

Financial Statements Cannock Developments Limited

For the year ended 31 December 2011

TUESDAY



A1H7GS9E

A30

11/09/2012

#19

COMPANIES HOUSE

Registered number: 03138183

Cannock Developments Limited

Company Information

Directors	S E Bantoft M J Tracey
Company secretary	J Glennon
Company number	03138183
Registered office	First Floor 3800 Parkside Birmingham Business Park Birmingham B37 7YG
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT
Bankers	The Royal Bank of Scotland 79-83 Colmore Row Birmingham B3 2AP

Contents

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 19

Directors' report

For the year ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011

Principal activities

The principal activity of the company during the year was managing the development of property construction

Directors

The directors who served during the year were

S E Bantoft

M J Tracey

Financial Instruments

Financial risk management

The company uses financial instruments comprising bank loans, borrowings from related companies, cash at bank and various other items such as debtors and trade creditors that arise directly from its operations

The main risks arising from the company's financial instruments are liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. This is achieved through use of cash generated from operations

Credit risk

Trade debtors are managed in respect of cash flow and credit risk by adopting policies to control who is offered credit and closely monitoring the outstanding balances

Directors' responsibilities statement

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 the directors have elected to prepare 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 judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Directors' report

For the year ended 31 December 2011

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.

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 13 August 2012 and signed on its behalf



J Glennon
Secretary

Independent auditor's report to the members of Cannock Developments Limited

We have audited the financial statements of Cannock Developments Limited for the year ended 31 December 2011, 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 auditor

As explained more fully in the directors' responsibilities statement, 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 Auditing Practices Board's website 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 31 December 2011 and of its profit for the year 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.

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 Cannock Developments Limited

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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor
Birmingham

13 August 2012

Profit and Loss Account

For the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	154,715	73,447
Cost of sales		49,544	(49,636)
Gross profit		204,259	23,811
Administrative expenses		(447,928)	(997,421)
Other operating income	3	884,179	697,677
Operating profit/(loss)	4	640,510	(275,933)
Interest receivable and similar income	6	80,606	159,744
Interest payable and similar charges	7	(3,993)	(4,437)
Profit/(loss) on ordinary activities before taxation		717,123	(120,626)
Tax on profit/(loss) on ordinary activities	8	(296,475)	(200,804)
Profit/(loss) for the financial year	18	420,648	(321,430)

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

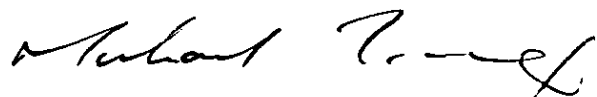
The notes on pages 7 to 19 form part of these financial statements

Balance Sheet

As at 31 December 2011

	Note	£	2011 £	2010 £
Fixed assets				
Tangible assets	9		1,765	7,391
Investments	10		476,725	476,725
			<u>478,490</u>	<u>484,116</u>
Current assets				
Debtors amounts falling due after more than one year	11	282,741	1,112,503	
Debtors amounts falling due within one year	11	3,177,058	1,664,841	
Cash at bank and in hand	12	4,142,510	5,382,797	
		<u>7,602,309</u>	<u>8,160,141</u>	
Creditors amounts falling due within one year	13	(2,104,392)	(2,908,146)	
Net current assets			<u>5,497,917</u>	<u>5,251,995</u>
Total assets less current liabilities			<u>5,976,407</u>	<u>5,736,111</u>
Creditors amounts falling due after more than one year	14	(139,924)	(146,295)	
Provisions for liabilities				
Deferred tax	15	(32,701)	(35,093)	
Other provisions	16	(2,234,744)	(2,406,333)	
			<u>(2,267,445)</u>	<u>(2,441,426)</u>
Net assets			<u><u>3,569,038</u></u>	<u><u>3,148,390</u></u>
Capital and reserves				
Called up share capital	17		2	2
Profit and loss account	18		3,569,036	3,148,388
Shareholders' funds	19		<u><u>3,569,038</u></u>	<u><u>3,148,390</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 August 2012



M J Tracey
Director

The notes on pages 7 to 19 form part of these financial statements

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies

1.1 Basis of preparation of financial statements

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

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

The company has made a profit for the year and is in a strong net assets position. The financial statements have therefore been prepared on a going concern basis.

