

Chatham Billingham (P&M) Limited

**Directors' report and financial
statements**

Registered number 6900034

For the year ended 29 February 2012

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Directors' report

The directors present their directors' report and financial statements for the year ended 29 February 2012

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 (2011 £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

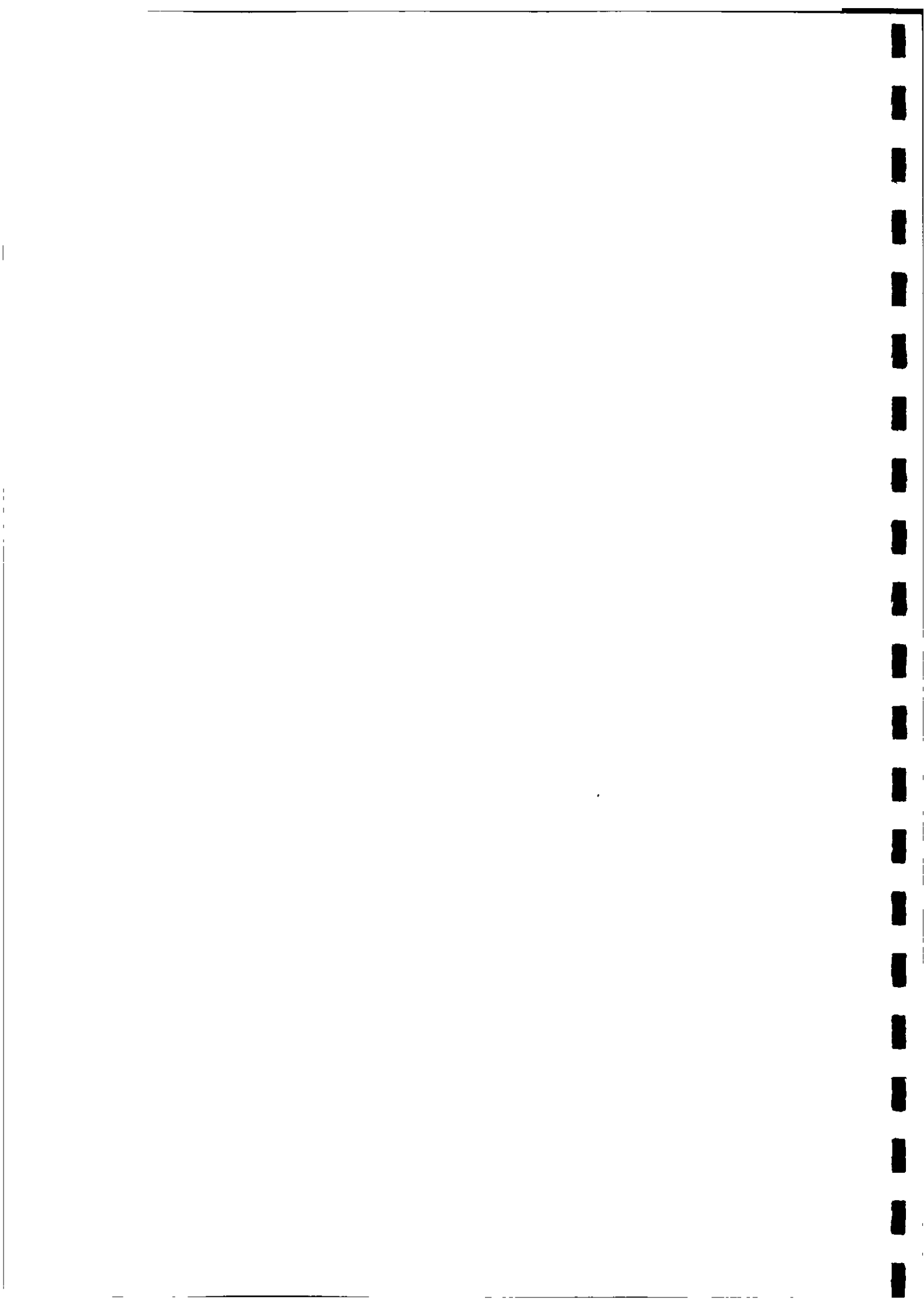
The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself 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 13 September 2012 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

We have audited the financial statements of for the year ended 29 February 2012 set out on pages 5 to 13 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

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 29 February 2012 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 *(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



18/9/12

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

Profit and loss account
for the year ended 29 February 2012

	<i>Note</i>	Year ended 29 February 2012 £	Year ended 28 February 2011 £
Administrative expenses		(458,700)	(378,363)
Operating loss and loss on ordinary activities before taxation	2	(458,700)	(378,363)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation and for the financial year	12	(458,700)	(378,363)

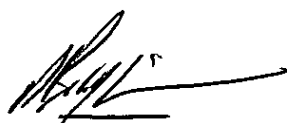
The results for the year reflect trading from continuing activities

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

Balance sheet
 at 29 February 2012

	<i>Note</i>	29 February 2012	28 February 2011	
		£	£	£
Fixed assets				
Tangible assets	5		8,834	17,666
Current assets				
Stocks	6	6,609,805	5,732,282	
Debtors	7	69,475	43,599	
Cash at bank and in hand		468,385	236,784	
		<u>7,147,665</u>	<u>6,012,665</u>	
Creditors Amounts falling due within one year	9	<u>(8,166,445)</u>	<u>(81,577)</u>	
Net current assets			<u>(1,018,780)</u>	5,931,088
Total assets less current liabilities			<u>(1,009,946)</u>	5,948,754
Creditors Amounts falling due after more than one year	10		<u>-</u>	<u>(6,500,000)</u>
Net liabilities			<u>(1,009,946)</u>	<u>(551,246)</u>
Capital and reserves				
Called up share capital	11		200	200
Profit and loss account	12		<u>(1,010,146)</u>	<u>(551,446)</u>
Shareholders' deficit	13		<u>(1,009,946)</u>	<u>(551,246)</u>

