Registered Number 813521

CROUDACE HOMES LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED

31 DECEMBER 2012

TUESDAY

A26DX4Z5

A03 16/04/2013 #231

COMPANIES HOUSE

CROUDACE HOMES LIMITED

REPORT AND ACCOUNTS 2012

CONTENTS

	Page
Officers and advisers	2
Notice of Annual General Meeting	3
Directors' report	4
Accounting policies	10
Profit and loss account	12
Reconciliation of movements in shareholders' funds	13
Historical cost profits and losses	13
Balance sheet	14
Notes to the accounts	15
Auditor's report	22
Principal undertakings	23

CROUDACE HOMES LIMITED

OFFICERS AND ADVISERS

DIRECTORS

A W Yallop, B Sc , C Eng , F R I C S , M I C E
(Chairman)

R K Denness, B Sc , M C I O B , M R I C S
(Managing Director)

A R Carey, B Sc , F C A , M C M I
(Finance Director)

S P Harris
(Sales and Marketing Director)

G C Rapson, F C I O B
(Building Director)

P M Underwood, C Eng , M I C E
(Technical Director)

SECRETARY AND REGISTERED OFFICE

A R Carey, B Sc , F C A , M C M I
Croudace House, Tupwood Lane, Caterham, Surrey, CR3 6XQ

BANKERS

The Royal Bank of Scotland plc
HSBC Bank plc
Barclays Bank PLC

AUDITOR

Baker Tilly UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

CROUDACE HOMES LIMITED

ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 49th Annual General Meeting of Croudace Homes Limited will be held at The Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS on 5 April 2013 for the following purposes -

1 To receive and adopt the directors' report and audited accounts for the year ended 31 December 2012

2 To reappoint the auditor, Baker Tilly UK Audit LLP, and authorise the directors to fix their remuneration

3 To transact any other ordinary business of the Company

BY ORDER OF THE BOARD

A R Carey
Secretary

Croudace House
Tupwood Lane
Caterham
Surrey
CR3 6XQ

19 March 2013

NOTE

A member entitled to attend and vote is entitled to appoint one or more proxies to attend, and on a poll, to vote instead of him A proxy need not be a member

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 31 December 2012

Principal activities and business review

The Company's principal activities are housing for private sale or for sale to Housing Associations

Financial Performance

Croudace Homes Limited operates throughout Southeast England During the year ended December 2012 the Company legally completed 283 private sales (2011 – 234), at an average price of £286k (2011 - £294k) In addition a total of 87 sales to Registered Providers were completed under Section 106 planning agreements (2011 – 63), at an average price of £157k (2011 - £124k)

Turnover for the year was £94 90m (2011 - £79 28m), profit before tax was £10 91m (2011 - £7 63m)

Net assets taken at 31 December 2012 increased by £3 20m to £87 70m

Safety

The safety of both our workforce and customers remains the highest priority for the Company, and in common with all other house-builders the main area of risk is on the construction sites themselves The Company has in place robust policies and procedures covering all aspects of our operations, all of which are subject to regular review

The strength of our approach has been recognised through receiving a 'Distinction' in the British Safety Councils International Safety Award, an achievement unsurpassed by few organisations, and no other housebuilder

Further evidence of progress in promoting a robust culture of safety throughout the Company is provided by reviewing accident statistics During 2012 we suffered a total of 40 accidents Whilst the overall figure was marginally up on 2011 (37 accidents) all of these were minor in nature with no reportable or long term incidents The latest figures remain at historically low levels, an encouraging outcome but an aspect of the business which requires constant vigilance

A positive reporting culture is encouraged and all incidents are reviewed in order to understand the causes and indentify any necessary managerial action to reduce future occurrences or mitigate adverse effects

Quality

It is a policy of the Company to ensure that the quality of product and service to our customers is of the highest order This objective is pursued through procedures requiring meticulous care and attention to detail through all phases of the development cycle, from land buying to after sales care

The success of this policy is most clearly demonstrated through an independent quarterly report prepared by the NHBC, testing customer satisfaction amongst new home purchasers The report is conducted 9 months after purchasers move into the property in order to ensure that in addition to product quality it tests customer satisfaction with service both pre-purchase and during after sales

