

Hargreaves Construction Company Limited
Directors' Report and Accounts
Year Ended 24 December 2009

Company Registration No. 901310 (England and Wales)

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Hargreaves Construction Company Limited

Company Information

Directors

N H Andrew
R Andrew
J Hazelwood
R R Andrew

Secretary

J Hazelwood

Company number

901310

Registered office

Brookfield, Lyminster Road
Lyminster
West Sussex
BN17 7QN

Business address

Rustington House
Worthing Road
Rustington
West Sussex
BN16 3PS

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

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Hargreaves Construction Company Limited

Directors' Report Year ended 24 December 2009

The directors present their report and accounts for the year ended 24 December 2009

Directors

The following directors have held office since 25 December 2008

N H Andrew
R Andrew
J Hazelwood
R R Andrew

Directors' statement

The directors are responsible for preparing the directors' report and accounts in accordance with applicable law and regulations

In preparing this report, the directors have taken advantage of the small companies exemption

As a private company, our policy in producing these accounts is to provide only such information in such form as required by Statute and to comply with those Financial Reporting Standards and Statements of Standard Accounting Practice as are relevant, in the opinion of the directors, to the activities of the company

In preparing these accounts the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume 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 accounts 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

Principal activities, business review and future developments

The company's principal business activity is to procure construction works required by other companies in the Hargreaves Group

There has been no significant change in the company's activities during the year and the directors are satisfied with the company's trading during the year

Hargreaves Construction Company Limited

Directors' Report Year ended 24 December 2009

Auditors

All the current directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next directors' meeting.

On behalf of the board



N H ANDREW

Director

Date 29th September 2010

Hargreaves Construction Company Limited

Independent auditors' report to the shareholders of Hargreaves Construction Company Limited

We have audited the financial statements of Hargreaves Construction Company Limited for the year ended 24 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

give a true and fair view of the state of the company's affairs at 24 December 2009 and of its profit for the year then ended,

have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
have been properly prepared in accordance with the Companies Act 2006.

Opinion on other matters 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,

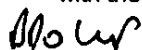
adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or

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.

the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



Michael Goldstein (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London, United Kingdom

Date 20th September 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registration number OC305127)

Hargreaves Construction Company Limited

Profit and Loss Account Year ended 24 December 2009

	Notes	2009 £	2008 £
Turnover	2	3,510,392	3,645,809
Cost of sales		(3,307,029)	(3,519,006)
Gross profit		203,363	126,803
Administrative expenses		(120,000)	(100,000)
Operating profit	3	83,363	26,803
Interest receivable and similar income	4	22,018	160,395
Interest payable and similar charges		(25,000)	-
Profit on ordinary activities before taxation		80,381	187,198
Tax on profit on ordinary activities	6	-	-
Profit for the year after taxation	12	80,381	187,198

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

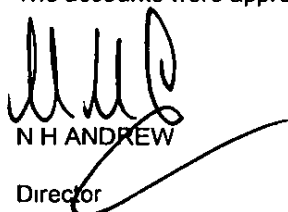
Hargreaves Construction Company Limited

Balance Sheet As at 24 December 2009

Company number 901310

			2009	2008
	Notes	£	£	£
Current assets				
Stocks	7	2,344,369	2,237,592	
Debtors	8	47,115,256	43,569,589	
Cash at bank and in hand		13,651	275,200	
		49,473,276	46,082,381	
Creditors' amounts falling due within one year	9	(47,733,351)	(44,407,837)	
Net current assets			1,739,925	1,674,544
Provisions for liabilities and charges	10	(125,000)	(140,000)	
Net assets			<u>1,614,925</u>	<u>1,534,544</u>
Capital and reserves				
Called up share capital	11	2,200	2,200	
Profit and loss account	12	1,612,725	1,532,344	
Shareholders' funds - equity interests	13	<u>1,614,925</u>	<u>1,534,544</u>	

The accounts were approved by the Board on 20th October 2010


N H ANDREW
Director

Hargreaves Construction Company Limited

Notes to the Accounts Year ended 24 December 2009

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards

1.3 Turnover

Turnover represents amounts receivable for goods and services net of value added tax

1.4 Stock and work in progress

Work in progress is stated at direct cost plus attributable overheads, or net realisable value if lower. Net realisable value is determined by the directors

1.5 Long term contracts

Long term contract work in progress is stated in the balance sheet at total costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to the balance sheet date. Full provision is made for any foreseeable losses

Revenue which relates to work carried out to the balance sheet date including an appropriate proportion of foreseeable profit, is included in turnover. The amount by which turnover exceeds payments on account is classified within debtors and disclosed as 'amounts recoverable on long term contracts'

1.6 Pension costs

The company operates defined contribution pension schemes and a funded unapproved retirement benefit scheme whereby the assets of the schemes are held separately from those of the company in independently administered funds. Contributions are charged to Hargreaves Management Limited, a fellow group company, and recognised in its profit and loss account as they are incurred

1.7 Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

1.8 Advance corporation tax

As a result of surplus shadow ACT in the ultimate parent undertaking, the company wrote off its surplus ACT, of £7,093 in 2005

2 Turnover

The total turnover of the company for the year has been derived from its principal activity which is wholly undertaken in the United Kingdom

Hargreaves Construction Company Limited

Notes to the Accounts Year ended 24 December 2009

3 Operating profit

Auditors' remuneration is borne by Hargreaves Management Limited, a fellow group company

