

Midland & City Developments Limited

Directors' report and financial Statements

Registered number 3247521

For the year ended 29 February 2008

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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statement	2
Profit and loss account	3
Balance sheet	4
Notes	5

Directors' report

The directors present their annual report and the audited financial statements for the year ended 29 February 2008.

Principal activity

The principle activity of the company continues to be project co-ordinators and administrators of the associated project companies. These projects are now complete and no new activities are being sought as it is intended to wind down the company on finalisation of subsidiary projects.

Results and dividends

The result for the year is shown on page 3 of the financial statements.

The directors do not recommend the payment of the dividend (2007: £Nil)

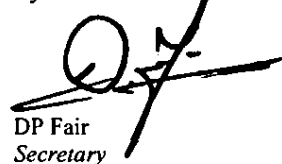
Directors and directors' interests

The directors who held office during the year and their beneficial interests in the shares of the company as disclosed in the shareholders register were as follows:

	Number of ordinary £1 shares at Beginning and end of year
JD Corstorphine	510
SG Byrne	510
TK Quigley	510

According to the register of directors' interests, no right to subscribe for shares in or debentures of the company were granted to any of the directors or the immediate family, or exercised by them, during the financial year.

By order of the board


DP Fair
Secretary

35 St Paul's Square
Birmingham
B3 1QX

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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and 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; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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.

Profit and loss account
for the year ended 29 February 2008

	Note	2008 £	2007 £
Turnover	2	86,556	2,801
Cost of sales		-	
		<hr/>	<hr/>
Gross profit		86,556	2,801
Administrative expenses		(75,170)	(104,040)
		<hr/>	<hr/>
Operating Profit/ (loss)		11,386	(101,239)
Other interest receivable and similar income		2	-
Interest payable and similar charges	4	-	(16,133)
		<hr/>	<hr/>
Profit/ (Loss) on ordinary activities before taxation	3	11,388	(117,372)
Tax on (loss)/ profit on ordinary activities	7	(15,140)	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation and loss retained for the financial year	13	(3,752)	(117,372)
		<hr/>	<hr/>

In the current and preceding year, all turnover and operating results arose from continuing operations.

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

Movements in reserves are set out in note 12.

Balance sheet

at 29 February 2008

	Note	2008		2007	
		£	£	£	£
Fixed assets					
Investments	8		32		32
Current assets					
Debtors	9	224,905		337,072	
Cash at bank		15,696		8,143	
		<u>240,601</u>		<u>345,215</u>	
Creditors: Amounts falling due within one year	10	<u>(592,086)</u>		<u>(692,948)</u>	
Net current liabilities			<u>(351,485)</u>		<u>(347,733)</u>
Net liabilities			<u>(351,453)</u>		<u>(347,701)</u>
Capital and reserves					
Called up share capital	11		1,530		1,530
Profit and loss account	12		<u>(352,983)</u>		<u>(349,231)</u>
Shareholder's funds	13		<u>(351,453)</u>		<u>(347,701)</u>

STATEMENT BY THE DIRECTORS UNDER SECTION 249B(4) OF THE COMPANIES ACT 1985

The directors:

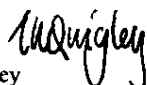
- (a) confirm that the company was entitled to exemption under section 249A(1) of the Companies Act 1985 from the requirement to have its accounts for the financial year ended 29 February 2008 audited.
- (b) confirm that members have not required the company to obtain an audit if its accounts for the financial year in accordance with subsection (2) of section 248B(2) of that Act.
- (c) acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with section 221 on the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit and loss for the financial year in accordance with the requirements of section 226 of that Act, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the board of directors on 1st December 2008 and were signed on its behalf by:

JD Corstorphine
Director



TK Quigley
Director



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 company's financial statements, except as noted below:

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 "Events after the balance sheet date";
- The presentation requirements of FRS 25 "Financial instruments presentation and disclosure"; and
- FRS 28 "Corresponding amounts".

FRS 21 and FRS 25 have had no material effect on the financial statements.

In addition, FRS 28 "Corresponding amounts" has had no material effect as it imposes the same requirements for comparatives hitherto required by the Companies Act 1985.

Basis of preparation.

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Group financial statements

The company is exempt by virtue of S248 OF THE Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company an individual undertaking and not about its group.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation of fixed assets is calculated to write off their cost less any residual value over their estimated useful lives as follows:

Fixtures and fittings	-	25% straight line
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Notes (continued)

1 Accounting policies (continued)

Investments

In the company's balance sheet, investments in subsidiary and associated undertakings are stated at cost less permanent diminution in value.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised, within 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.

2 Turnover

Turnover represents project co-ordination fees recorded net of value added tax and is recognised on a receivable basis. All turnover arises on sales to customers within the United Kingdom and in the opinion of the directors constitutes one class of business.

3 (Loss)/profit on ordinary activities before taxation

	2008 £	2007 £
<i>(Loss)/profit on ordinary activities before taxation is stated</i>		
<i>After charging</i>		
Auditors' remuneration		
Audit	-	-
Non-audit	-	-
Depreciation on owned assets	-	-
Profit on disposal of fixed assets	-	-
	<hr/>	<hr/>

4 Interest payable and similar charges

	2008 £	2007 £
Bank overdraft interest	-	16,133
	<hr/>	<hr/>

Notes (continued)

5 Staff members and cost

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

	2008 £	2007 £
Administration	<u>5</u>	<u>5</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	72,716	29,875
Social security costs	<u>1,953</u>	<u>3,860</u>
	<u>74,669</u>	<u>33,735</u>

Included above are payroll costs amounting to £ Nil (2007: £Nil) in relation to no employees (2007: No employees) whose services are recharged to subsidiary and connected companies and companies in which the directors have an interest.

