

**Chatham Billingham (P&M) Limited (previously  
Birmingham Development Company (No 1)  
Limited)**

**Directors' report and financial  
statements**

Registered number 6900034  
For the year ended 28 February 2011

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## Directors' report

The directors present their directors' report and financial statements for the year ended 28 February 2011

### Principal activities

The Company's principal activity is that of property development

### Business review

The Company was incorporated on 8 May 2009 as Birmingham Development Company (No 1) Limited

On 10 June 2009, the Company acquired the former Post and Mail Building in Birmingham

On 22 July 2010, the name of the company was changed to Chatham Billingham (P&M) Limited

### Proposed dividend

The directors do not recommend the payment of a dividend (2010 £Nil)

### Directors

The directors who held office during the year were as follows

A Chatham  
M Billingham

### Political and charitable contributions

The Company made no political or charitable donations during the year

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Approved by the board of directors on 6 October 2011 and signed on its behalf by



P Rowbottom  
Secretary

61/63 Wharfside Street  
The Mailbox  
Birmingham  
West Midlands  
B1 1XL



## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities





**KPMG LLP**

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

**Independent auditor's report to the members of Chatham Billingham (P&M) Limited (previously Birmingham Development Company (No 1) Limited)**

We have audited the financial statements of Chatham Billingham (P&M) Limited (previously Birmingham Development Company (No 1) Limited) for the year ended 28 February 2011 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 directors' responsibilities statement 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 web-site at [www.frc.org.uk/apb/scope/private.cfm](http://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 28 February 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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.




**Independent auditor's report to the members of Chatham Billingham (P&M) Limited (previously Birmingham Development Company (No 1) Limited)**  
*(continued)*

**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



**IG Greaves (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

11 October 2011



**Profit and loss account**  
*for the year ended 28 February 2011*

	<i>Note</i>	<b>Year ended 28 February 2011 £</b>	<b>Period ended 28 February 2010 £</b>
Administrative expenses		(378,363)	(173,583)
Other operating income		-	500
		<u>          </u>	<u>          </u>
<b>Operating loss</b>		<b>(378,363)</b>	<b>(173,083)</b>
Interest payable and similar charges	4	-	-
		<u>          </u>	<u>          </u>
<b>Loss on ordinary activities before taxation</b>	2	<b>(378,363)</b>	<b>(173,083)</b>
Tax on loss on ordinary activities	5	-	-
		<u>          </u>	<u>          </u>
<b>Loss on ordinary activities after taxation and for the financial year</b>	13	<b>(378,363)</b>	<b>(173,083)</b>
		<u>          </u>	<u>          </u>

The results for the year reflect trading from continuing activities

There are no recognised gains or losses in the current year other than disclosed in the profit and loss account



