

Chatham Billingham (P&M) Limited

**Directors' report and financial
statements**

Registered number 6900034

For the year ended 28 February 2013

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Directors' report

The directors present their directors' report and financial statements for the year ended 28 February 2013

Principal activities

The Company's principal activity is that of property development

Business review

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

On 15 August 2012 the Company entered into a building contract to develop a multi level underground car park with a two storey above ground structure for retail and office use due for completion in late 2014. On the same date the Company granted long leasehold interests in the car park element of the development

Proposed dividend

The directors do not recommend the payment of a dividend (2012 £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 (2012 £Nil)

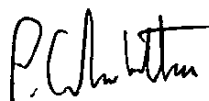
Disclosure of information to auditors

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

Approved by the board of directors on 26 September 2013 and signed on its behalf by



P Rowbottom
Secretary

1 Fountain Court
Steelhouse Lane
Birmingham
West Midlands
B4 6DR

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 Chatham Billingham (P&M) Limited for the year ended 28 February 2013 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 2013 and of its profit 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



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

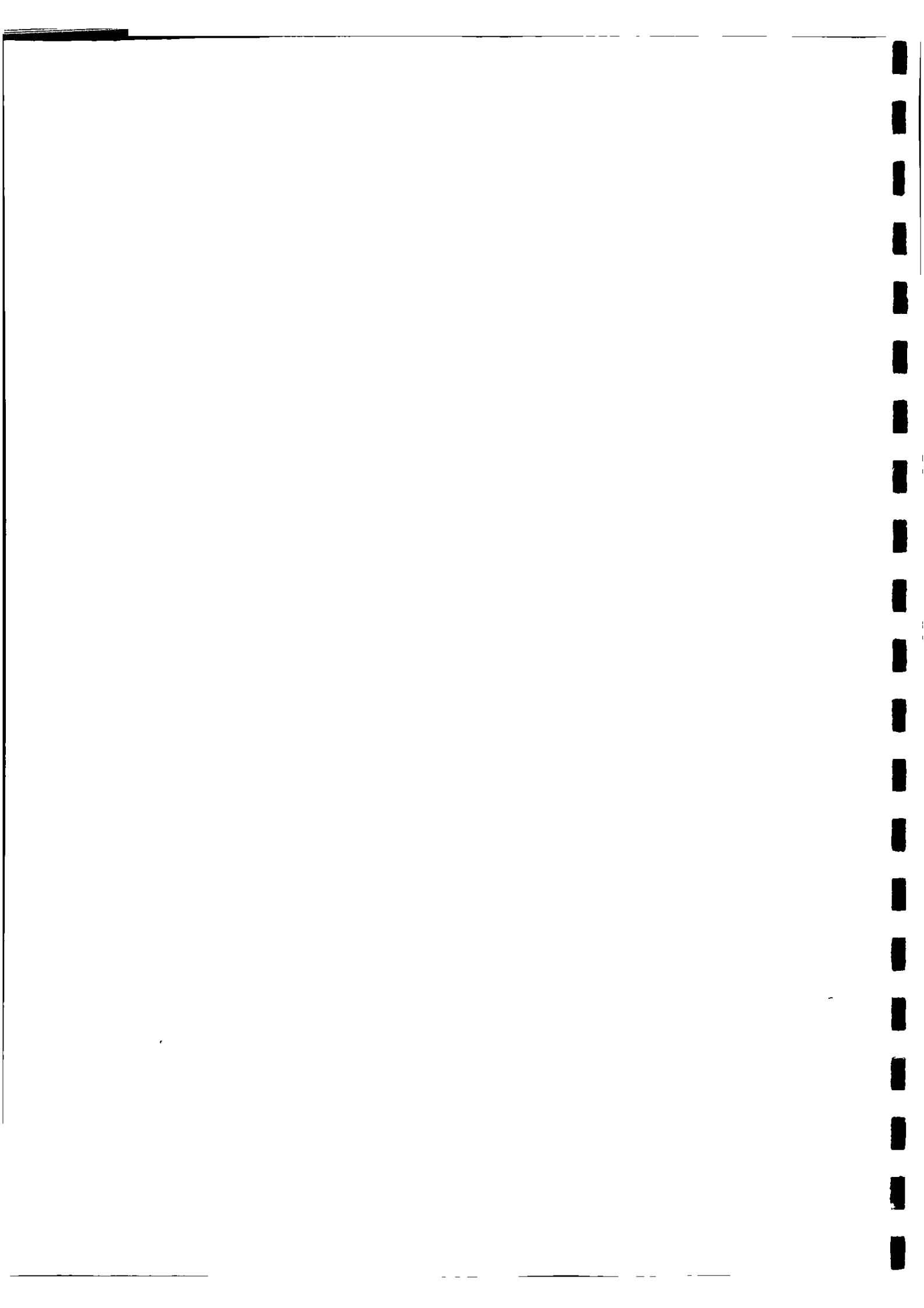
26 September 2013

Profit and loss account
for the year ended 28 February 2013

	<i>Note</i>	Year ended 28 February 2013 £	Year ended 29 February 2012 £
Turnover		22,350,000	-
Cost of sales		(21,012,209)	-
Gross Profit		1,337,791	-
Administrative expenses		(354,472)	(458,700)
Operating profit/(loss)		983,319	(458,700)
Interest receivable and similar income	4	64,120	-
Operating profit/(loss) on ordinary activities before taxation	2	1,047,439	(458,700)
Tax on profit/(loss) on ordinary activities	5	(12,824)	-
Profit/(loss) on ordinary activities after taxation and for the financial year	15	1,034,615	(458,700)

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 28 February 2013

	<i>Note</i>	28 February 2013	29 February 2012	
		£	£	£
Fixed assets				
Tangible assets	6		264	8,834
Current assets				
Stocks	7	3,178,414		6,609,805
Debtors	8	145,346		69,475
Cash at bank and in hand	9	16,312,491		468,385
		<u>19,636,251</u>		<u>7,147,665</u>
Creditors Amounts falling due within one year	11	<u>(10,125,348)</u>		<u>(8,166,445)</u>
Net current assets			<u>9,510,903</u>	<u>(1,018,780)</u>
Total assets less current liabilities			<u>9,511,167</u>	<u>(1,009,946)</u>