The report contains two key benchmarks, average overall satisfaction and 'recommendation to a friend' Our report for the year ended December 2012 showed that on these measures, 93% of our customers were satisfied or very satisfied with the service provided before and after moving into their new home and 95% of our customers would 'recommend us to a friend' These results place us amongst the top echelon in the industry for quality and service

DIRECTORS' REPORT (Continued)

Quality (continued)

2012 also saw a continuation of success in the number of industry awards for excellence in design and production We received an Evening Standard Award for 'Best New Family Homes' for the Villa housetype, 2 of our Site Managers won NHBC 'Pride in the Job' awards, and the Company won a bronze medal in the What House Awards for 'Best Medium Sized Housebuilder'

Production

A total of 377 (2011 – 321) build completions was achieved in 2012 This 17% year on year increase in production was brought about by success in land buying policy during the previous two years Reasonable rates of sales and manageable stock levels prevalent through most of 2013 allowed production to proceed without market constraint With the construction industry suffering further declines in workload materials and labour were readily available in both the quality and quantity required, whilst the Company's secured loan facility provided adequate finance to fund work in progress, a benefit not available to all in the current economic climate Throughout the year we continued to forge close working relationships with a core of long standing subcontractors and suppliers enabling us to generate economies in build cost without comprising standards of safety, quality, and presentation

Planning and the Regulatory Regime

During the early months of 2012 entry of the Localism Bill onto statute and publication of the National Planning Policy Framework formalised the Coalition Governments desire to move from a top down target driven planning system to a locally inspired regime As Local Planning Authorities struggled to accommodate this change and put in place new policy compliant plans the planning system remained an almost constant source of frustration, and at times verged on being dysfunctional Against this background new consents remained difficult to secure, but nevertheless during 2012 detailed permissions were obtained for 194 plots All of these sites are now in production and due to make contributions to the programme of build completions and sales during 2013

More recently there have been more encouraging signs, with a more positive approach from Local Planning Authorities and new consents coming forward on recently acquired land Hopefully this is a trend which will continue with the flow of development land sufficient to meet the nations burgeoning housing crisis

The Government has strongly signalled its intention to cut the burden of red tape on industry, we wholeheartedly endorse this policy initiative as an essential means to improve both corporate and national effectiveness and efficiency, and thereby make best use of scarce resources

During the past decade the housebuilding industry has been besieged by a proliferation in design and construction regulations many of which add layer upon each or worse still are contradictory in their stipulations The costs of compliance are significant, making even the most straightforward of developments a far more complex process

We therefore support the work of a number of industry taskforces seeking to simplify the regulatory regime surrounding house building and the wider construction industry A nationally based planning system, and one set of national technical standards are in our view readily achievable aims and essential prerequisite to raising production levels sufficiently to meet the demand for new homes of all tenures To be clear, such an initiative does not mean a lowering of standards

DIRECTORS' REPORT (Continued)

Sustainability

The Company remains committed to building 'zero carbon' houses by 2016 as part of a wider public policy initiative to mitigate the effects of climate change However, with the deadline rapidly approaching and as yet no absolute definition of 'zero carbon' available we are concerned at the practicality of achieving this standard within the time now available The uncertainty resulting in the business is at its most acute in land buying, with usual development cycle times, sites purchased towards the end of the current year will enter into production at a time when the 'zero carbon' standard will be mandatory It is to be hoped that the public authorities will clarify the position in the very near future

Our design and construction teams are currently engaged in developing solutions to the challenge presented by compliance with the higher standards of the Code for Sustainable Homes For the moment these are centred upon the incorporation of passive measures to improve fabric efficiency together with further improvements to heating systems This in our view is a more sensible approach both in terms of practicality and project viability, in additional to producing more tangible benefits to our customers in terms of thermal comfort and fuel savings

The Company is already building to level 3 of the Code for Sustainable Homes and a number of these properties have been marketed Our belief remains that for the time being at least, customers place a low value on higher levels of sustainability meaning very little of the significant additional costs involved are recovered through final sales prices

On a broader basis, all of our new developments now incorporate measures to reduce water consumption in the home, and surface water drainage systems are now being designed to retain as much rainfall on site as possible, reducing surcharges to existing systems, mitigating any flooding effects and replenishing ground water levels

