

Company Registration No. 971914

CODEV HOMES LIMITED

Report and Financial Statements

31st December 2010



CODEV HOMES LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

CONTENTS

Directors' report	1
Directors' responsibilities statement	3
Independent auditor's report	4
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

CODEV HOMES LIMITED

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 31st December 2010.

This report has been prepared in accordance with the special provisions relating to small companies under Section 415 (A) of the Companies Act 2006

PRINCIPAL ACTIVITY

The principal activity of the company is house building and other residential property related projects.

GOING CONCERN

The directors have considered the appropriateness of adopting the going concern basis in the preparation of these financial statements. As at 31st December 2010 the company had net liabilities of £107,650 (2009: £2,489)

The Company's forecasts and projections, taking into account reasonably possible changes in trading performance, shows that the Company should be able to operate within the level of its facilities.

After making enquiries, based on financial projections and facilities available, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it is appropriate that the financial statements should be prepared on a going concern basis.

DIRECTORS

The directors who served during the year and subsequently, except as noted, were

Mr P. T. Southall - resigned as a director on 22nd April 2010

Miss P. Boon

Mr J. M. P. Southall

Miss C. A. Southall

CHARITABLE CONTRIBUTIONS

During the year the company made contributions of £1,250 to national charities (2009: £nil)

CODEV HOMES LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
the director has taken all the steps that he/she ought to have taken as a director in order to make
- himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Approved by the Board of Directors and signed on behalf of the Board



J M P Southall
Director

15th June 2011

CODEV HOMES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 judgements and accounting estimates that are reasonable and prudent, 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 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.

CODEV HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CODEV HOMES LIMITED

We have audited the financial statements of Codev Homes Limited for the year ended 31st December 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 18. 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31st December 2010 and of its loss 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 matters 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.

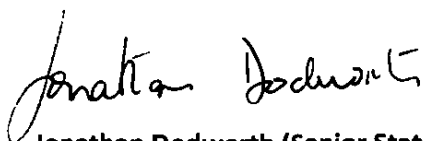
CODEV HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CODEV HOMES 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 ; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



Jonathan Dodworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom

Date. 16 June 2011

CODEV HOMES LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31st December 2010**

	Note	2010 £	2009 £
TURNOVER		788,000	1,132,332
Cost of Sales (including exceptional items of £Nil (2009 £50,000))	2	(539,085)	(1,001,434)
Gross Profit		<u>248,915</u>	<u>130,898</u>
Administrative expenses		<u>(261,073)</u>	<u>(211,861)</u>
OPERATING LOSS	4	(12,158)	(80,963)
Interest receivable		1,491	16,482
Interest payable and similar charges	5	<u>(94,494)</u>	<u>(65,794)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(105,161)	(130,275)
Tax on loss on ordinary activities	6	-	(15,680)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	15	<u>(105,161)</u>	<u>(145,955)</u>

All activities derive from continuing operations

There are no other recognised gains or losses other than the loss for the financial year and the loss for the preceding year. Accordingly, a statement of total recognised gains and losses is not given.

CODEV HOMES LIMITED

BALANCE SHEET
31st December 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible Assets	7	4,598	6,897
CURRENT ASSETS			
Stocks	8	1,666,892	1,851,241
Debtors	9	791,950	906,471
Cash at bank and in hand		75,773	1,130
		<u>2,534,615</u>	<u>2,758,842</u>
CREDITORS: amounts falling due within one year	10	<u>(1,344,973)</u>	<u>(1,228,720)</u>
NET CURRENT ASSETS		<u>1,189,642</u>	<u>1,530,122</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,194,240</u>	<u>1,537,019</u>
CREDITORS: amounts falling due after more than one year	11	<u>(1,301,890)</u>	<u>(1,539,508)</u>
NET LIABILITIES		<u><u>(107,650)</u></u>	<u><u>(2,489)</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	500,000	500,000
Profit and loss account	15	(607,650)	(502,489)
SHAREHOLDERS' DEFICIT	14	<u><u>(107,650)</u></u>	<u><u>(2,489)</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 15th June 2011

Signed on behalf of the Board of Directors



J M P Southall

Director

Registration No:- 971914

CODEV HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st December 2010

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in both years

Accounting convention

The financial statements are prepared under the historical cost convention. The accounts have been prepared on the basis that the company is a going concern, as set out in the going concern section of the directors' report.

Cash flow statement

The company has taken advantage of the exemption granted by FRS 1 "Cash Flow Statements" not to prepare a cash flow statement as the company qualified as a small company.

Turnover

Sales of houses and property are fully recognised when contracts have been legally completed. Contracting sales are recognised on issue of architects' certificates. All turnover has arisen within the United Kingdom.