1.3 Turnover

The turnover, all of which arises in the United Kingdom, is attributable to one continuing class of business, being the management of the development property, and is stated net of value added tax and discounts.

1.4 Rental provisions

Provisions are made for rental guarantees given on properties, which have been developed and sold by the company and its subsidiaries.

The provisions are based on agreed rental guarantee payment schedules on a quarterly basis for periods of up to seven years and are discounted in accordance with FRS 12, Provisions, Contingent Liabilities and Contingent Assets. Rental guarantee provisions are released when tenants for properties are found who are considered to be financially secure.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	10% per annum
Fixtures & fittings	-	25% per annum
Office equipment	-	25% per annum

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.

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies (continued)

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.8 Deferred taxation

Deferred tax is provided on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

Deferred tax assets are recognised only to the extent that the director considers that 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 at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

1.9 Pensions

Payments made to personal pension schemes of employees are charged to the profit and loss account in the period incurred.

1.10 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Notes to the financial statements

For the year ended 31 December 2011

2. Turnover

The whole of the turnover is attributable to managing the development of property construction and sub-letting properties

All turnover arose within the United Kingdom

3. Other operating income

	2011	2010
	£	£
Release of provisions	884,179	697,677

Other operating income relates to the release of provisions and other creditors no longer required

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging

	2011	2010
	£	£
Depreciation of tangible fixed assets		
- owned by the company	5,626	1,349
- held under finance leases	-	5,175
Auditors' remuneration	6,300	6,300

Notes to the financial statements

For the year ended 31 December 2011

5. Staff costs

Staff costs were as follows

	2011	2010
	£	£
Wages and salaries	151,857	158,093
Social security costs	19,812	21,620
Other pension costs	1,960	1,867
	<u>173,629</u>	<u>181,580</u>

The average monthly number of employees, including the directors, during the year was as follows

	2011	2010
	No	No
Administration	<u>4</u>	<u>4</u>

No directors received any emoluments during the year (2010 £nil)

6. Interest receivable

	2011	2010
	£	£
Interest receivable from related parties	71,226	124,807
Other interest receivable	3,858	33,459
Bank interest receivable	5,522	1,478
	<u>80,606</u>	<u>159,744</u>

7. Interest payable

	2011	2010
	£	£
Bank interest payable	3,659	3,639
Interest on finance leases	219	774
Other interest payable	115	24
	<u>3,993</u>	<u>4,437</u>

Notes to the financial statements

For the year ended 31 December 2011

8. Taxation

	2011 £	2010 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit/(loss) for the year	291,193	165,452
Adjustments in respect of prior periods	7,074	-
Group taxation relief	600	-
Total current tax	<u>298,867</u>	<u>165,452</u>
Deferred tax		
Origination and reversal of timing differences	(155)	(1,274)
Effect of increased tax rate on opening liability	(2,628)	-
Adjustment in respect of prior years	391	36,626
Total deferred tax (see note 15)	<u>(2,392)</u>	<u>35,352</u>
Tax on profit/(loss) on ordinary activities	<u>296,475</u>	<u>200,804</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 26.49% (2010 - 28%). The differences are explained below

	2011 £	2010 £
Profit/(loss) on ordinary activities before tax	<u>717,123</u>	<u>(120,626)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.49% (2010 - 28%)	189,988	(33,775)
Effects of		
Share of LLP profits/(losses)	-	42,788
Expenses not deductible for tax purposes	37,494	212,750
Depreciation in excess of/(less than) capital allowances	164	(26)
Adjustments in respect of prior years	71,221	(56,285)
Current tax charge for the year (see note above)	<u>298,867</u>	<u>165,452</u>

Notes to the financial statements

For the year ended 31 December 2011

9. Tangible fixed assets

	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost				
At 1 January 2011 and 31 December 2011	17,250	20,363	104,013	141,626
Depreciation				
At 1 January 2011	11,213	20,363	102,659	134,235
Charge for the year	5,175	-	451	5,626
At 31 December 2011	16,388	20,363	103,110	139,861
Net book value				
At 31 December 2011	862	-	903	1,765
At 31 December 2010	6,037	-	1,354	7,391

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2011 £	2010 £
Motor vehicles	-	6,037