Prospects

The UK economy and domestic housing market remain in uncertain times heavily influenced by weaknesses in the financial system, difficulties in the Eurozone, and weakness in global demand, factors which have still yet to fully play out The resulting low levels of consumer confidence and ongoing restrictions in mortgage lending will together act as a constraint to housing transactions and sales prices

The Government has set out a firm policy initiative to raise the levels of UK housebuilding in order to address the social and economic consequences of a shortfall in earlier years A number of actions to improve both supply and demand issues, most notably streamlining of the planning system and the 'Funding for Lending' scheme, appear to be showing early signs of success and as such are welcomed

Croudace Homes operates solely in the South East of England, here the housing market has shown itself to be comparatively robust, even in the most difficult times

The Company budget is to build 424 and sell 421 homes in 2013

The production programme reflects an improving trend and represents a 12% increase on 2012 This is founded upon successful land buying activity in the previous two years Central to the prospects of achieving the production programme, construction work is already underway on all the sites due to contribute build completions in 2013

The budget figure for legal completions represents a 14% increase upon last year, and within the detail comprises 317 private sales (2012 – 283), and 104 affordable sales under section 106 planning agreements (2012 – 87)

DIRECTORS' REPORT (Continued)

Prospects (Continued)

As to the prospects for achieving the budget, firstly 80% of the affordable properties are contracted, of the remainder the majority will be marketed as low cost sale The 317 private legal completions come from a total of 21 sales outlets, 15 of which were already open for business at the beginning of the Company year In the end the housing market will of course decide the outcome but early signs are encouraging with current levels of forward sales and visitors ahead of equivalent figures in 2012

During 2012, the Company continued its programme of new land acquisition, securing 8 new parcels yielding a total of 286 plots to go forward into production during 2013 and 2014 The number of new sites was lower than originally budgeted, the programme undermined by uncertainty in the sales market during the mid part of the year The lasting effect will be to make it difficult to maintain the momentum for increases in production during 2014 A programme for further land acquisitions during 2013 is in place, fully supported by the Company's Shareholders and bank funded loan facility

Results and dividends

Results, dividends and retained profit are as follows

	2012 £'000	2011 £'000
Retained profit at 31 December 2011	82,177	77,427
Profit for the year after taxation	8,204	5,526
Transfer from revaluation reserve	24	24
Dividends	(5,000)	(800)
Retained profit at 31 December 2012	£ 85,405	£ 82,177

Directors

The directors who served during the year were

A W Yallop, R K Denness, A R Carey, S P Harris, G C Rapson and P M Underwood

Employment Policy

It is Company policy to give full and fair consideration to the employment needs of disabled people by recruiting on the basis of ability to do the job, and to comply with any current legislation with regard to disabled persons The Company is an equal opportunities employer and will not treat any employee or job applicant less favourably than another on the grounds of their sex, marital status, age, race, nationality, ethnic or national origin, colour or religious belief

Employee Involvement

The Directors accept the need to keep employees informed regarding the progress and future plans of the company and the mutual benefit that can be engendered by good internal communications This is achieved through regular meetings with managers and staff and an open forum in which a two way flow of comment and ideas is encouraged Also, the Company requires managers to disseminate all relevant information to employees Croudace Storeylines, the staff newsletter, is a further commitment to the concept of improving communications within the Company

DIRECTORS' REPORT (Continued)

Risk Management

The parent company of Croudace Homes Limited, Croudace Homes Group Limited, has a revolving credit facility with its three banks which expires on 30 June 2014 The facility provides sufficient funds for Croudace Homes Group Limited and its subsidiary companies to meet all of their current and forecast liabilities and to acquire land for future development and finance construction thereon in line with forecasts together with headroom if cash receipts should be delayed

The directors of the Company review and update a three year forecast each month to ensure that land acquisition, production and sales forecasts are such that the funds available from the Group loan facilities are adequate and that the covenants agreed with the Banks are complied with

The budgets and forecasts are produced by the Company on a conservative basis using the combined experience of the directors Historically, the actual results have tended to exceed the budget and the Company has operated within the budgeted funding requirement

If the directors foresee any pressure on the funding requirement which would result in covenants being breached, prompt action will be taken to reduce production and expenditure to avoid that situation arising

