

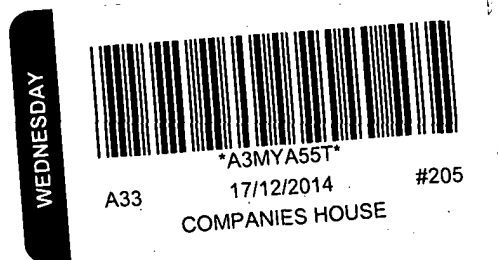
Banner Homes Central Limited

Report and Financial Statements

Period ended

30 June 2014

Company number 01067052



Banner Homes Central Limited

Report and financial statements
for the period ended 30 June 2014

Contents

Page:

1	Strategic report
3	Report of the directors
5	Independent auditors' report
7	Profit and loss account
8	Balance sheet
9	Notes forming part of the financial statements

Directors

G P Banfield
P J Blades
A D Brown
M J Coulon
G A Cunningham
J A Kennedy
J G G Reid
R A Walbourn

Secretary and registered office

Ledge Services Limited, Cala House, 54 The Causeway, Staines-upon-Thames, Surrey, TW18 3AX

Company number

01067052

Independent auditors

PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX

Banner Homes Central Limited

Strategic Report for the period ended 30 June 2014

The strategic report contains information which has been provided for the purpose of assisting shareholders, as a body, in assessing the strategies adopted by the group and the potential for those strategies to succeed. Any forward-looking statements have been made in good faith based on the information available at the time of approval of this report but actual outcomes may be different from those anticipated because of the inherent risks in the markets in which the group operates, and no assurances can be given about any such statements.

Business overview

Banner Homes Central Limited is a subsidiary of CALA Group (Holdings) Limited. CALA Group (Holdings) Limited and its subsidiaries, together CALA Group, CALA, or the group, is the UK's most upmarket major homebuilder, a leading provider of high quality homes in the more affluent areas of southern England and Scotland. We have the highest private average selling price ("ASP") of the top 20 major UK homebuilders outside central London.

Our brand is highly regarded within the industry and aspirational for many homebuyers. We are differentiated by our clear focus on delivering excellent customer service and building high quality, well designed homes in prime locations with a strong track record of delivery.

Business model

CALA's business model is founded on contracting or acquiring at an optimal price, sufficient land in premium locations within our areas of operation and we rely on the skills of our project teams to secure appropriate planning permission.

We work with selected sub-contractors to deliver a variety of high quality homes, from apartments to detached houses, which we sell predominantly to owner occupiers but our customers also include investors and affordable housing providers.

Our business model is explained more fully in the "Business model" section of the Strategic Report in the Annual Report and Accounts of CALA Group (Holdings) Limited, registered number 08428265.

Strategy

CALA's core strategy is to accelerate the growth of the group and optimise the operational efficiency of our 8 regional businesses without compromising our premium market positioning.

At the same time we will ensure our strategy generates value for shareholders in a responsible and controlled manner.

In the absence of a material adverse change in market conditions, the group is exceptionally well placed to deliver its strategy.

Our strategy is explained more fully in the "Strategy" section of the Strategic Report in the Annual Report and Accounts of CALA Group (Holdings) Limited, registered number 08428265.

Banner Homes Central Limited

Strategic Report for the period ended 30 June 2014

Market review

The economic environment in the UK during the financial period has improved steadily. Much brighter employment prospects and a strong sense that the recession is now behind us has created an optimism that has also translated through to the housing market.

Visitor levels have generally been strong and confidence amongst home buyers has been high during the period. Combined with tight supply, this has served to drive house prices higher in our operating areas.

The improving housing market and increasing levels of development activity have brought about the first marked rise in the cost of labour and materials we have seen since the downturn although, to date, this has been more than offset by sales price inflation or accommodated within our overall budget allowances.

Business review and financial performance

The financial results for the company show a profit before tax of £2,123,000 (2013: loss before tax of £1,417,000).

Key performance indicators ("KPIs")

The directors believe that analysis using KPIs for the company is not necessary or appropriate for an understanding of the performance or position of the company on its own. However, KPIs are used to illustrate and explain the performance of CALA Group (Holdings) Limited, which includes the company, and these can be found in the "Key performance indicators" section of Strategic Report in the Annual Report and Accounts of CALA Group (Holdings) Limited, registered number 08428265.

Risk management

The operation of the business and the execution of the company's strategy are subject to a number of risks. The key business risks currently affecting the company relate to:

- Health and safety
- Land supply
- Skilled tradesmen
- Planning permission
- Key personnel
- Premium brand and reputation
- Growth management
- Financial risk and treasury management

The management and mitigation of risks and uncertainties is performed at a wider group level and these are discussed in the "Principal risks and uncertainties" section of the Strategic Report in the Annual Report and Accounts of CALA Group (Holdings) Limited, registered number 08428265. For this reason, the directors believe that it is not necessary or appropriate to review the group's risks in this report.