**Balance sheet**  
 at 28 February 2011

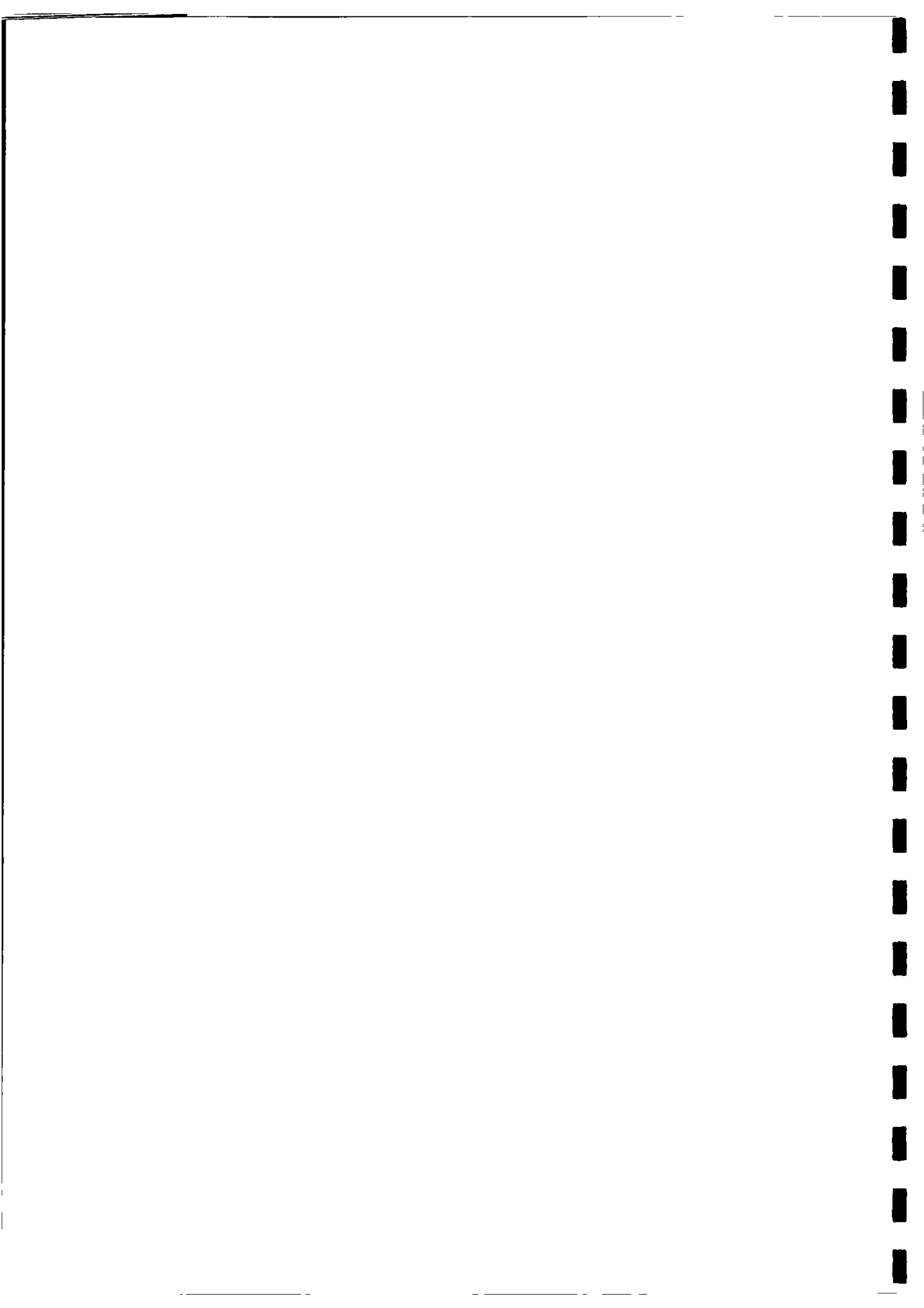
	Note	2011 £	£	2010 £	£
<b>Fixed assets</b>					
Tangible assets	6		17,666		-
<b>Current assets</b>					
Stocks	7	5,732,282		5,756,101	
Debtors	8	43,599		39,174	
Cash at bank and in hand		236,784		769,410	
		<u>6,012,665</u>		<u>6,564,685</u>	
<b>Creditors</b> Amounts falling due within one year	10	<u>(81,577)</u>		<u>(6,737,568)</u>	
<b>Net current assets/(liabilities)</b>			<u>5,931,088</u>		<u>(172,883)</u>
<b>Total assets less current liabilities</b>			<u>5,948,754</u>		<u>(172,883)</u>
<b>Creditors</b> Amounts falling due after more than one year	11		<u>(6,500,000)</u>		<u>-</u>
<b>Net liabilities</b>			<u>(551,246)</u>		<u>(172,883)</u>
<b>Capital and reserves</b>					
Called up share capital	12		200		200
Profit and loss account	13		<u>(551,446)</u>		<u>(173,083)</u>
<b>Shareholders' deficit</b>	14		<u>(551,246)</u>		<u>(172,883)</u>

These financial statements were approved by the board of directors on 6 October 2011 and were signed on its behalf by



**M Billingham**  
 Director

Company registered number 6900034



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting

Under FRS 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

#### *Going concern*

The financial statements have been prepared on a going concern basis which assumes the company will have sufficient funds to continue to pay its debts as and when they fall due and thus continue to trade

The directors have confirmed their support by means of their loan for a period of twelve months from the date of signing these financial statements

#### *Stocks*

Stocks comprise development work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost is determined on an actual basis and comprises land and property incurred in relation to the fabric of the building, materials, finance costs and attributable overheads. Net realisable value is based on estimated selling prices less further costs anticipated to disposal

#### *Depreciation*

Depreciation is provided on a straight line basis at rates calculated to write off the cost or valuation less the estimated residual value of each asset over its expected useful life as follows

Fixtures and fittings	- over economic life of 3 years
Computer equipment	- over economic life of 3 years

#### *Capitalisation of interest*

Interest associated with direct expenditure on properties under development is capitalised as part of development work in progress, until the date of completion of the development