The directors consider the prospect of significant interest rate increases to be low and that the Company can bear minor rate fluctuations Consequently, the Group and the Company have not entered into any hedging arrangements The Company is not exposed to fluctuations in the value of sterling other than how it may affect the price of some materials which have to be imported by suppliers

The Company has a relatively small market share of the residential development market It currently operates totally in the South East of England and does not build blocks of apartments in town centres on a speculative basis The Company is not dependent on one or a few customers or suppliers Consequently, the directors believe that the Group is not exposed to elements of the housing market with the highest risks

A major risk for the Company would be the failure to secure planning permission for a site which it owns Therefore the agreement for a land acquisition is usually subject to obtaining planning consent although the Company will acquire sites unconditionally when it is felt that there is a greater than 70% chance of securing a planning permission There is a strict cap on the funds available for such acquisitions so that if a planning permission was not secured the impact on the net worth of the business is affordable

Statement of Directors' Responsibilities

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 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 those financial statements, the directors are required to

a select suitable accounting policies and then apply them consistently,
b make judgements and accounting estimates that are reasonable and prudent,
c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and,
d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

DIRECTORS' REPORT (Continued)

Statement of Directors' Responsibilities (Continued)

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

Disclosure of information to auditor

The directors confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

Baker Tilly UK Audit LLP has expressed its willingness to continue as auditor

BY ORDER OF THE BOARD

A R Carey
Secretary

Croudace House
Tupwood Lane
Caterham
Surrey
CR3 6XQ

19 March 2013

ACCOUNTING POLICIES

1. Basis of accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of land and buildings and fixed asset investments and in accordance with applicable United Kingdom accounting standards

2 Consolidation

Consolidated accounts are not presented because the Company is itself a wholly-owned subsidiary undertaking and is included in the consolidated accounts of Croudace Homes Group Limited The accounts present information about the Company as an individual undertaking

3. Investments

Investments in subsidiary undertakings are stated at the cash consideration or at the nominal value of shares allotted on acquisition revalued to net assets The revaluation surplus is credited to the revaluation reserve

Associates are undertakings, which are not subsidiary undertakings, but in which the Company has a substantial long-term interest and in which it participates in commercial and financial policy decisions The Company's investment in associates is shown in the balance sheet at the directors' valuation of the underlying net assets

4. Turnover and profit

Turnover is the fair value of the consideration receivable in tne normal course of business from housing sales and the value of work executed on contracts Part exchange property resales and property rental income are included within cost of sales

Turnover on housing sales is recognised on financial completion of the sale of individual units

Profit is taken on long-term contracts in proportion to the work completed after making allowance for future risks and uncertainties Immediate provision is made for all foreseeable losses

5 Tangible fixed assets

Land and buildings are shown at valuation with subsequent additions at cost Other fixed assets are shown at cost

Depreciation is provided at rates calculated to write off the valuation or cost of fixed assets on a straight-line basis over their estimated useful lives as follows -

Freehold buildings	-	60 years
Plant & machinery	-	3 to 7 years
Fixtures, fittings, tool and equipment	-	1 to 5 years

Freehold land is not depreciated

ACCOUNTING POLICIES (Continued)

6. Stocks

I Undeveloped land is stated at the lower of cost and net realisable value Net realisable value is determined using current selling prices and costs for the proposed development

Expenditure for land controlled for potential future development including options and fees, is recorded at cost Regular reviews are carried out to assess the likely outcome of securing planning permission and amounts are written off if the outcome is considered uncertain

II Housing work in progress is stated at the lower of direct cost and net realisable value Direct costs include direct materials, labour costs, site overheads, associated professional charges and other attributable overheads Net realisable value is assessed by estimating selling prices and cost, including sales and marketing expenses, taking into account current market conditions

III Long-term contracts are stated at value of work done less progress payments receivable on account The net balances are shown as debtors (amounts recoverable on contracts) and creditors (advance payments on account of contracts)

IV Consumables, ground rents and properties held for development and resale are valued at the lower of cost and net realisable value

7. Deferred taxation

Deferred tax is provided to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes Deferred tax is accounted for in respect of all material timing differences at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been substantively enacted by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered The Company has not adopted a policy of discounting deferred tax assets and liabilities