Tangible Fixed Assets

Tangible fixed assets, excluding investment properties, are stated at cost less depreciation net of any provision for impairment. Depreciation on fixed assets has been made to write off the cost of the assets over their expected useful lives as follows:

Plant and machinery	20% per annum on cost
Motor vehicle	25% per annum on cost

Stocks and work in progress

Freehold and long leasehold land for development is valued at the lower of cost and net realisable value.

Material stocks are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost and net realisable value including an appropriate proportion of overheads.

CODEV HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31st December 2010

1 ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension Costs

The company operated a defined contribution money purchase scheme for some of its directors and employees. The scheme is currently being wound up and there have been no contributions in the current or prior year.

Contract Accounting

Contracts are accounted for as long term contracts. Anticipated net sales value of contracts include a proportion of attributable profit where a profitable outcome can be foreseen, provisions being made for all foreseeable losses. Turnover, less progress payments received, is recorded in "amounts recoverable on contracts" within debtors. Where progress payments exceed turnover and other contract balances, the excess is shown as "payments on account of contracts".

2 EXCEPTIONAL ITEM

Cost of Sales of £539,085 (2009: £1,001,434) includes an Exceptional Item of £nil (2009: £50,000) in respect of a charge to record carrying value of certain land and buildings held as trading stock to reflect their net realisable value.

CODEV HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31st December 2010

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2010	2009
	£	£
Directors' remuneration		
Management remuneration	100,048	58,805
	No.	No.
Average number of persons employed (including the directors)	4	5
	£	£
Staff cost during the year (including directors)		
Wages and salaries	173,400	139,150
Social Security costs	20,125	17,176
	193,525	156,326

The directors did not not receive any pension contributions (2009 £nil)

4 OPERATING LOSS

	2010	2009
	£	£
Operating loss is after charging:		
Depreciation of tangible fixed assets		
- Owned	2,299	2,299
Auditors' remuneration		
- Fees payable to the company's auditors for the audit of the company's annual accounts	3,000	3,000
- Other services relating to taxation	-	7,792

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Interest on bank loans, overdrafts and other loans repayable within five years	94,494	65,794

CODEV HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31st December 2010

6 TAXATION

	2010 £	2009 £
Corporation Tax		
United Kingdom corporation tax at 28% (2009 28%)	-	-
Total current tax charge	-	-
Deferred taxation		
Timing differences, origination and reversal	-	15,680
Total Tax charge	-	15,680

Factors Affecting Tax Charge for the Current Year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK 28% (2009 28%)

The differences are explained below

	2010 £	2009 £
Loss on ordinary activities before tax	(105,161)	(130,275)
Tax on loss on ordinary activities at standard rate	(29,445)	(36,477)
Effects of		
Expenses not deductible for tax purposes	5,646	374
Depreciation in (deficit)/ excess of Capital Allowances	(288)	644
Losses carried forward	9,635	35,459
Surrendered as consortium relief	14,452	-
Current tax charge for the year	-	-

On 23rd March 2011, the government announced that the main rate of corporation tax would reduce to 26% with effect from 1st April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1st April 2014. These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the financial statements.

CODEV HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31st December 2010

6 TAXATION (CONTINUED)

Deferred Taxation

The amounts provided in the financial statements with regards to the deferred tax asset are as follows.

	Provided	
	2010	2009
	£	£
Tax losses	-	-
Capital allowances in excess of depreciation	-	-
	<u>-</u>	<u>-</u>

The deferred tax asset movement is as follows

	2010	2009
	£	£
Opening balance - deferred tax asset	-	15,680
Charge to profit and loss account	-	(15,680)
Closing balance - deferred tax asset	<u>-</u>	<u>-</u>

Losses for taxation purpose of approximately £807,023 (2009 £772,613) are available to carry forward for use in future periods against profits of the same trade. There is no potential deferred tax liability.

Deferred tax on the UK timing differences has been calculated at the rate of 27% (2009 28%), being the substantively enacted rate at the balance sheet date.

A deferred tax asset has not been recognised at 31st December 2010, as it is not anticipated with sufficient certainty, due to continuing adverse market conditions, that the losses will be recovered in the near future.