Depreciation charged in the year on assets under finance lease amounted to £nil (2010 £5,175)

10. Fixed asset investments

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
Cost or valuation			
At 1 January 2011 and 31 December 2011	251,309	250,000	501,309
Impairment			
At 1 January 2011 and 31 December 2011	24,584	-	24,584
Net book value			
At 31 December 2011	226,725	250,000	476,725
At 31 December 2010	226,725	250,000	476,725

Notes to the financial statements

For the year ended 31 December 2011

10. Fixed asset investments (continued)**Associate undertakings**

The following were associate undertakings of the company, both of which are involved in property construction

Name	Class of shares	Holding
Heyford Homes (Thornton Hall) Limited	Ordinary	25%
Downing Office Villages Contractor Limited	Ordinary	25%

The aggregate of the share capital and reserves as at 31 December 2011 and of the profit or loss for the year ended on that date for the associate undertakings were as follows

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Heyford Homes (Thornton Hall) Limited	132,245	(484)
Downing Office Villages Contractor Limited	809,875	4,453

Investment in joint ventures

The investment in joint ventures relates to the company's legal share in a property investment syndicate

Carlton Hayes Developments LLP, in which Cannock Developments Limited held a 50% investment, was dissolved on 1 November 2011. The company's investment in Carlton Hayes Developments LLP was by way of a loan that was fully provided in a prior year

11. Debtors

	2011 £	2010 £
Due after more than one year		
Amounts owed by related parties	282,741	1,112,503
Due within one year		
Amounts owed by related parties	2,650,287	1,147,926
Amounts owed by associates	40,000	40,000
Other debtors	373,049	470,266
Prepayments and accrued income	5,313	6,649
Tax recoverable	108,409	-
	3,177,058	1,664,841

Notes to the financial statements

For the year ended 31 December 2011

12. Cash at bank and in hand

At 31 December 2011, included within the cash at bank balance is £2,407,381 (2010 £2,406,428) which is held in accounts which are bonded such that release of these funds to the company is conditional upon the adequate fulfilment of obligations under certain contracts entered into by the company

13. Creditors:

Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	54,599	9,263
Amounts owed to group undertakings	268,977	266,798
Amounts owed to related parties	65,089	122,421
Corporation tax	270,622	156,320
Social security and other taxes	23,729	34,336
Amounts due to directors	-	3,620
Other creditors	1,406,261	2,300,007
Net obligations under finance leases and hire purchase contracts	-	3,641
Accruals and deferred income	15,115	11,740
	<u>2,104,392</u>	<u>2,908,146</u>

14. Creditors:

Amounts falling due after more than one year

	2011	2010
	£	£
Bank loans	<u>139,924</u>	<u>146,295</u>

15. Deferred taxation

	2011	2010
	£	£
At beginning of year	35,093	(259)
Released during year	(2,392)	(1,274)
Adjustment to prior year	-	36,626
	<u>32,701</u>	<u>35,093</u>

Notes to the financial statements

For the year ended 31 December 2011

15. Deferred taxation (continued)

The provision for deferred taxation is made up as follows

	2011	2010
	£	£
Accelerated capital allowances	32,701	35,093

16. Provisions

	Rental guarantees £
At 1 January 2011	2,406,333
Amounts used	(171,589)
At 31 December 2011	2,234,744

Rental guarantees

The rental guarantee provisions relate to rent payable on properties that have been developed through the use of the company's development services. The agreements extend over varying terms, the longest being seven years.

The nature of the agreement is such that if no tenant is found, or a tenant is given a rent free period, or if the tenant defaults then the company will be required to make rental payments.

Provisions are released when a tenant is considered to be financially secure. In these circumstances the company continues to act under an arrangement akin to a guarantor arrangement if the tenant was subsequently to default.

Alternatively, the company may be required to maintain a fixed security deposit for the full term of the lease if the tenant is not considered financially secure, in which case the provision is retained until the end of the lease term.