8. Revaluation reserve

Surpluses arising on the revaluation of fixed assets are credited to the revaluation reserve which is not available for distribution Where depreciation charges are increased following a revaluation, an amount is transferred annually from this reserve to the profit and loss account On the disposal of a revalued tangible fixed asset any remaining surplus corresponding to the item is transferred to retained profit

9. Pension scheme

The Company participates in the Group Personal Pension Scheme which is a defined contribution scheme and to which contributions are made at rates in accordance with the Staff Terms and Conditions of Employment and are charged to the profit and loss account No funds are lent to nor invested in Group companies

10. Leases

Assets held under finance leases and hire purchase agreements are capitalised within fixed assets and the outstanding future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account as they are incurred

Operating lease income is credited to the profit and loss account on a receivable basis

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Turnover	1	94,902	79,275
Cost of sales		(74,307)	(61,438)
Gross profit		20,595	17,837
Administrative expenses		(8,688)	(8,586)
Operating profit		11,907	9,251
Interest payable and similar charges	2	(995)	(1,623)
Profit on ordinary activities before taxation	1 & 3	10,912	7,628
Tax on profit on ordinary activities	5	(2,708)	(2,102)
Profit on ordinary activities after taxation		£ 8,204	£ 5,526

Movements on reserves and dividends are shown on page 20

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit for the above two financial years

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £'000	2011 £'000
Balance at 31 December 2011	84,497	79,771
Profit on ordinary activities after taxation	8,204	5,526
Dividends paid	(5,000)	(800)
Balance at 31 December 2012	£ 87,701	£ 84,497

HISTORICAL COST PROFITS AND LOSSES

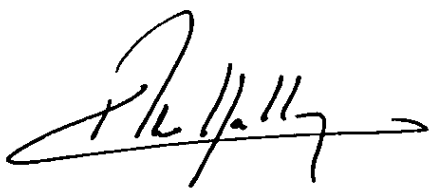
	2012 £'000	2011 £'000
Reported profit on ordinary activities before taxation	10,912	7,628
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	24	24
Historical cost profit on ordinary activities before taxation	£ 10,936	£ 7,652
Profit for the year on an historical cost basis	£ 8,228	£ 5,550

BALANCE SHEET AS AT 31 DECEMBER 2012

Registered Number 813521

	Notes	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	6	4,224	4,490
Investments	7	81	83
		4,305	4,573
Current assets			
Stocks	8	106,608	105,811
Debtors	9	2,622	2,116
Cash at bank and in hand		2,568	1,996
		111,798	109,923
Creditors: Amounts falling due within one year	10a	(28,329)	(29,803)
Net current assets		83,469	80,120
Total assets less current liabilities		87,774	84,693
Creditors: Amounts falling due after more than one year	10b	(73)	(196)
Net assets		£ 87,701	£ 84,497
Capital and reserves			
Called-up share capital	12	200	200
Share premium account	13	41	41
Revaluation reserve	13a	2,055	2,079
Profit and loss account	13b	85,405	82,177
Shareholders' funds		£ 87,701	£ 84,497

The financial statements were approved by the Board of Directors and authorised for issue on 19 March 2013 and signed on its behalf by



A W Yallop
Chairman

NOTES TO THE ACCOUNTS

1. Turnover and profit

Analysis of turnover and profit on ordinary activities before taxation is as follows

	Turnover		Profit on ordinary activities before taxation	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Residential development and general contracting	94,672	76,686	10,912	7,628
Construction work on behalf of group undertakings	220	2,567	-	-
Plant hire and temporary accommodation sales	10	22	-	-
	£ 94,902	£ 79,275	£ 10,912	£ 7,628

All turnover and profit on ordinary activities of the Company relate to continuing activities and were undertaken in Great Britain

2. Interest payable and similar charges

	2012 £'000	2011 £'000
Bank loans and overdrafts	82	33
Group undertakings	878	1,571
Other loans repayable within five years	15	-
Finance leases and hire purchase agreements	20	19
	£ 995	£ 1,623

3 Profit on ordinary activities before taxation

This is stated after charging/(crediting)

	2012 £'000	2011 £'000
a) Depreciation	378	335
b) Hire of plant and machinery	604	616
c) Operating lease rental expenses	273	256
d) Operating lease income	(351)	(366)
e) Auditor's remuneration		
- audit	79	77
- non audit		
tax services	10	12
other services	2	7
f) Staff costs – (see Note 4)	9,304	9,240

