

Advance Housing Limited
Annual report
for the year ended 30 June 2004

Registered Number 04441182



Advance Housing Limited
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for the year ended 30 June 2004
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Advance Housing Limited

Directors' report for the year ended 30 June 2004

The directors present their report and the audited accounts for the company for the year ended 30 June 2004.

Principal activity

The principal activity of the company is house design, manufacture, marketing and installation.

Review of business and future developments

Progress has continued towards the goal of establishing the company as a flagship facility for the Government recommended modern methods of construction. The final machinery installation was completed in the second half of the year and fully linked with the CAD/CAM system covering the various house designs bringing the factory to the status of a world class manufacturing facility.

Prior to that, the first pilot units had already been handed over to customers at the award winning Bridleways Development in Riddings, Derbyshire. The owners were very satisfied, with particular regard to the excellent acoustic and thermal insulation characteristics.

Product was shipped to further sites in the second half of the financial year, by the end of the year seventy-eight of the company's units had been installed on seven sites.

Recruitment and training continued through the year to increase staffing in the factory to the required complement and to establish installation teams. In addition, the technical and administrative functions were strengthened through the appointment of specialist staff.

The trading position of the company in its second year of trading resulted in a before tax loss of £4.1 million. Whilst the original plan envisaged that the company would be profitably trading within eighteen months, it is now clear that the timescale was optimistic. The level of innovation that has been introduced will require longer to mature before the anticipated benefits are realised.

The plant and associated infrastructure was funded through a long-term agreement. The creation of this lease and the loss incurred during the year resulted in total funding at 30 June rising to some £8.2 million.

Dividends

No dividend has been paid or is recommended by the directors.

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Directors

The names of the directors who held office during the period and at the date of this report were as follows:

S J Boyes

C A Dearlove (resigned 4 May 2004)

G W Orr

N S Whitehouse

H Walker (appointed 4 May 2004)

Directors' interests

The directors of the company at 30 June 2004 had no interest in the share capital of the company. The interests of Mr S Boyes and Mr H Walker in the shares of the ultimate parent company, Barratt Developments Plc are shown in that company's accounts.

Directors' responsibilities

The directors are required by UK company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit of the company for that period.

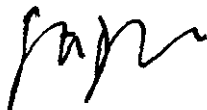
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year to 30 June 2004. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

A resolution concerning the reappointment of PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting.

On behalf of the board



S C Drew
Company Secretary

3 February 2005

Advance Housing Limited

Independent auditors' report to the members of Advance Housing Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

3 February 2005

Advance Housing Limited

Profit and loss account for the year ended 30 June 2004

	Note	Year ended 30 June 2004 £'000	Period from 17 May 2002 to 30 June 2003 £'000
Turnover		2,969	-
Cost of sales		(4,321)	(183)
Gross loss		(1,352)	(183)
Administrative expenses		(2,616)	(1,128)
Operating loss	1,2	(3,968)	(1,311)
Interest payable		(164)	(1)
Loss on ordinary activities before taxation	3	(4,132)	(1,312)
Taxation	4	1,392	210
Loss for the period	11	(2,740)	(1,102)

All activities of the company are continuing.

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the period above and their historical cost equivalent.

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Balance sheet as at 30 June 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible fixed assets	5	3,716	3,163
Current assets			
Stock		609	22
Debtors: amounts falling due within one year	6	2,680	460
		3,289	482
Creditors: amounts falling due within one year	7	(7,438)	(4,746)
Net current liabilities		(4,149)	(4,264)
Total assets less current liabilities		(433)	(1,101)
Creditors: amounts falling due greater than one year	8	(3,408)	-
Net liabilities		(3,841)	(1,101)
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account	11	(3,842)	(1,102)
Equity shareholders' deficit	12	(3,841)	(1,101)

The accounts on pages 4 to 12 were approved by the board of directors on 3 February 2005 and signed on its behalf by:

H Walker
Director



Advance Housing Limited

Accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The company prepares its accounts under the historical cost convention and on a going concern basis.

The directors consider that future trading prospects, together with the support of group undertakings will be sufficient to meet the company's working capital requirements for the foreseeable future.

Turnover

Turnover comprises the value of work done, excluding value added tax, on contracts. Turnover is recognised as full units are despatched to the sites.

Cash flow

In accordance with the provisions of Financial Reporting Standard 1 Revised (Cash Flow Statements) a cash flow statement is not presented.

Fixed assets

Fixed assets are shown at cost less accumulated depreciation. Depreciation is to be charged on a straight line basis over the expected useful life of the asset from the point that the asset is commissioned. As at 30 June 2003, the company's plant was not fully operational so no depreciation has been charged in this year.

Properties held for sale

Properties held for sale, comprising properties previously held for investment, are stated at lower of cost and net realisable value.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis.

Pension costs

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

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Notes to the financial statements for the period ended 30 June 2004

1 Directors' emoluments

The directors received no remuneration during the period.

