

MONSON HOMES LIMITED

Report and Financial Statements

For the year ended

31 March 2012

Company registration number 5880788



MONSON HOMES LIMITED
REPORT AND FINANCIAL STATEMENTS – 31 March 2012

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MONSON HOMES LIMITED

BOARD REPORT

for the year ended 31 March 2012

The Board presents its report and the audited financial statements of Monson Homes Limited (Monson Homes) for the year ended 31 March 2012

Board Members

Nigel Cox JP (Chair)

Mark Easton – *Appointed* 10 November 2011

Robert Heapy

Alan Riddell – *Appointed* 10 November 2011

Philip Healey – *Resigned* 2 October 2011

Executive Directors

Robert Heapy Chief Executive

Suzanne Twerdochlib FCCA Finance Director and Company Secretary

Paul Turton BSc Econ Operations Director

Christine Mumcuoglu Business Services Director

Colin Lissenden Development Director – *Appointed* 1 April 2011

Registered Office

Monson House

Monson Way

Tunbridge Wells

Kent TN1 1LQ

Auditors

External

Nexia Smith & Williamson

25 Moorgate

London

EC2R 6AY

Internal

Mazars LLP

Tower Bridge House

St Katherine's Way

London

E1W 1DD

Bankers

National Westminster Bank Plc

Legal Status

Registered at Companies House Company number 5880788

MONSON HOMES LIMITED

BOARD REPORT (continued) for the year ended 31 March 2012

Principal Activities and Future Plans

The Company's principal activities are the construction, development and regeneration of housing on behalf of its parent company, Town & Country Housing Group (TCHG). During 2012/13 Monson Homes will commence a large regeneration programme on behalf of TCHG. Monson Homes will purchase land from TCHG and develop a number of affordable homes and homes for outright sale.

Business Review

This was Monson Homes first full year of trading during which it made a gross profit of £401k, compared with a gross profit of £77k before gift aid made to its parent in 2011. After the year end Monson Homes gift aided £402k to its parent. During 2012 TCHG novated 7 building contracts to Monson Homes which they then managed for the benefit of TCHG under an inter company framework development agreement.

Governance

Monson Homes is governed by a Board who are also the statutory directors and are responsible for the management of its activities. Day to day operational control is delegated to the Chief Executive and through him to four functional executive directors.

Board Members and Executive Directors

The present Board Members and the Executive Directors are set out on page 1. The Board consists of four persons, three who are paid as Parent Board members and a fourth who is an employee. The Board Members are drawn from a wide background bringing together professional, commercial and local experience.

The Executive Directors hold no interest in the share capital of the Company and act as executives under authority delegated by the Board.

Board's Responsibilities Statement

The Board of directors are responsible for preparing the Board 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 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 may differ from legislation in other jurisdictions.

MONSON HOMES LIMITED

BOARD REPORT (continued) for the year ended 31 March 2012

Gift aid

Monson Homes gift aided its profits for 2011 to TCHG, its parent company (£74k) and its profits for 2012 (£402k) since the year end. The decision to gift aid the profits for 2012 to TCHG was not taken until after the end of the financial year. As such, the financial statements show the liability for tax as at the 31 March 2012 on these profits. The decision to gift aid this money will reverse this liability during 2012/13.

Risk

The Board acknowledges that it has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by Monson Homes is ongoing and has been in place throughout the period commencing 1 April 2011 up to the date of approval of the financial statements.

Monson Homes is integrated into the Group wide approach to risk adopted by TCHG. The risks faced by Monson Homes are considered both in relation to Monson Homes and their impact on the Group.

The key risks identified by the Board affecting Monson relate to the external economic environment, especially in relation to contractor solvency and house price movement within their area of operation over the medium term.

Going Concern

After making enquiries the Board has a reasonable expectation that Monson Homes has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Disclosure of information to auditors

At the date of making this report each of the Company's Board members and directors, as set out on page 1, confirm the following:

- so far as that director was aware there was no relevant available information of which the company's auditors were unaware, and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

Nexia Smith & Williamson were appointed as auditors during the year. A recommendation to re-appoint the auditors will be proposed at the next Board meeting.

Approved by the Board and signed on its behalf by


Nigel Cox
Chair

31 July 2012

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONSON HOMES LIMITED

We have audited the financial statements of Monson Homes Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 14. 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).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 2, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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.

Nexia Smith & Williamson

Jonathan Pryor
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

~~Date~~ 21 September 2012

MONSON HOMES LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ending 31 March 2012

	Note	2012 £'000	2011 £'000
TURNOVER		21,487	2,013
Cost of sales		(21,081)	(1,936)
GROSS PROFIT		<u>406</u>	<u>77</u>
Administration costs		(5)	(3)
OPERATING PROFIT	2	<u>401</u>	<u>74</u>
Gift aid		-	(74)
Interest receivable	3	<u>1</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		402	-
Taxation	6	(103)	-
PROFIT FOR THE YEAR		<u><u>299</u></u>	<u><u>-</u></u>

All the company's operations are classed as continuing

There were no recognised gains and losses in either year other than those included in the above profit and loss account

MONSON HOMES LIMITED

BALANCE SHEET

as at 31 March 2012

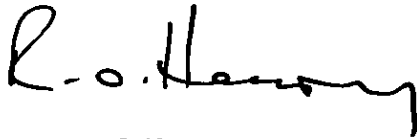
	Note	2012 £'000	Restated 2011 £'000
CURRENT ASSETS			
Debtors	7	9,821	2,355
Cash at bank and in hand		422	122
		<u>10,243</u>	<u>2,477</u>
CREDITORS: amounts falling due within one year	8	(9,944)	(2,477)
		<u>299</u>	<u>-</u>
NET CURRENT ASSETS		<u>299</u>	<u>-</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>299</u>	<u>-</u>
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Profit and loss account	12	299	-
		<u>-</u>	<u>-</u>
CAPITAL AND RESERVES		<u>299</u>	<u>-</u>

The notes on pages 7 to 10 form part of these financial statements

These financial statements were approved by the Board at their meeting on 31 July 2012 and signed on its behalf by



N Cox
Chair



R Heapy
Chief Executive



P A Cooper
Deputy Company Secretary

Monson Homes Limited - Company Registration number 5880788

MONSON HOMES LIMITED

NOTES TO THE ACCOUNTS for year ended 31 March 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practices. The Board is satisfied that the current accounting policies are the most appropriate for Monson Homes.