CODEV HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31st December 2010

7 TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor Vehicle £	Total £
Cost			
At 1st January 2010 and at 31st December 2010	30,000	9,195	39,195
Accumulated depreciation			
At 1st January 2010	29,999	2,299	32,298
Charge for year	-	2,299	2,299
At 31st December 2010	29,999	4,598	34,597
Net book value			
At 31st December 2010	1	4,597	4,598
At 31st December 2009	1	6,896	6,897

8 STOCKS

	2010 £	2009 £
Freehold land for development and building work in progress	1,666,892	1,851,241

At 31st December 2010 an adjustment of £nil (2009 £50,000) was made so as to record the carrying value of land and buildings stock to reflect its net realisable value. See note 2 for further details

9 DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade Debtors	2,000	2,000
Amounts due from group undertakings (note 18)	775,280	671,367
Other debtors	5,000	216,496
Prepayments and accrued income	9,670	16,608
	<u>791,950</u>	<u>906,471</u>

CODEV HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31st December 2010

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	131,107	6,942
Amounts owed to group companies (note 18)	1,201,803	1,201,176
Other taxation and social security costs	6,001	6,440
Accruals and deferred income	6,062	14,162
	<u>1,344,973</u>	<u>1,228,720</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £	2009 £
Bank loans (note 12)	<u>1,301,890</u>	<u>1,539,508</u>

12 BORROWINGS

	2010 £	2009 £
Bank loans - secured	<u>1,301,890</u>	<u>1,539,508</u>

The bank loan is secured by way of a debenture over the company's assets together with first legal charge over certain land and buildings. The loan bears interest at 3 months libor plus 2% per annum. The loan is wholly repayable by instalments within five years.

Bank loans wholly repayable by instalments within 5 years

	2010 £	2009 £
In more than one year but not more than two years	1,301,890	-
In more than two years but not more than five years	-	1,539,508
	<u>1,301,890</u>	<u>1,539,508</u>

13 CALLED UP SHARE CAPITAL

	2010 £	2009 £
Ordinary Shares of £1 each		
Allotted, Called up and Fully Paid	<u>500,000</u>	<u>500,000</u>

CODEV HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31st December 2010

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS

	2010	2009
	£	£
Opening shareholder's (deficit)/ funds	(2,489)	143,466
Loss for the financial year	(105,161)	(145,955)
Closing shareholders' deficit	<u>(107,650)</u>	<u>(2,489)</u>

15 PROFIT AND LOSS ACCOUNT

	2010	2009
	£	£
At 1st January	(502,489)	(356,534)
Loss for the financial year	(105,161)	(145,955)
At 31st December	<u>(607,650)</u>	<u>(502,489)</u>

CODEV HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31st December 2010

16 CONTINGENT LIABILITIES

- (i) The company has entered into indemnity arrangements with its bank relating to guarantees given by the bank to local authorities in connection with Section 38 Highways Agreements and the construction of a pumping station. The maximum liability under these arrangements is £148,653 (2009 £182,603)
- (ii) The company has given a guarantee to an insurer in respect of new homes guarantees issued by that insurer. As at 31st December 2010, 52 Guarantees had been issued by the insurer (2009 49) against which no claims have been registered to date. Birmingham Properties Group Limited together with another group company have also given their guarantees to the insurer.
- (iii) The company has entered into indemnity arrangements with an insurer in respect of new homes guarantees issued by the insurer on behalf of another group company. A director of the other group company has indemnified the company for up to 40% of any claim made against the company by the insurer. As at 31st December 2010, 47 guarantees had been issued by the insurer (2009 9)

17 ULTIMATE PARENT COMPANY

The company's immediate holding company is Birmingham Properties Group Limited, a company registered in England and Wales, and the ultimate holding company is BPG Holdings Limited, a company registered in the Isle of Man. The company's ultimate controlling party during the financial year was Mr P T Southall. Subsequent to the year-end, this changed to Mrs B J Southall.

18 RELATED PARTY TRANSACTIONS

During the year the company in the ordinary course of business

- (i) Made advances to Yardsphere Limited, a company in which Miss P Boon, Mr J M P Southall and Miss C A Southall are directors. The amount due from Yardsphere Limited at 31st December 2010 was £185,329 (2009 £185,329). The unsecured advance is interest free and repayable on demand.
- (ii) At 31st December 2010 there were advances from Birmingham Properties Group Limited, and Property and General (Developments) Limited both fellow group companies, of £660,790 (2009 £660,790) and £541,013 (2009 £540,386) respectively. These unsecured advances are interest free and repayable on demand.

CODEV HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31st December 2010

18 RELATED PARTY TRANSACTIONS (CONTINUED)

- (iii) At 31st December 2010 there were advances to Company Developments (Finance) Limited, and BPG (Urban) Limited both fellow group companies, of £560,905 (2009 £663,623) and £29,046 (2009 £7,744) respectively. These unsecured advances are interest free and repayable on demand.
- (iv) Received £177,000 (2009: £72,000) from BPG (Urban) Limited, a fellow group company, in respect of management charges.
- (v) Paid interest of £54,114 (2009 £15,000) to Company Developments (Finance) Limited in respect of a Bank Interest Collar arrangement effected by that company.