loss reserves but is not distributable as it is unrealised.

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Senior Statutory Auditor:	John Warner FCA
Statutory Auditor:	Friend-James Limited

12 Related party transactions

Transactions with related parties
During the year the company entered into the following transactions with related parties:

Other information
At 31 March 2022:

The Company owed Nazila Blencowe, a director of the Company, an amount of £nil (2021 - £1,610,833) and is included in other creditors. Loan balances totalling £nil (2021 - £847) are owed to other directors.

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

The ultimate parent company, Chestnut Development Co Limited, owed £nil (2021 - £1,581,390).
The Company owes £58,663 (2021 £nil) to Chestnut Development Co. Limited at the year end date.

The Company is owed an amount of £nil (2021 - £40,000) by Baron Developments (Brighton) Limited. This is included within Other debtors . During the year, the Company charged a management fee of £nil (2021 - £40,000).

Baron Management Limited owes £1,202,287 (2021 - £74,000), included within Group and Other debtors .During the year, the Company charged a management fee of £nil (2021 - £66,667). During the year, the Company wrote off a loan to Baron Management Limited amounting to £nil (2021 - £70,000).

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

The Company was owed by Newhaven Marina Company Limited an amount of £120,000 (2021 - £60,000). During the year, the Company charged a management fee of £60,000 (2021 - £60,000).

The Company was owed by Baron's Bay Limited an amount of £20,670 (2021 - £32,822). During the year, the Company charged a management fee of £nil (2021 - £20,833).

The Company owed Lyons Corporation Limited £7989 (2021 - £2,617).

The Company owed West Acre UK Investments Limited £906,040 (2021 - £950,000). During the year , the Company charged a management fee of £90,000 (2021 - £nil).

The Company is owed £390,000 (2021 - £nil) by Baron Estate Management Limited.

13 Parent company

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.