NOTES TO THE ACCOUNTS (Continued)

4. Staff costs

	2012 £'000	2011 £'000
Particulars of staff costs are as shown below		
Wages and salaries	7,727	7,832
Social security costs	857	888
Company pension funds	720	520
	£ 9,304	£ 9,240

	No	No
The monthly average number of persons employed by the Company within each category was		
Production staff	97	92
Administration staff	92	92
	189	184

	£'000	£'000
Directors' remuneration	£ 1,551	£ 1,446
The directors' remuneration (excluding pension contributions) included -		
Highest paid director	£ 534	£ 474

Pension contributions paid by the Company in respect of the highest paid director were £nil (2011 - £nil)

Retirement benefits are accruing to four Directors (2011 – four) under the defined contribution scheme Contributions of £150,000 (2011 - £135,000) were made during the year

5. Tax on profit on ordinary activities

	2012 £'000	2011 £'000
The tax charge for the year comprises		
Corporation tax payable at 24 5% (2011 – 26 5%)	2,727	1,850
Deferred taxation (see Note 11)	(5)	248
Prior year adjustment	(14)	4
	£ 2,708	£ 2,102
Reconciliation of the current tax charge		
Profit per profit and loss account	10,912	7,628
Tax at 24 5% (2011 – 26 5%)	2,673	2,021
Disallowable expenditure	11	10
Depreciation in excess of capital allowances	51	34
Other timing differences	(8)	(215)
	£ 2,727	£ 1,850

NOTES TO THE ACCOUNTS (Continued)

6. Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures fittings tools and equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
31 December 2011	4,886	1,887	1,633	8,406
Additions	48	149	-	197
Disposals	-	(275)	-	(275)
31 December 2012	4,934	1,761	1,633	8,328
Depreciation				
31 December 2011	1,075	1,208	1,633	3,916
Charge for the year	177	201	-	378
Disposals	-	(190)	-	(190)
31 December 2012	1,252	1,219	1,633	4,104
Net book amounts				
31 December 2012	£ 3,682	£ 542	£ -	£ 4,224
31 December 2011	£ 3,811	£ 679	£ -	£ 4,490
Basis of valuation				
Original cost	3,269	1,761	1,633	6,663
Valuation	1,665	-	-	1,665
Cost or valuation at 31 December 2012	£ 4,934	£ 1,761	£ 1,633	£ 8,328

In accordance with the transitional provisions of FRS15 freehold land and buildings at original cost of £1,853,000 were revalued as at 30 September 1997 on the basis of open market value at £3,518,000 and this valuation has been incorporated into the accounts Since then expenditure of £1,416,000 has been capitalised and added to the value of freehold land and buildings

Freehold land of £42,000 is not depreciated

The potential liability to taxation if the properties were to be sold at the revalued amount is £nil (2011 - £nil)

The net book amounts of plant and machinery include £344,000 (2011 - £440,000) in respect of assets subject to finance leases or hire purchase agreements, on which depreciation for the year amounted to £126,000 (2011 - £114,000)

NOTES TO THE ACCOUNTS (Continued)

7. Fixed asset investments

	2012 £'000	2011 £'000
Subsidiary undertakings at valuation	37	37
Associates at valuation	44	46
	£ 81	£ 83
Subsidiary undertakings at valuation		
Balance at 31 December 2012 and December 2011	£ 37	£ 37
Associates at valuation		
Balance at 31 December 2011	46	46
Share of associates' operating losses	(2)	-
Balance at 31 December 2012	£ 44	£ 46

The company's principal subsidiary undertakings and associates are shown on Page 23

8 Stocks

	2012 £'000	2011 £'000
Undeveloped land	21,671	41,867
Work in progress	82,745	60,263
Trading properties and white land	2,192	3,681
	£ 106,608	£ 105,811

9. Debtors

	2012 £'000	2011 £'000
Due within one year		
Trade debtors	442	71
Amounts owed by group undertakings	101	12
Amounts owed by subsidiary undertakings	6	6
Amounts owed by associates	54	50
Other debtors	488	635
Prepayments and accrued income	227	153
	1,318	927
Due after more than one year		
Deferred taxation (Note 11)	390	385
Prepayments and accrued income	914	804
	1,304	1,189
Total debtors	£ 2,622	£ 2,116