The Strategic Report was approved by the board on 5 December 2014.



R A Walbourn
Director

Banner Homes Central Limited

Report of the directors for the period ended 30 June 2014

The directors present their report with the audited financial statements for the 13 months ended 30 June 2014 (2013 - year ended 31 May 2013).

Directors

The directors of the company who were in office during the period and up to the date of signing the financial statements were:

G P Banfield	
P J Blades	(appointed 4 October 2013)
A D Brown	(appointed 21 March 2014)
M J Coulon	
G A Cunningham	(appointed 21 March 2014)
J A Kennedy	
P J McCann	(resigned 12 September 2013)
J G G Reid	(appointed 21 March 2014)
R A Walbourn	
R G Werth	(resigned 21 March 2014)

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Dividends

No dividends have been proposed or paid in the period.

Banner Homes Central Limited

Report of the directors for the period ended 30 June 2014 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Independent auditors and disclosure of information to auditors

All of the current directors have taken all the steps that 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 audit information of which the auditors are unaware.

In March 2014 the company appointed PricewaterhouseCoopers LLP as auditors with BDO LLP resigning. A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the next annual general meeting.

On behalf of the Board



R A Walbourn
Director

Date: 5 December 2014

Banner Homes Central Limited

Independent auditors' report to the members of Banner Homes Central Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit for the period 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Banner Homes Central Limited, comprise:

- the Balance Sheet as at 30 June 2014;
- the Profit and Loss Account for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

Banner Homes Central Limited

Independent auditors' report to the members of Banner Homes Central Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

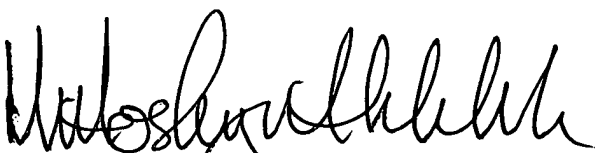
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities statement set out on page 4, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.



Mark Hoskyns-Abraham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
5 December 2014

Banner Homes Central Limited

Profit and loss account for the period ended 30 June 2014

	Note	2014 £'000	2013 £'000
Turnover	2	43,496	18,186
Cost of sales		(32,593)	(14,750)
Gross profit		10,903	3,436
Administrative expenses		(4,982)	(2,848)
Other operating income		6	129
Operating profit	4	5,927	717
Interest payable and similar charges	5	(3,804)	(2,134)
Profit/(loss) on ordinary activities before taxation		2,123	(1,417)
Tax on profit/(loss) on ordinary activities	6	(179)	30
Profit/(loss) on ordinary activities after taxation	14	1,944	(1,387)

All amounts relate to continuing activities.

All recognised gains and losses in the current period and prior year are included in the profit and loss account.

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial period and prior year stated above and their historical cost equivalents.

The notes on pages 9 to 16 form part of these financial statements.

Banner Homes Central Limited

Balance sheet
at 30 June 2014

Company number 01067052

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Tangible assets	7		371		319
Current assets					
Stocks	8	73,464		62,366	
Debtors					
- amounts due within one year	9	18,582		1,427	
- amounts due after more than one year	9	339		376	
		18,921		1,803	
Cash at bank and in hand		86		1,939	
		<u>92,471</u>		<u>66,108</u>	
Creditors: amounts falling due within one year	10	(89,250)		(64,813)	
Net current assets			3,221		1,295
Total assets less current liabilities			3,592		1,614
Provisions for liabilities and charges	11		(34)		-
Net assets			3,558		1,614
Capital and reserves					
Called up share capital	12		165		165
Profit and loss account	13		3,393		1,449
Shareholders' funds	14		3,558		1,614

The financial statements on pages 7 to 16 were approved by the Board of Directors on 5 December 2014 and signed on its behalf by:



R A Walbourn
Director

The notes on pages 9 to 16 form part of these financial statements.

Banner Homes Central Limited

Notes forming part of the financial statements for the period ended 30 June 2014

1 Accounting policies

Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the financial period are set out below.

The company has taken advantage of the exemption available under Financial Reporting Standard 1, Cash flow statements (revised 1996) and has not prepared a cash flow statement as a consolidated cash flow statement is presented in the financial statements of the ultimate parent company.

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value for house building is assessed internally after taking account of any relevant available market information. Land option premiums are amortised over the life of the option or written off in full if planning is unlikely to be achieved. All other option costs are written off as incurred.