Interest is otherwise charged to the profit and loss account

#### *Taxation*

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19





**Notes (continued)**

**2 Notes to the profit and loss account**

	Year ended 28 February 2011 £000	Period ended 28 February 2010 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation and amounts written off tangible fixed assets	8,833	-
Auditors' remuneration		
Audit of these financial statements	4,500	-
	-	-

**3 Staff numbers and costs**

The Company had no employees in the current year or preceding period, apart from the directors, who received no remuneration

**4 Interest payable and similar charges**

	Year ended 28 February 2011 £	Period ended 28 February 2010 £
On directors' loans	-	235,068
Less Transferred to development work in progress	-	(235,068)
	-	-

**5 Taxation**

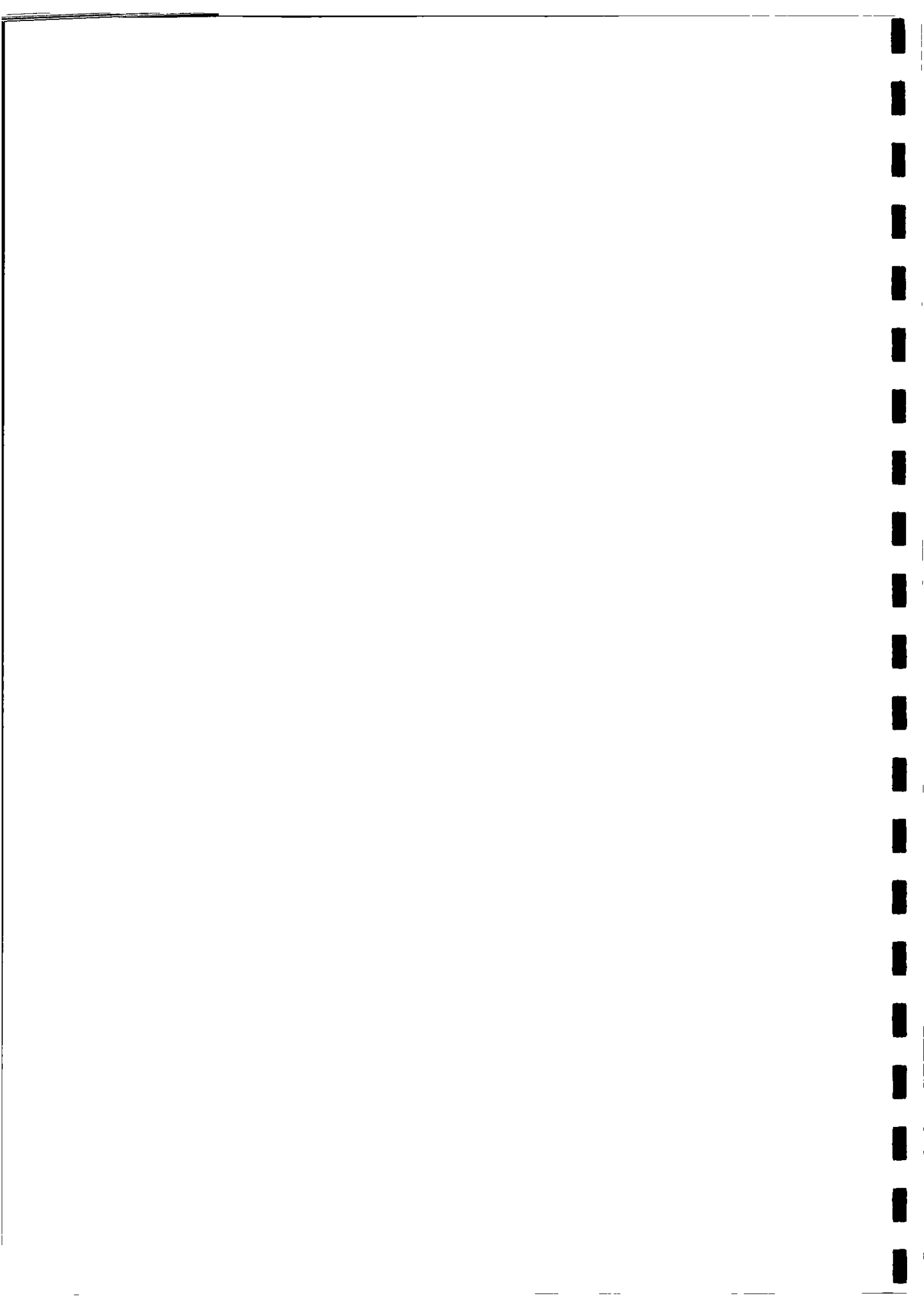
*Analysis of charge in year*

There was no charge for taxation in the current year or preceding period as a result of the loss arising