2 Employee information

	Year ended 30 June 2004 £'000	Period from 17 May 2002 to 30 June 2003 £'000
Average number of employees:		
Production	73	8
Technical	3	-
Administration	7	3
	83	11
	£'000	£'000
Wages and salaries	1,570	258
Social security costs	141	22
Pension costs	35	5
	1,746	285

3 Loss on ordinary activities before taxation

	Year ended 30 June 2004 £'000	Period from 17 May 2002 to 30 June 2003 £'000
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	6	2

Advance Housing Limited

4 Taxation

(a) Analysis of credit in the year

	Year ended 30 June 2004 £'000	Period from 17 May 2002 to 30 June 2003 £'000
Current tax		
UK corporation tax at 30%	-	(210)
Adjustments in respect of previous periods	210	-
Group relief	(1,381)	-
Total current tax	(1,171)	(210)
Deferred tax		
Origination and reversal of timing differences	171	-
Adjustment in respect of previous periods	(392)	-
	(1,392)	(210)

(b) Factors affecting the tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK.

	Year ended 30 June 2004 £'000	Period from 17 May 2002 to 30 June 2003 £'000
Loss on ordinary activities before tax	(4,132)	(1,311)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(1,240)	(394)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(30)	90
Other timing differences	(171)	-
Group relief claimed not paid	-	94
Adjustments in respect of previous period	210	-
Current tax credit for the year	(1,171)	(210)

(c) Factors that may affect future tax charge

There are no factors that are expected to materially affect future tax charges.

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5 Fixed assets

	Leasehold property £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 July 2003	713	2,450	3,163
Additions	27	826	853
At 30 June 2004	740	3,276	4,016
Depreciation			
At 1 July 2003	-	-	-
Charge for the year	52	248	300
At 30 June 2004	52	248	300
Net book value			
At 30 June 2004	688	3,028	3,716
At 30 June 2003	713	2,450	3,163

6 Debtors

	2004 £'000	2003 £'000
Group relief receivable	1,002	210
Amounts due from group companies	1,186	-
Other debtor	116	137
Prepayments	155	113
Deferred tax asset (see note 9)	221	-
	2,680	460

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7 Creditors: amounts falling due within one year

	2004	2003
	£'000	£'000
Bank overdraft	3,822	864
Trade creditors	1,232	306
Payments on account	279	-
Amounts owed to group undertakings	616	3,176
Amounts owed to associated undertakings	162	151
Finance lease creditor	457	-
Tax and social security	130	21
Accruals and deferred income	740	229
	7,438	4,746

The bank overdraft is unsecured.

The amount owed to group undertakings is unsecured, interest free and has no fixed repayment term.

8 Creditors: amounts falling due greater than one year

	2004	2003
	£'000	£'000
Finance lease creditor	3,408	-

Finance leases

	2004	2003
	£'000	£'000
Future minimum payments under finance leases are as follows:		
Within one year	457	-
In more than one year, but not more than five years	2,165	-
After five years	1,243	-
Total	3,865	-

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9 Deferred tax

	2004 £'000
At 1 July 2003	-
Credited to the profit and loss account	221
At 30 June 2004	221

	2004 £'000	2003 £'000
Accelerated capital allowances	(2)	-
Short term timing differences	1	-
Losses	222	-
	221	-

10 Called up share capital

	2004 £'000	2003 £'000
Authorised		
1,000 ordinary shares of £1 each	1	1
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1	1

11 Profit and loss account

	£'000
At 1 July 2003	(1,102)
Loss for the period	(2,740)
At 30 June 2003	(3,842)

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12 Reconciliation of movements in equity shareholders' deficit

	2004 £'000	2003 £'000
Loss for the period	(2,740)	(1,102)
Share capital issued on incorporation	-	1
Opening equity shareholders' deficit	(1,101)	-
Closing equity shareholders' deficit	(3,841)	(1,101)

13 Ultimate parent company and controlling party

The directors regard Barratt Developments PLC as the ultimate parent company and controlling party by virtue of its majority shareholding in the company through its subsidiary Barratt Southern Limited. Copies of the ultimate parent company's accounts may be obtained from Barratt Developments PLC, Wingrove House, Ponteland Road, Newcastle upon Tyne, NE5 3DP.

14 Related party transactions

During the year the company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The names of the related parties, nature of these transactions and the total value is shown below:

	2004		2003	
	Value of transactions £'000	Receivable/ (payable) at the period end £'000	Value of transactions £'000	Receivable/ (payable) at the period end £'000
Transactions with Barratt Developments PLC:				
Services and supplies from Barratt Developments PLC	-	-	140	(140)
Capital additions from Barratt Developments PLC	655	(472)	2,356	(2,356)
Transactions with Barratt Commercial Limited:				
Services and supplies from Barratt Commercial Limited	510	(144)	441	-
Capital additions from Barratt Commercial Limited	-	-	680	(680)
Transactions with Terrapin Limited:				
Services and supplies from Terrapin Limited	150	(162)	100	(100)
Capital additions from Terrapin Limited	-	-	51	(51)
Transactions with Barratt Homes Limited:				
Services and supplies to Barratt Homes Limited	2,969	1,186	-	-