NOTES TO THE ACCOUNTS (Continued)

10. Creditors

10a Creditors: Amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	3,685	3,877
Land acquisition creditors	-	2,114
Amounts owed to group undertakings	13,267	15,046
Amounts owed to subsidiary undertakings	35	35
Amounts owed to associates	15	15
Obligations under finance leases	181	172
Other creditors	343	347
Corporation tax	1,280	516
Other taxation and social security	722	950
Accruals and deferred income	8,801	6,731
	£ 28,329	£ 29,803

10b Creditors: Amounts falling due after more than one year

	2012 £'000	2011 £'000
Obligations under finance leases	£ 73	£ 196

The obligations under finance leases are secured on the relevant assets and are payable between two and five years

11. Deferred taxation

	2012 £'000	2011 £'000
Balance at 31 December 2011	385	633
Transferred to profit and loss account	5	(248)
Balance at 31 December 2012	£ 390	£ 385

The deferred tax asset relates to

Accrued expenses	321	307
Excess of depreciation over capital allowances	69	71
Write down of stocks	-	7
	£ 390	£ 385

12. Called-up share capital

	2012 £'000	2011 £'000
Issued and fully paid 200,000 ordinary shares of £1 each	£ 200	£ 200

NOTES TO THE ACCOUNTS (Continued)

13. Reserves

	2012 £'000	2011 £'000
Non distributable		
Share premium account	41	41
Revaluation reserve	2,055	2,079
Distributable		
Profit and loss account	85,405	82,177
	£ 87,501	£ 84,297

13a Revaluation reserve

	2012 £'000	2011 £'000
Balance at 31 December 2011	2,079	2,103
Amortisation of revaluation surplus	(24)	(24)
Balance at 31 December 2012	£ 2,055	£ 2,079

13b Profit and loss account

	2012 £'000	2011 £'000
Balance at 31 December 2011	82,177	77,427
Profit for the financial year	8,204	5,526
Dividends paid	(5,000)	(800)
Transfer from revaluation reserve	24	24
Balance at 31 December 2012	£ 85,405	£ 82,177

14. Guarantees and other financial commitments

14a Contingent liabilities

The Company has guaranteed the repayment of bank loans and overdrafts of its parent and other group companies, which at 31 December 2012 amounted to £35,000,000 (2011 - £31,000,000) The Company's development land and work in progress are subject to first legal mortgages and its other assets to fixed and floating charges in favour of the banks The Company has entered into various performance bonds in the normal course of its business and has guaranteed bonds undertaken by other group companies At 31 December 2012 the maximum potential liability was approximately £6,621,000 (2011 - £7,455,000)

14b Operating leases

	2012 £'000	2011 £'000
The company has commitments to operating lease payments within one year as follows		
In respect of property leases expiring		
Between two and five years	£ 32	£ 32
In respect of non property leases expiring		
Within one year	14	8
Between two and five years	277	227
	£ 291	£ 235

NOTES TO THE ACCOUNTS (Continued)

14c Capital commitments

The Company has contracted for capital expenditure of £nil (2011 - £48,000)

15. Pension arrangements

The Company's employees are entitled to become members of the Group Personal Pension scheme

The pension cost for the year was £720,000 (2011 - £520,000)

16 Related party transactions

The Company is not required to report details of group transactions because it is a subsidiary included in the consolidated accounts of Croudace Homes Group Limited

17 Ultimate parent company

The Company's ultimate parent company is Croudace Homes Group Limited Copies of the group accounts are available from the registered office

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

We have audited the financial statements on pages 10 to 21 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 more fully explained in the Directors' Responsibilities Statement set out on page 8, 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
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 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 December 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 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

Baker Tilly UK Audit LLP

Richard Coates (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

19 March 2013

CROUDACE HOMES LIMITED

PRINCIPAL UNDERTAKINGS

Residential development and contracting

Croudace Land Holdings Limited

Brenthall Park Limited (50%)

CCB (Stevenage) Limited (33%)

Brenthall Park (Two) Limited *

Croudace (Church Langley) Limited

Summit Homes Limited (50%)

All held directly by Croudace Homes Limited except (*)

Wholly owned except where stated Holdings comprise ordinary shares