*Factors affecting the tax charge for the current period*

The current tax credit for the period is higher (*period ended 28 February 2010 higher*) than the standard rate of corporation tax in the UK of 28% (*period ended 28 February 2010 28%*). The differences are explained below

	Year ended 28 February 2011 £	Period ended 28 February 2010 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(378,363)	(173,083)
Current tax at 28%	(105,942)	(48,463)
<i>Effects of</i>		
Permanently disallowable expenditure	563	-
Accelerated capital allowances	(4,946)	-
Increase in tax losses carried forward	110,325	48,463
	-	-
Total current tax charge (see above)	-	-



**Notes** (continued)

**5 Taxation** (continued)

*Factors that may affect future current and total tax charges*

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively.

This will reduce the company's future current tax charge accordingly.

There are unutilised tax losses within the company of £567,100 (2010 £173,083) for which a deferred tax asset has not been recognised because there is uncertainty around future profitability.

**6 Tangible fixed assets**

	Computer equipment £	Fixtures and fittings £	Total £
<i>Cost</i>			
At beginning of year	-	-	-
Additions	24,999	1,500	26,499
	<hr/>	<hr/>	<hr/>
At end of year	24,999	1,500	26,499
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>			
At beginning of year	-	-	-
Charge for year	8,333	500	8,833
	<hr/>	<hr/>	<hr/>
At end of year	8,333	500	8,833
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>			
At 28 February 2011	16,666	1,000	17,666
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 28 February 2010	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