Turnover

Turnover consists of sales of houses (excluding sales of properties taken in part exchange) and client extras, net of discounts and sales incentives. House sales and client extras are recognised on legal completion.

Cost of sales

Cost of sales includes land, construction, design, sales costs, marketing costs and site overheads. All these costs are written off on a site by site basis by comparing turnover to date with turnover forecast for the whole site, and applying the resulting proportion to the total forecast costs.

Administrative expenses

Administrative expenses include, inter alia, the overhead costs of all office-based employees, including construction and sales management not based permanently on site.

Interest payable

Interest payable is written off to the profit and loss account as it is incurred.

Banner Homes Central Limited

Notes forming part of the financial statements for the period ended 30 June 2014 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, except freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over their expected useful lives as follows:

Fixtures and fittings	-	20%-50% on written down value
Freehold buildings	-	2% on cost

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

UK Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all material 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, or a right to pay less, tax in the future have occurred at the balance sheet date, except that deferred tax assets are recognised only to the extent that the Directors consider it is 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 an undiscounted basis at the rates that are expected to apply in periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2 Turnover

In the opinion of the directors, all turnover and profits arise in the United Kingdom and from the principal activities of the company. Net assets held outside the UK amount to £100,000 (2013 - £103,000).

3 Employees

There were no employees, other than the directors, in the current or preceding period.

No director received any remuneration from the company during the current or preceding period and the company does not operate a pension scheme.

The company paid a management charge to Banner Management Limited, another group company, for services provided by its employees in the period.

Banner Homes Central Limited

Notes forming part of the financial statements
for the period ended 30 June 2014 (continued)

4 Operating profit

	2014 £'000	2013 £'000
This is stated after charging/(crediting):		
Depreciation of tangible fixed assets	122	68
Profit on disposal of fixed assets	(38)	(13)
	<u> </u>	<u> </u>

Audit fees for the current period and preceding year were borne by Banner Management Limited which recharges fees via management charges.

5 Interest payable and similar charges

	2014 £'000	2013 £'000
Bank loans and overdrafts	1,519	1,353
Amortisation of facility fees	418	205
Inter-company interest	1,707	576
Investment loan	60	-
Investor profit share	100	-
	<u> </u>	<u> </u>
	3,804	2,134
	<u> </u>	<u> </u>

6 Tax on profit/(loss) on ordinary activities

	2014 £'000	2013 £'000
a) Analysis of tax charge/(credit) in the period/year		
<i>Current tax:</i>		
UK corporation tax on profit for the period/year	416	-
Adjustment in respect of previous year	(271)	(30)
	<u> </u>	<u> </u>
Total current tax (note 6(b))	145	(30)
	<u> </u>	<u> </u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	38	-
Effect of change in tax rates	(4)	-
	<u> </u>	<u> </u>
Total deferred tax	34	-
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	179	(30)
	<u> </u>	<u> </u>

Banner Homes Central Limited

Notes forming part of the financial statements
for the period ended 30 June 2014 (continued)

6 Tax on profit/(loss) on ordinary activities (continued)

b) Factors affecting the tax charge/(credit) for the period

The tax on the profit/(loss) on ordinary activities for the period is lower than (2013 – higher than) the standard rate of corporation tax in the UK of 22.54% (2013 – 23.83%). The differences are reconciled below:

	2014 £'000	2013 £'000
Profit/(loss) on ordinary activities before taxation	2,123	(1,417)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 22.54% (2013 – 23.83%)	479	(338)
Effect of:		
Expenses not deductible for tax purposes	34	-
Capital allowances for period in excess of depreciation	2	-
Utilisation of tax losses	(99)	353
Adjustments to tax charge in respect of previous year	(271)	(30)
Chargeable gain covered by capital losses brought forward	-	(15)
Current tax charge/(credit) for period (note 6(a))	145	(30)

The rate of corporation tax was reduced to 21% effective from 1 April 2014. The impact of the reduction in the corporation tax rate is reflected in the table above.

In addition to the changes in rates of corporation tax disclosed above a further change to the UK corporation tax rate was substantively enacted as part of the Finance Bill 2013 on 2 July 2013. The change was to reduce the main rate to 20% from 1 April 2015. As this change had been substantively enacted at the balance sheet date the effect is included in these financial statements.

Banner Homes Central Limited

Notes forming part of the financial statements
for the period ended 30 June 2014 (continued)

7 Tangible fixed assets

	Freehold land and buildings £'000	Furniture fixtures and fittings £'000	Total £'000
<i>Cost</i>			
At 1 June 2013	140	568	708
Additions	-	272	272
Disposals	-	(152)	(152)
	<hr/>	<hr/>	<hr/>
At 30 June 2014	140	688	828
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 June 2013	38	351	389
Charge for period	3	119	122
Disposals	-	(54)	(54)
	<hr/>	<hr/>	<hr/>
At 30 June 2014	41	416	457
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2014	99	272	371
	<hr/>	<hr/>	<hr/>
At 31 May 2013	102	217	319
	<hr/>	<hr/>	<hr/>

8 Stocks

	2014 £'000	2013 £'000
Land and work in progress	53,445	50,273
Finished units	20,019	12,093
	<hr/>	<hr/>
	73,464	62,366
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and the amounts stated above.