6 Remuneration of directors

	2008 £	2007 £
Directors' emoluments:		
In respect of qualifying services	<u>-</u>	<u>-</u>
Emoluments of higher paid director:		
	<u>£</u>	<u>£</u>
Total remuneration excluding pension contribution	<u>-</u>	<u>-</u>

Notes *(continued)*

7 Tax on (loss)/profit on ordinary activities before taxation

(i) Analysis of (credit)/charge for the year

	2008 £	2007 £
UK Corporation tax		
Current tax on income for the year	-	-
Adjustments in respect of prior years	26,615	-
Total current tax and tax (credit)/charge on profit on ordinary activities	26,615	-

(ii) Factors affecting the tax (credit)/charge for the year

The tax assessed in the year is lower (2007: lower) than the standard rate of corporation tax in the UK (30%) (2007: 30%).
 The differences are explained below.

	2008 £	2007 £
Profit/(Loss) on ordinary activities before tax	11,388	(117,372)
Loss on ordinary activities multiplied by the standard rate of corporation Tax in the UK of 30% (2006: 30%)	3,416	(35,212)
Expenses not deductible for tax purposes	-	-
Capital allowances for the year in excess of depreciation	(343)	(457)
Adjustment in respect of Group Relief	-	18,118
Utilisation of Trading Losses	(3,073)	17,551
Total current taxation (see above)	-	-

Notes (continued)

8 Investments

	Shares in Group undertakings	Shares in undertaking in which company has a participating interest	Total
	£	£	£
Cost and net book value			
At the beginning and end of year	31	1	32

Both subsidiary and associated companies are incorporated in Great Britain.

Investments represent holdings of the ordinary share capital of the following companies:

	Percentage of ordinary share capital held %	Activity
MCD (Sheepcote) Limited	100	Property development
The KEW Management Company Limited*	100	Property service and management
Management Company Three Limited*	100	Dormant
MCD (Browning) Limited	100	Property development
Browning Management Company Limited*	50	Property service and management
The Clarendon (Leamington Spa) Management Company Limited		Dormant

*held indirectly

	Capital and reserves at 28 February 2008	(Loss)/Profit for the financial year ended 28 February 2008
	£	£
MCD (Sheepcote) Limited	481,657	143,609
The KEW Management Company Limited	143,609	-
MCD (Browning) Limited	68,580	(104,003)
Browning Management Company Limited	120,132	-

Notes (continued)

9 Debtors

	2008	2007
	£	£
Trade Debtors	1,831	-
Amounts owed by group undertakings (see note 14)	223,074	321,932
Amounts owed by connected companies (see note 14)	-	-
Corporation tax recoverable	-	15,140
Other debtors	-	-
	<u>224,905</u>	<u>337,072</u>

10 Creditors: amounts falling due within one year

	2008	2007
	£	£
Bank overdraft (secured)	-	-
Trade creditors	626	28,682
Amounts owed to group undertakings (see Note 14)	588,904	655,000
Corporation tax	-	-
Other taxation and social security	990	3,489
Other creditors	-	-
Accruals and deferred income	1,566	5,777
	<u>592,086</u>	<u>692,948</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company and personal guarantees from JD Corstorphine and SG Byrne.

11 Share capital

	2008	2007
	£	£
Authorised:		
2,000 ordinary shares of £1 each	2,000	2,000
Allotted, called up and fully paid:		
1,530 ordinary shares of £1 each	1,530	1,530

Notes (continued)

12 Reserves

	Profit and Loss account £
At beginning of year	(349,231)
Loss retained for the year	(3,752)
At end of year	(352,983)
Other debtors	

13 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Loss for the financial year and net addition to shareholders' funds	(3,752)	(117,372)
Shareholders' funds at the beginning of the year	(347,701)	(230,329)
Shareholder's funds at the end of the year	(351,453)	(347,701)

14 Related party transactions

(a) Transactions and balances

During the year, the following are considered to be related parties of the company:

MCD (Sheepcote) Limited	- a wholly owned subsidiary
MCD (Browning) Limited	- a wholly owned subsidiary
MCD (Fleet) LLP	- a connected partnership

The following transactions and debtor/(creditor) balances arose during the year and existed at year end respectively.

	Transactions to/(from)		Debtor/(creditor)	
	2008 £	2007 £	2008 £	2007 £
MCD (Sheepcote) Limited	7,000	2,700	(588,904)	(655,000)
MCD (Browning) Limited	104,734	295,805	223,074	321,932
MCD (Fleet) LLP	76,368	8,065	-	-

Notes *(continued)*

14 Related party transactions *(continued)*

(b) Transactions with directors

During the year, Corstorphine Associates, a company controlled by JD Corstorphine and his wife, charged the company an amount of £Nil (2007: £Nil) in respect of consultancy costs and expenses incurred. At the year end, £ Nil (2007: £1,995) was owed to Midland & City Developments Limited.

During the year, City Spirit (St Pauls) Limited, a company controlled JD Corstorphine, charged the company and amount of £3,049 (2007: £70,061) respect of the rent and rechargeable costs. At the year end £173 (2007: £2,903) was owed to City Spirit (St.Paul's) Limited.

15 Commitments

The company had no capital commitments contracted for which no provision had been made at the year end (2007: £Nil).

16 Contingent liabilities

The company acts as a guarantor for a bank overdraft held by a subsidiary undertaking, MCD (Browning) Limited. At 28 February 2008 the overdraft was £Nil (2007: £Nil).

17 Controlling parties

JD Corstorphine, SG Byrne and TK Quigley are all sole directors and joint controlling shareholders of the company.