CMS DEVELOPMENTS LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2011

Company Registration Number 04818523

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CMS DEVELOPMENTS LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 JANUARY 2011

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CMS DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO CMS DEVELOPMENTS LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 3 to 7, together with the financial statements of CMS Developments Limited for the year ended 31 January 2011 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006 Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006 It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared

Opinion
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section

Other information
On 7 July 2011 we reported as auditor to the members of the company on the financial statements prepared under Section 396 of the Companies Act 2006 and our report included the following paragraph

INDEPENDENT AUDITOR'S REPORT TO CMS DEVELOPMENTS LIMITED *(continued)*

UNDER SECTION 449 OF THE COMPANIES ACT 2006

Emphasis of matter - going concern
In forming our opinion, we have considered the adequacy of the note made in accounting policies (note 1) concerning the company's ability to continue as a going concern The company incurred a net loss of £736,113 during the year ended 31 January 2011 and at that date the company had net liabilities of £3,908,251 Although there is continued support by the parent company, Classic Management Services Limited, the financial statements indicate the existence of a material uncertainty which could cast significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

RSM Tenon Audit Limited

David Brookes, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited
Statutory Auditor
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Date - 7 July 2011

CMS DEVELOPMENTS LIMITED

Registered Number 04818523

ABBREVIATED BALANCE SHEET

31 JANUARY 2011

	Note	2011 £	2011 £	*2010 (restated) £*	*2010 (restated) £*
Fixed assets	2				
Tangible assets			1,680,873		*1,636,042*
Investments			1		*1*
			1,680,874		*1,636,043*
Current assets					
Stocks		4,483,481		*4,445,454*	
Debtors		2,644,341		*3,773,188*	
Cash at bank and in hand		673,044		-	
		7,800,866		*8,218,642*	
Creditors: Amounts falling due within one year	3	(8,147,375)		*(587,754)*	
Net current (liabilities)/assets			(346,509)		*7,630,888*
Total assets less current liabilities			1,334,365		*9,266,931*
Creditors: Amounts falling due after more than one year	4		(5,242,616)		*(12,487,741)*
			(3,908,251)		*(3,220,810)*
Capital and reserves					
Called-up share capital	7		200		*200*
Revaluation reserve			(436,412)		*(485,084)*
Profit and loss account			(3,472,039)		*(2,735,926)*
Shareholder's funds			(3,908,251)		*(3,220,810)*

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These abbreviated accounts were approved by the directors and authorised for issue on 29 June 11, and are signed on their behalf by

P A Buckles
Director

The notes on pages 4 to 7 form part of these abbreviated accounts

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements have been prepared on the basis of the company continuing as a going concern for the foreseeable future This is dependent upon the continued support of Classic Management Services Limited, the parent company and the company's bankers During the year the company incurred a net loss of £736,113, at the year end the company had net liabilities of £3,908,251 The financial statements do not include any adjustments that would be necessary if Classic Management Services Limited or the company's bankers were to withdraw their support The above conditions constitute a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern However, Classic Management Services Limited has confirmed that they will continue to support the company and the directors are confident that the company's bankers will agree to their proposals for an extension to the repayment terms for the current bank borrowing

Cash flow statement

The company has adopted the Financial Reporting Standard for Smaller Entities (effective April 2008) and is consequently exempt from the requirement to include a cash flow statement in the financial statements

Turnover

Turnover shown in the accounts represents both sales of developments and developers fees, sales of developments are recognised on the signing of contracts, developers fees are recognised as the contract progresses

Tangible fixed assets

Tangible fixed assets excluding investment properties are valued at cost, being purchase price, less accumulated depreciation

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Fixtures & Fittings - 25% Straight Line

Investment properties

Investment properties are shown at their open market value The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year

This is in accordance with the FRSSE which, unlike the Companies Act 2006, does not require depreciation of investment properties Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance The departure from the provisions of the Act is required in order to give a true and fair view