Banner Homes Central Limited

Notes forming part of the financial statements
for the period ended 30 June 2014 (continued)

9 Debtors

	2014 £'000	2013 £'000
<i>Amounts falling due within one year:</i>		
Trade debtors	249	3
Amounts due from group undertakings	16,994	331
VAT	236	263
Corporation tax	410	580
Other debtors	693	250
	<u>18,582</u>	<u>1,427</u>
 <i>Amounts falling due after more than one year:</i>		
Trade debtors	106	126
Other debtors	233	250
	<u>339</u>	<u>376</u>
	<u>18,921</u>	<u>1,803</u>

Amounts due from group undertakings are effectively repayable on demand.

10 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank loans and overdrafts (secured)	293	32,346
Trade creditors	1,987	1,469
Amounts due to group undertakings	84,578	27,748
Financial liabilities - preference shares (note 12)	176	176
Accruals and deferred income	2,216	3,074
	<u>89,250</u>	<u>64,813</u>

Until their repayment on 21 March 2014, bank borrowings were secured by fixed and floating charges over the assets of the company and guarantees from other group companies.

Banner Homes Central Limited

Notes forming part of the financial statements
for the period ended 30 June 2014 (continued)

11 Provisions for liabilities and charges

	2014 £'000	2013 £'000
<i>The deferred tax movement for the period is as follows:</i>		
Deferred tax charge in profit and loss account for the period	34	-
	<hr/>	<hr/>
Provision at end of period	34	-
	<hr/>	<hr/>
<i>The deferred tax liability relates to:</i>		
Accelerated capital allowances	34	-
	<hr/>	<hr/>

12 Called up share capital

	2014 £'000	2013 £'000
<i>Allotted, called up and fully paid:</i>		
150,000 (2013 – 150,000) deferred shares of £1 each	150	150
150,000 (2013 – 150,000) second deferred shares of 10p each	15	15
1,500 (2013 – 1,500) ordinary shares of 1p each	-	-
176,416 (2013 – 176,416) 5% cumulative redeemable preference shares of £1 each	176	176
	<hr/>	<hr/>
	341	341
Less amounts classified as a liability (see note 10)	(176)	(176)
	<hr/>	<hr/>
	165	165
	<hr/>	<hr/>

The deferred, the second deferred and the preference shares do not have voting rights. The priority on winding up is the preference shares, then the ordinary shares, then the deferred shares and finally the second deferred shares. The preference shares were redeemable on 31 May 1988.

The dividend in arrears on the cumulative redeemable preference shares has been waived.

In accordance with FRS 25, the 176,416 cumulative redeemable preference shares are presented as a liability in the balance sheet.

Banner Homes Central Limited

Notes forming part of the financial statements
for the period ended 30 June 2014 (continued)

13 Reserves

	Profit and loss Account £'000
At 1 June 2013	1,449
Profit for the period	1,944
	<hr/>
At 31 May 2014	3,393
	<hr/> <hr/>

14 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit/(loss) for the financial period/year	1,944	(1,387)
Opening shareholders' funds	1,614	3,001
	<hr/>	<hr/>
Closing shareholders' funds	3,558	1,614
	<hr/> <hr/>	<hr/> <hr/>

15 Related party disclosures

During the period the Prowting family, who up until 21 March 2014 controlled the major shareholder of Banner Homes Group Limited (formerly Banner Homes Group PLC), charged the Company interest on its investment loan amounting to £60,000 (2013 - £Nil). In addition, the Company made a profit share payment of £100,000 (2013 - £Nil) in respect of the investment loan. The period end balance is £Nil (2013 - £Nil).

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with members of the group headed by CALA Group (Holdings) Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in its consolidated financial statements.

16 Ultimate parent company and controlling party

The immediate parent undertaking is Banner Homes Group Limited (formerly Banner Homes Group PLC).

The intermediate parent company, at which level these financial statements are consolidated, is CALA Group (Holdings) Limited. The consolidated financial statements of CALA Group (Holdings) Limited are available from CALA House, 54 The Causeway, Staines-upon-Thames, Surrey, TW18 3AX.

The ultimate parent company is Haut Investments Limited. Haut Investments Limited is owned by a number of investors, with no individual investor having control.