Creditors: Amounts falling due after more than one year	12	<u>(9,486,498)</u>		<u>-</u>
Net assets/(liabilities)			<u>24,669</u>	<u>(1,009,946)</u>
Capital and reserves				
Called up share capital	13		200	200
Profit and loss account	14	24,469		(1,010,146)
Shareholders' funds/(deficit)	15		<u>24,669</u>	<u>(1,009,946)</u>

These financial statements were approved by the board of directors on 26 September 2013 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 at least 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

Fixed assets and 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

Turnover

Turnover is the sale of long leasehold interests in the car park element of the development. All turnover is stated exclusive of value added tax

Notes (continued)

2 Notes to the profit and loss account

	Year ended 28 February 2013 £	Year ended 29 February 2012 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging</i>		
Depreciation and amounts written off tangible fixed assets	8,961	8,832
<i>Auditor's remuneration</i>		
Audit of these financial statements	7,500	4,725

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 28 February 2013	Year ended 29 February 2012
Directors	2	2
Administration and finance staff	3	3
	5	5

The aggregate payroll costs of these persons were as follows

	£	£
Wages and salaries	122,500	98,250
Social security costs	13,097	11,363
	135,597	109,613

4 Other interest receivable and similar income

	Year ended 28 February 2013 £	Year ended 29 February 2012 £
Bank interest receivable	64,120	-

Notes (continued)

5 Taxation

Analysis of charge in year

	Year ended 28 February 2013 £	Year ended 29 February 2012 £
<i>UK corporation tax</i>		
Current tax on income for period	12,824	-
<i>Deferred tax (see note 10)</i>		
Origination/reversal of timing differences	-	-
Tax on profit/(loss) on ordinary activities	<u>12,824</u>	<u>-</u>

Factors affecting the tax charge for the current year

The current tax charge (2012 credit) for the year is lower (year ended 29 February 2012 lower) than the standard rate of corporation tax in the UK of 24.17% (year ended 29 February 2012 26.17%). The differences are explained below

	Year ended 28 February 2013 £	Year ended 29 February 2012 £
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	1,047,439	(458,700)
Current tax at 24.17% (year ended 28 February 2012 26.17%)	253,166	(120,042)
<i>Effects of</i>		
Permanently disallowable expenditure	1,517	1,234
Accelerated capital allowances	2,071	2,311
Rate changes	(2,673)	-
(Decrease)/increase in tax losses carried forward	(241,257)	116,497
Total current tax charge (see above)	<u>12,824</u>	<u>-</u>

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

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 rate reductions, although this will further reduce the Company's future current tax charge.