A reclassification adjustment has been made to the 2011 current assets to better reflect the nature of the balance. There is no net effect to the profit or current assets reported.

Turnover

Turnover and related costs are reflected in the profit and loss account as the work progresses. All foreseeable losses, should there be any, are fully provided for.

Turnover on long-term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. The costs on long term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as long-term contract balances.

The whole of Monson Homes' turnover is attributable to its activity as a building contractor and is incurred solely in the United Kingdom.

Value added tax

Monson Homes makes taxable supplies and is able to recover the VAT it incurs on expenditure. The balance of VAT payable or recoverable at the year-end is included as a current asset or liability.

Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets, which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Any assets and liabilities recognised have not been discounted.

Deferred tax is measured at the tax rates expected to apply in the periods when the timing differences are expected to reverse, based on tax rate and law enacted or substantially enacted at the balance sheet date.

Gift Aid

At the Board's discretion the Board may gift-aid all, or part, of the annual surplus to a charitable organisation. Gift aid is recognised in the financial statements at the point that it is communicated to the recipient.

Cash flow statement

The Company is exempt from producing a cash flow statement under Financial Reporting Standard 1 because its cash flows are included within publicly available consolidated accounts.

Related parties

Advantage has been taken of the exemption available with Financial Reporting Standard 8. Related parties from reporting related party transactions with group entities as the Company is included within the consolidated accounts of the group.

MONSON HOMES LIMITED

NOTES TO THE ACCOUNTS for year ended 31 March 2012

2. OPERATING PROFIT

	2012 £'000	2011 £'000
This is arrived at after charging:		
Auditor's remuneration		
- for audit services	3	-
- for taxation services	1	-
	<u>4</u>	<u>-</u>

3. INTEREST RECEIVABLE

	2012 £'000	2011 £'000
Bank interest receivable	1	-
	<u>1</u>	<u>-</u>

4. EMPLOYEE INFORMATION

Monson Homes employs no staff but engages with the parent for the provision of staff to perform its activities, for which a service level agreement is payable

5. EXECUTIVE DIRECTORS' & BOARD MEMBERS' EMOLUMENTS

Monson Homes Limited pays no remuneration to its non-executive Board members. All non executive Board members are also non executive Board members of the parent, Town & Country Housing Group, and receive payment in this capacity from the parent. The Chief Executive is also a member and along with the other executives is employed by the parent.

6. TAXATION

	2012 £'000	2011 £'000
Tax on profit on ordinary activities		
(a) The tax charge comprises		
Current tax		
UK corporation tax	103	-
	<u>103</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>103</u>	<u>-</u>
(b) Factors affecting the tax charge for the period		
Profit on ordinary activities before tax	402	-
	<u>402</u>	<u>-</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 26% (2011 26%)	105	-
Effects of Marginal relief	(2)	-
	<u>103</u>	<u>-</u>
Current tax charge for period	<u>103</u>	<u>-</u>

MONSON HOMES LIMITED

NOTES TO THE ACCOUNTS for year ended 31 March 2012

7. DEBTORS

	2012 £'000	Restated 2011 £'000
Amounts recoverable on contracts, owed by parent	9,821	1,933
VAT receivable	-	362
	<u>9,821</u>	<u>2,355</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Trade creditors	-	130
Amounts payable to parent	8,437	2,241
Accruals and deferred income	1,392	105
VAT payable	12	1
Corporation tax payable	103	-
	<u>9,944</u>	<u>2,477</u>

9. LONG TERM COMMITMENTS

Long term expenditure commitments were as follows:	2012 £'000	Restated 2011 £'000
Expenditure contracted for but not provided in the accounts	10,063	-
Expenditure authorised by the Board, but not contracted	9,951	-
	<u>20,014</u>	<u>-</u>

The above commitments will be financed through a combination of working capital and the inter-company framework development agreement with TCHG whereby TCHG guarantees to pay Monson Homes any and all costs incurred in the delivery of build contracts that they have entered into on TCHG's behalf

10. SHARE CAPITAL

	2012 £	2011 £
Authorised share capital:		
1,000,000 ordinary shares at £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

MONSON HOMES LIMITED

NOTES TO THE ACCOUNTS for year ended 31 March 2012

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	2012 £'000	2011 £'000
Profits for the financial year	299	-
Opening shareholders' funds	-	-
Closing shareholders' funds	299	-

12. PROFIT AND LOSS ACCOUNT

	2012 £'000	2011 £'000
As at 1 April	-	-
Profit for year	299	-
As at 31 March	299	-

13. RELATED PARTIES AND CONTROLLING PARTY

The immediate and ultimate parent undertaking and controlling entity is Town & Country Housing Group, an entity incorporated in Great Britain. Copies of its accounts can be obtained from the registered office, Monson House, Monson Way, Tunbridge Wells, Kent, TN1 1LQ.

14. POST BALANCE SHEET EVENTS

Monson Homes gift aided £402k to TCHG on 27 June 2012.