17. Share capital

	2011	2010
	£	£
Allotted, called up and fully paid		
2 Ordinary shares shares of £1 each	2	2

Notes to the financial statements

For the year ended 31 December 2011

18. Reserves

	Profit and loss account £
At 1 January 2011	3,148,388
Profit for the year	420,648
At 31 December 2011	3,569,036

19. Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	3,148,390	3,469,820
Profit/(loss) for the year	420,648	(321,430)
Closing shareholders' funds	3,569,038	3,148,390

Notes to the financial statements

For the year ended 31 December 2011

20. Related party transactions

The company was under the control of S E Bantoft throughout the current and previous period. Mr Bantoft is the managing director and majority shareholder of the ultimate parent undertaking.

During the year, the company has traded with companies under common control. Trading balances outstanding and the transactions that occurred during the years to 31 December 2011 and 31 December 2010 are as follows:

	Amounts owed by related parties £	Amounts owed to related parties £	Sales to related parties £	Purchases from related parties £
Heyford Homes Limited				
31 December 2011	282,741	-	-	-
31 December 2010	1,112,503	-	-	-
Cannock SP Limited				
31 December 2011	2,177,266	-	-	-
31 December 2010	852,869	-	-	-
Heyford Contracting Limited				
31 December 2011	-	-	-	-
31 December 2010	-	57,206	25,000	-
OVL Banbury LLP				
31 December 2011	93,840	-	-	-
31 December 2010	18,513	-	6,079	-
BOV Management Limited				
31 December 2011	5,000	-	-	-
31 December 2010	-	-	-	-
Heyford Homes (Thornton Hall) Limited				
31 December 2011	40,000	-	-	-
31 December 2010	40,000	-	-	-
Cannock Projects LLP				
31 December 2011	262,266	-	-	-
31 December 2010	110,476	-	1,372	-
Heyford Contracting (North) Limited				
31 December 2011	94,656	-	-	-
31 December 2010	94,656	-	-	-
Port@l Limited				
31 December 2011	-	65,089	-	-
31 December 2010	-	65,214	-	62,315
Cannock Developments (Fields End) LLP				
31 December 2011	17,209	-	-	-
31 December 2010	11,035	-	-	-

Cannock Developments Limited

Notes to the financial statements

For the year ended 31 December 2011

Cannock Investments Limited

31 December 2011	-	138,536	-	-
31 December 2010	-	137,015	-	-

Downing Office Village Contractor Limited

31 December 2011	-	130,441	-	-
31 December 2010	-	129,784	-	-

BOV LLP

31 December 2011	-	-	-	-
31 December 2010	60,237	-	-	-

First2Talk Limited

31 December 2011	50	-	-	-
31 December 2010	50	-	-	-

S E Bantoft is a director of Heyford Homes Limited, which is the ultimate controlling party of Heyford Contracting Limited

L J Bantoft, the wife of S E Bantoft, is a director of Cannock SP Limited

S E Bantoft is a director of Secured Contracts Limited, which owns 50% of the ordinary share capital of Heyford Contracting (North) Limited. During the year, Cannock Developments Limited wrote off £141,749 (2010 £758,751) due from Secured Contracts Limited

S E Bantoft is a member of OVL Banbury LLP, Cannock Projects LLP and Cannock Developments (Fields End) LLP. OVL Banbury LLP is a designated member of BOV LLP

S E Bantoft is a director of Port@l Limited, Cannock Investments Limited and Downing Office Village Contractor Limited

M J Tracey is a director of BOV Management Limited

S E Bantoft is a director of Direct Dialogue Limited. Direct Dialogue Limited holds a majority shareholding in First2Talk Limited

Notes to the financial statements

For the year ended 31 December 2011

21. Contingencies and commitments

As part of the funding agreements for Downing Office Villages Contractor Limited, Heyford Homes (VCT) Limited and Heyford Homes (Thornton Hall) Limited, the company has a commitment to financially support these companies as required

The directors believe that the additional funding will not be required by their associated undertakings and therefore no provision has been made. The amount of contingent liabilities that may fall due to associated undertakings are as follows

	2011 £	2010 £
Downing Office Villages Contractor Limited	22,725	22,725
Heyford Homes (Thornton Hall) Limited	126,225	126,225
Heyford Homes (VCT) Limited	500,000	500,000
	648,950	648,950

22. Ultimate parent undertaking and controlling party

The company's ultimate parent company is Cannock Investments Limited, a company incorporated in the United Kingdom and registered in England and Wales. The ultimate controlling party is Mr S E Bantoft, a director of the company.