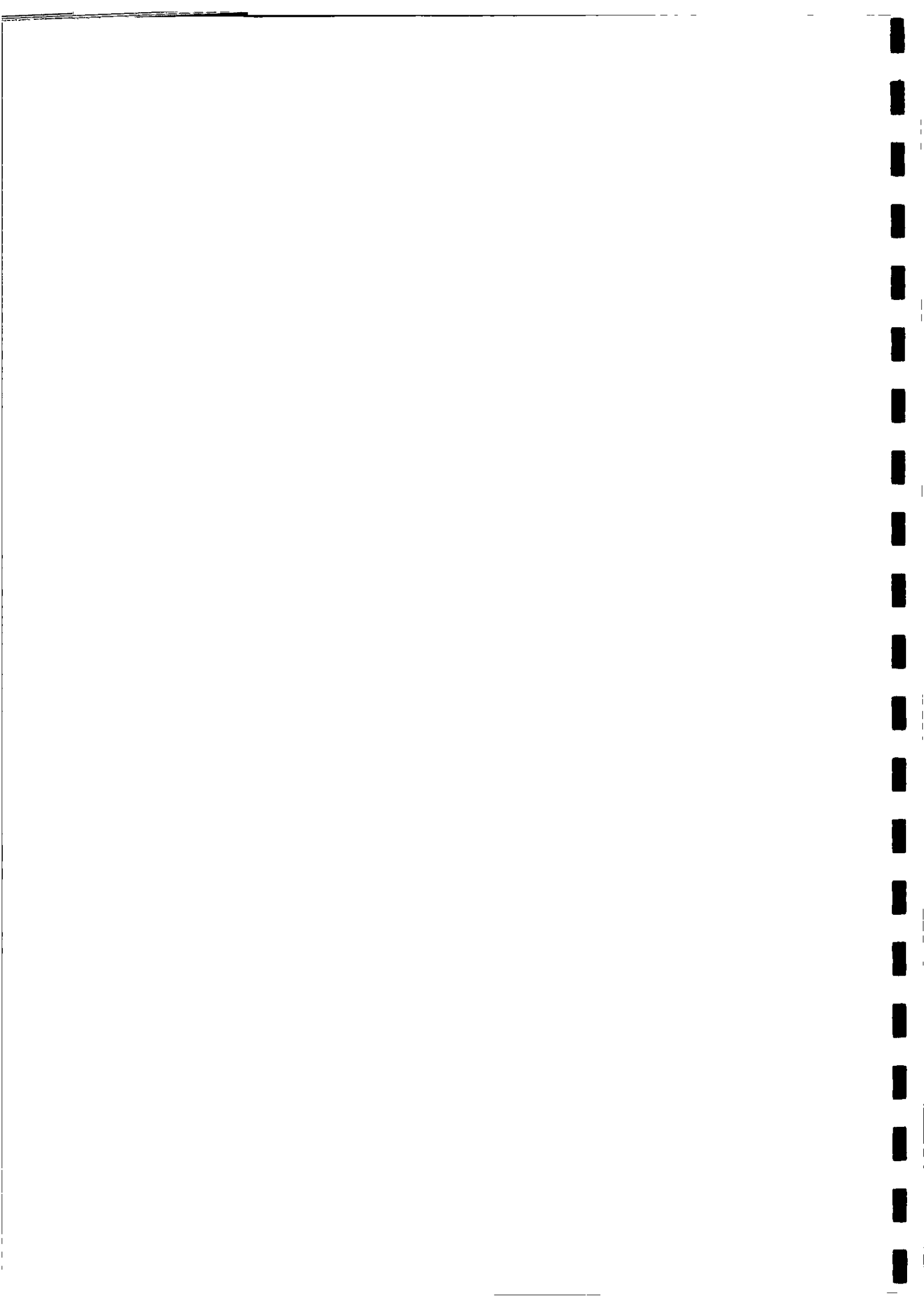
**7 Stocks**

	2011 £	2010 £
Work in progress	5,732,282	5,756,101
	<hr/> <hr/>	<hr/> <hr/>

Development loan interest capitalised to 28 February 2011 amounted to £Nil (2010 £235,068). All interest charged in previous years was waived in the current year.

**8 Debtors**

	2011 £	2010 £
Other debtors	23,452	6,488
Prepayments and accrued income	20,147	32,686
	<hr/>	<hr/>
	43,599	39,174
	<hr/> <hr/>	<hr/> <hr/>



**Notes** *(continued)*

**9 Deferred tax asset**

		2010 £
At beginning and end of year		-

The elements of deferred taxation are as follows

	2011 £	2010 £
Other timing differences	-	-

The company has unprovided deferred taxation as set out in note 5

**10 Creditors: Amounts falling due within one year**

	2011 £	2010 £
Directors' loan (secured – see note 11)	-	6,735,068
Accruals	81,577	2,500
	<u>81,577</u>	<u>6,737,568</u>

**11 Creditors: Amounts falling due after more than one year**

	2011 £	2010 £
Directors' loan (secured)	6,500,000	-
Accruals	-	-
	<u>6,500,000</u>	<u>-</u>

**Analysis of debt**

	2011 £	2010 £
Debt can be analysed as falling due		
Within one year	-	6,735,068
Between one and two years	6,500,000	-
Between two and five years	-	-
	<u>6,500,000</u>	<u>6,735,068</u>

The directors' loan agreement was entered into on 10 June 2009 for an amount of £6,500,000

The directors' loan is secured by a legal charge and debenture granting a fixed and floating charge over the property and assets of the company

**Notes (continued)**

**11 Creditors: amounts falling due after more than one year (continued)**

Interest is calculated at 3.00% above Bank base rate or at a fixed rate of 5%, whichever is higher. The first interest payment is due on 31 December 2010 and quarterly thereafter. Interest of £235,068 was accrued at 28 February 2010. The interest provision contained in the directors' loan agreement was waived on 1 July 2011 and consequently no interest has been accrued at 28 February 2011 and all previous interest charged was reversed.

The loan is repayable on demand or on 31 December 2012 if not repaid by that date.

**12 Called up share capital**

	2011 £	2010 £
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid:</i>		
200 ordinary shares of £1 each	200	200
	<u>          </u>	<u>          </u>

**13 Reserves**

	Profit and loss account £
At beginning of year	(173,083)
Loss for the year	(378,363)
	<u>          </u>
At end of year	<u>(551,446)</u>

**14 Shareholders' deficit**

	2011 £	2010 £
Loss for the financial year and retained loss for the year	(378,363)	(173,083)
New share capital subscribed	-	200
	<u>          </u>	<u>          </u>
Net addition to shareholders' funds	(378,363)	(172,883)
Opening shareholders' deficit	(172,883)	-
	<u>          </u>	<u>          </u>
Closing shareholders' deficit	<u>(551,246)</u>	<u>(172,883)</u>

**15 Related party transactions**

During the year, the company leased an office unit owned by Birmingham Mailbox Limited, a company which A Chatham and M Billingham were directors of. This agreement ended on 10 May 2011. During the year, rent of £23,110 (2010 £Nil) was charged to the profit and loss account. £23,110 (2010 £Nil) was in creditors at the year end.

**16 Ultimate controlling party**

The Company is ultimately controlled by A Chatham and M Billingham.