1 **Accounting policies** *(continued)*

Work in progress

Work in progress is valued on the basis of direct costs Provision is made for any foreseeable losses where appropriate No element of profit is included in the valuation of work in progress

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Deferred taxation

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 by the balance sheet date with certain limited exceptions

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. **Fixed assets**

	Tangible Assets £	Investments £	Total £
Cost or valuation			
At 1 February 2010	1,647,982	1	1,647,983
Additions	176	–	176
Revaluation	48,672	–	48,672
At 31 January 2011	1,696,830	1	1,696,831
Depreciation			
At 1 February 2010	11,940	–	11,940
Charge for year	4,017	–	4,017
At 31 January 2011	15,957	–	15,957
Net book value			
At 31 January 2011	1,680,873	1	1,680,874
At 31 January 2010	*1,636,042*	*1*	*1,636,043*

The investment properties were revalued as at 31 January 2011 by N A Aldred, a director of the company, using a rent yield percentage calculation

2. Fixed assets *(continued)*

Holdings of more than 20%

	2011	*2010*
Aggregate capital and reserves		
	£	*£*
Shelton 2 Limited	1	*1*
Profit and (loss) for the period/year		
Shelton 2 Limited	–	–

The company owns 100% of the issued share capital of Shelton 2 Limited, a company registered in Guernsey The principal activity of this company is that of property development

3 Creditors: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2011	*2010*
	£	*£*
Debenture loans	7,145,125	*26,054*

4. Creditors: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2011	*2010*
	£	*£*
Debenture loans	-	*7,145,125*

5. Contingencies

CMS Developments Limited has a 40% interest in a joint venture with Kidwells Park Limited CMS Developments Limited are acting as guarantor for a £800,000 loan with Allied Irish Bank that is held by this company

CMS Developments Limited has issued an unlimited guarantee for all liabilities of Classical Management Services Limited in favour of Allied Irish Bank (GB) The total value of the contingent liability at 31 January 2011 was £4,521,000 (2010 - £4,713,000)

6. Transactions with the directors

At the year end, N A Aldred was owed £100,000 (2010 - £100,000) and P A Buckles was owed £34,999 (2010 - £34,999) J F Aldred loaned the company £nil (2010 - £50,000), £50,000 (2010 - £nil) was repaid to J F Aldred in the year as such at the year end the balance outstanding was £nil (2010 - £50,000)

7. Share capital

Allotted, called up and fully paid:

	2011		*2010 (restated)*	
	No	**£**	*No*	*£*
200 Ordinary shares of £1 each	200	200	*200*	*200*
1,300,000 Preference shares of £1 each	1,300,000	1,300,000	*1,300,000*	*1,300,000*
	1,300,200	1,300,200	*1,300,200*	*1,300,200*

	2011	*2010 (restated)*
Amounts presented in equity:	**£**	*£*
200 Ordinary shares of £1 each	200	*200*
Amounts presented in liabilities:		
1,300,000 Preference shares of £1 each	1,300,000	*1,300,000*

Preference shares are to be redeemed by the company, at par, no later than 31 December 2012 Preference shares incur interest at a rate of 3% above Bank of England base rate A total of £200,528 (2010 - £155,028) is included within other creditors Preference shares carry no voting rights

8. Debtors

Debtors include amounts of £1,100,000 (2010 - £nil) falling due after more than one year

9. Prior year adjustment

Included within work in progress at the year end was an amount of £1,718,919 in respect of land purchased for development It has subsequently been identified that this land was acquired through a subsidiary company, Shelton 2 Limited and consequently the investment should be recognised as amounts owed by group undertakings As such a prior year adjustment has been raised to reclassify £1,718,919 from stock to debtors This adjustment has no effect on either the profit for the year or retained profits as at 31 January 2010

10. Ultimate controlling party

The parent company is Classic Management Services Limited, a company registered in England and Wales The ultimate controlling parties are P A Buckles and N A Aldred, being the equal shareholders in Classic Management Services Limited Copies of the parent company's accounts may be obtained from Bunbury House, Stour Park, Blandford Forum, Dorset, DT11 9LQ