These financial statements were approved by the board of directors on 13 September 2012 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 29 February 2012 £	Year ended 28 February 2011 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation and amounts written off tangible fixed assets	8,832	8,833
<i>Auditor's remuneration</i>		
Audit of these financial statements	4,725	4,500

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	Year ended 29 February 2012	Year ended 28 February 2011
Directors	2	2
Administration and finance staff	3	-
	5	2

The aggregate payroll costs of these persons were as follows

	£	£
Wages and salaries	98,250	-
Social security costs	11,363	-
	109,613	-

4 Taxation

Analysis of charge in year

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

Notes (continued)

4 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax credit for the year is higher (*year ended 28 February 2011 higher*) than the standard rate of corporation tax in the UK of 26.17% (*year ended 28 February 2011 28%*). The differences are explained below

	Year ended 29 February 2012 £	Year ended 28 February 2011 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(458,700)	(378,363)
	<hr/>	<hr/>
Current tax at 26.17% (<i>year ended 28 February 2011 28%</i>)	(120,042)	(105,942)
<i>Effects of</i>		
Permanently disallowable expenditure	1,234	563
Accelerated capital allowances	2,311	(4,946)
Increase in tax losses carried forward	116,497	110,325
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/> <hr/>	<hr/> <hr/>

Factors that may affect future current and total tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

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

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the Company's future current tax charge.

There are unutilised tax losses within the company of £1,012,251 (*year ended 28 February 2011 £567,100*) for which a deferred tax asset has not been recognised because there is uncertainty around future profitability.

Notes (continued)

5 Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Total £
<i>Cost</i>			
At beginning and end of year	24,999	1,500	26,499
<i>Depreciation</i>			
At beginning of year	8,333	500	8,833
Charge for year	8,332	500	8,832
At end of year	16,665	1,000	17,665
<i>Net book value</i>			
At 29 February 2012	8,334	500	8,834
At 28 February 2011	16,666	1,000	17,666

6 Stocks

	29 February 2012 £	28 February 2011 £
Work in progress	6,609,805	5,732,282

There is no development loan interest capitalised at either year end. All interest charged by the directors up to 28 February 2011 was waived in the prior year. The interest for the year to 29 February 2012 has been waived in the current year.

7 Debtors

	29 February 2012 £	28 February 2011 £
Other debtors	40,672	23,452
Prepayments and accrued income	28,803	20,147
	69,475	43,599

Notes (continued)

8 Deferred tax asset

	£
At beginning and end of year	-

The elements of deferred taxation are as follows

	29 February 2012 £	28 February 2011 £
Other timing differences	-	-

The company has unprovided deferred taxation as set out in note 4

9 Creditors: Amounts falling due within one year

	29 February 2012 £	28 February 2011 £
Other taxes and social security costs	4,396	-
Accruals	162,049	81,577
Directors' loan (secured – see note 10)	8,000,000	-
	<u>8,166,445</u>	<u>81,577</u>

10 Creditors: Amounts falling due after more one year

	29 February 2012 £	28 February 2011 £
Directors' loan (secured)	-	6,500,000

Analysis of debt

	£	£
Debt can be analysed as falling due		
Within one year	8,000,000	-
Between one and two years	-	6,500,000
	<u>8,000,000</u>	<u>6,500,000</u>

The directors' loan agreement was entered into on 10 June 2009 for an amount of £6,500,000. A further advance of £1,500,000 was made on 16 June 2011.

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)

10 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 interest provision contained in the directors' loan agreement was waived on 1 July 2011 and 16 July 2012 and consequently no interest has been accrued at 29 February 2012.

The loan agreement provides that the loan is repayable on demand or on 31 December 2012 if not repaid by that date. The requirement to repay the loan by 31 December 2012 was waived on 16 July 2012. The loan agreement was amended in August 2012 with the new repayment date being 31 December 2016 or on demand. The directors have confirmed that repayment will not be demanded in the twelve months following the signing of these financial statements.

11 Called up share capital

	29 February 2012 £	28 February 2011 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
200 ordinary shares of £1 each	200	200
	<hr/>	<hr/>

12 Reserves

	Profit and loss account £
At beginning of year	(551,446)
Loss for the year	(458,700)
	<hr/>
At end of year	(1,010,146)
	<hr/>

13 Shareholders' deficit

	29 February 2012 £	28 February 2011 £
Loss for the financial year and retained loss for the year and net addition to shareholders' funds	(458,700)	(378,363)
Opening shareholders' deficit	(551,246)	(172,883)
	<hr/>	<hr/>
Closing shareholders' deficit	(1,009,946)	(551,246)
	<hr/>	<hr/>

14 Post balance sheet events

On 15 August 2012, the company entered into a contract for the redevelopment of the former Post and Mail Building with completion scheduled for Autumn 2014.

On the same date, the company sold a long leasehold interest in the car park to be incorporated in the redevelopment.

Notes *(continued)*

15 Related party transactions

During the year, the company leased an office unit owned by Birmingham Mailbox Limited. The company also paid a service charge to Birmingham Mailbox Management Limited. A Chatham and M Billingham were directors of both of these companies. These agreements ended on 10 May 2011. During that period, amounts of £3,125 (28 February 2011 £23,110) were charged to the profit and loss account. £59,469 (28 February 2011 £23,110) was in creditors at the year end.

16 Ultimate controlling party

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