4 Other interest receivable and similar income

	2009 £	2008 £
Other interest	<u>22,018</u>	<u>160,395</u>

5 Employees

	2009 Number	2008 Number
Number of employees		
The average number of employees during the year was		
Administration	1	1
Site operatives	5	5
	<u>6</u>	<u>6</u>
Employment costs	£	£
Wages and salaries	163,768	175,709
Social security costs	17,168	18,063
Other pension costs	7,450	5,157
	<u>188,386</u>	<u>198,929</u>

Certain costs of these employees are charged in the accounts of Hargreaves Management Ltd

The directors received no remuneration in the current or prior year

6 Taxation

	2009 £	2008 £
U K. current year taxation		
U K corporation tax at 21% (2008 20 74%)	<u>-</u>	<u>-</u>
The difference between the profit at the standard rate of corporation tax in the UK and the tax assessed for the year is explained below:	2009 £	2008 £
Profit on ordinary activities before tax	<u>80,381</u>	<u>187,198</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21% (2008 20 74%)	16,880	38,825
<i>Effect of</i> Group relief claimed	(16,880)	(38,825)
<i>Current tax charge for year</i>	<u>-</u>	<u>-</u>

Hargreaves Construction Company Limited

Notes to the Accounts Year ended 24 December 2009

7	Stocks and work in progress	2009	2008
		£	£

Work in progress	<u>2,344,369</u>	<u>2,237,592</u>
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The directors consider the replacement value of the stock to be the same as the cost stated in these accounts

8	Debtors	2009	2008
		£	£

Trade debtors	-	393,428
Amounts owed by group undertakings	46,835,887	37,429,868
Other debtors	279,369	5,745,523
Prepayments and accrued income	-	770
	<u>47,115,256</u>	<u>43,569,589</u>

Amounts falling due after more than one year and included in the debtors above are

Amounts owed by group undertakings	<u>-</u>	<u>11,548</u>
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9	Creditors' amounts falling due within one year	2009	2008
		£	£

Trade creditors	18,229	402,119
Amounts owed to group undertakings	47,643,571	42,339,200
Other taxes and social security costs	-	778,115
Other creditors	45,424	860,017
Accruals and deferred income	26,127	28,386
	<u>47,733,351</u>	<u>44,407,837</u>

10	Provisions for liabilities and charges	2009	2008
		£	£

Provision for remedial works

Balance at 25 December 2008	140,000	147,000
Decrease in provision	(15,000)	(7,000)
Balance at 24 December 2009	<u>125,000</u>	<u>140,000</u>

This provision is in respect of remedial works to houses built over the last ten years, the amount per house being based on previous costs of such remedial works

Hargreaves Construction Company Limited

Notes to the Accounts Year ended 24 December 2009

11 Share capital	2009	2008
	£	£
Authorised		
2,200 Ordinary shares of £1 each	<u>2,200</u>	<u>2,200</u>
Allotted, called up and fully paid		
2,200 Ordinary shares of £1 each	<u>2,200</u>	<u>2,200</u>
12 Statement of movements on profit and loss account		£
Balance at 25 December 2008		1,532,344
Profit for the year		80,381
Balance at 24 December 2009		<u>1,612,725</u>
13 Reconciliation of movements in shareholders' funds	2009	2008
	£	£
Profit for the financial year	80,381	187,198
Net addition to shareholders' funds	<u>80,381</u>	<u>187,198</u>
Opening shareholders' funds	1,534,544	1,347,346
Closing shareholders' funds	<u>1,614,925</u>	<u>1,534,544</u>
14 Financial commitments		
The company has entered into a guarantee in respect of any borrowings with Barclays Bank Plc, of twenty fellow group companies. The total borrowings of the group with the bank amounted to £nil (2008 £nil) at the balance sheet date.		
15 Pension costs		
The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge is shown in the accounts of Hargreaves Management Ltd.		
16 Ultimate parent company		
The directors consider that the ultimate parent company is Hargreaves Property Holdings Limited which is registered in England and Wales and is the parent of both the smallest and the largest groups of which the company is a member.		

Hargreaves Construction Company Limited

Notes to the Accounts

Year ended 24 December 2009

17 Related party transactions

Included in work in progress is an amount of £nil (2008 £45,223) and included in other creditors is an amount of £31,843 (2008 £775,000) in respect of construction works carried out for the Hargreaves Construction Company Ltd 1984 Pension Scheme. Included in turnover is an amount of £89,194 (2008 £433,774) in respect of those works.

Included in work in progress is an amount of £nil (2008 £60,340) in respect of construction works carried out on behalf of N H Andrew, a director of the group. Included in turnover is an amount of £nil (2008 £409,499) in respect of building works carried out on behalf of R R Andrew, a director of the group.

Included within debtors payable within in one year is an amount of £91,209 (2008 £27,114) in respect of VAT output tax paid on behalf of the Hargreaves Construction 1984 Pension Scheme to HM Revenue and Customs.

Included within debtors is interest due from Kentcoast Ltd, a company of which J Hazelwood and R R Andrew are directors, in the amount of £180,211 (2008 £5,384,919). Interest was credited on these loans at Barclays Bank plc base rate in the amount of £19,816 (2008 £160,395).

The company has taken advantage of the exemption allowed by FRS 8 not to disclose any transactions with entities that are included in the consolidated accounts of the ultimate parent company.