There are unutilised tax losses within the company of £14,084 (year ended 29 February 2012 £1,012,251) for which a deferred tax asset has not been recognised because there is uncertainty around future profitability.



Notes (continued)

6 Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Total £
<i>Cost</i>			
At beginning and end of year	24,999	1,500	26,499
Additions	-	391	391
At end of year	<u>24,999</u>	<u>1,891</u>	<u>26,890</u>
<i>Depreciation</i>			
At beginning of year	16,665	1,000	17,665
Charge for year	8,332	629	8,961
At end of year	<u>24,997</u>	<u>1,629</u>	<u>26,626</u>
<i>Net book value</i>			
At 28 February 2013	<u>2</u>	<u>262</u>	<u>264</u>
At 29 February 2012	<u>8,334</u>	<u>500</u>	<u>8,834</u>

7 Stocks

	28 February 2013 £	29 February 2012 £
Work in progress	<u>3,178,414</u>	<u>6,609,805</u>

There is no development loan interest capitalised at either year end. All interest charged by the directors up to 29 February 2012 was waived in the prior year. The interest for the year to 28 February 2013 has been waived in the current year.

8 Debtors

	28 February 2013 £	29 February 2012 £
Other debtors	116,453	40,672
Prepayments and accrued income	28,893	28,803
	<u>145,346</u>	<u>69,475</u>

9 Cash at bank and in hand

Cash at bank includes amounts held in escrow of £16,145,162 (year ended 29 February 2012 £Nil), held to discharge liabilities arising from construction and related costs.



Notes (continued)

10 Deferred tax asset

	£
At beginning and end of year	-

The elements of deferred taxation are as follows

	28 February 2013 £	29 February 2012 £
Other timing differences	-	-

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

11 Creditors: Amounts falling due within one year

	28 February 2013 £	29 February 2012 £
Trade creditors	9,962,758	-
Corporation tax	12,824	-
Other taxes and social security costs	3,115	4,396
Accruals	146,651	162,049
Directors' loan (secured – see note 12)	-	8,000,000
	<u>10,125,348</u>	<u>8,166,445</u>

12 Creditors: Amounts falling due after more one year

	28 February 2013 £	29 February 2012 £
Trade creditors	4,620,848	-
Directors' loan (secured)	4,365,650	-
Accruals	500,000	-
	<u>9,486,498</u>	<u>-</u>

Analysis of debt

	£	£
Debt can be analysed as falling due		
Within one year	-	8,000,000
Between one and two years	4,365,650	-
	<u>4,365,650</u>	<u>8,000,000</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. A part repayment of £3,634,350 was made on 15 August 2012.

Notes (*continued*)

12 Creditors: Amounts falling due after more than one year (*continued*)

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

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, 16 July 2012, 30 July 2013 and 17 September 2013 and consequently no interest has been accrued at 28 February 2013

The loan agreement provides that the loan is repayable on 31 December 2012 or on demand 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

13 Called up share capital

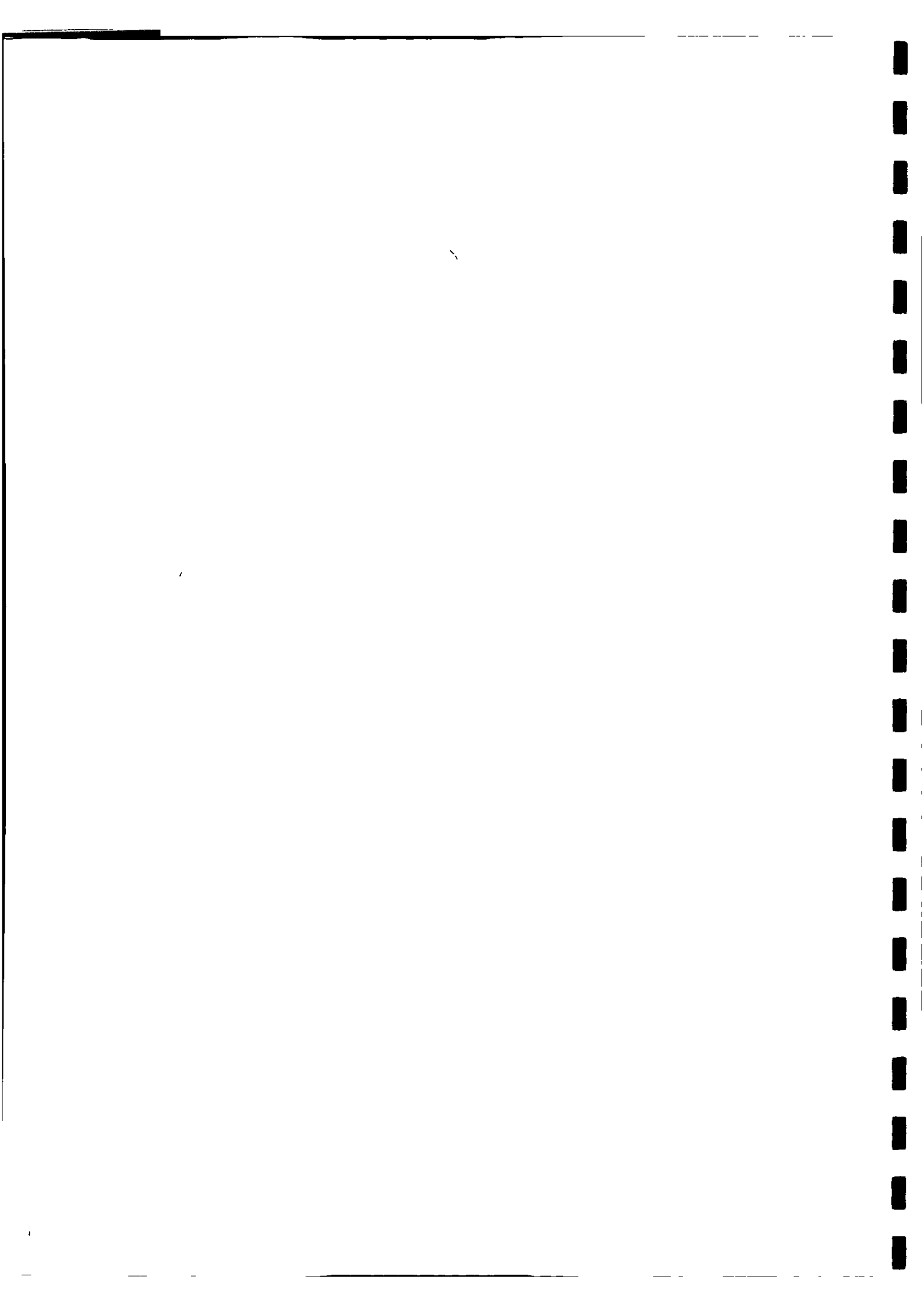
	28 February 2013 £	29 February 2012 £
<i>Authorised.</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
200 ordinary shares of £1 each	200	200
	<hr/>	<hr/>

14 Reserves

	Profit and loss account £
At beginning of year	(1,010,146)
Profit for the year	1,034,615
	<hr/>
At end of year	24,469
	<hr/>

15 Shareholders' funds/(deficit)

	28 February 2013 £	29 February 2012 £
Profit/(loss) for the financial year and retained profit/(loss) for the year and net addition to shareholders' funds/(deficit)	1,034,615	(458,700)
Opening shareholders' deficit	(1,009,946)	(551,246)
	<hr/>	<hr/>
Closing shareholders' funds/(deficit)	24,669	(1,009,946)
	<hr/>	<hr/>



Notes *(continued)*

16 Related party transactions

During the previous 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 the prior year, amounts of £3,125 were charged to the profit and loss account and there was a creditor of £59,469 at the year end.

On 15 August 2012 the company sold a long leasehold interest in the car park element of the redevelopment of the former Post and Mail Building for £15,350,000 to Chatham Billingham Investments Limited. A Chatham and M Billingham are directors and controlling shareholders of Chatham Billingham Investments Limited. The transaction was entered into on an arm's length basis.

17 Ultimate controlling party

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