

Company Registration No. 05111504 (England and Wales)

CHORD (ST PAULS SQUARE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

CHORD (ST PAULS SQUARE) LIMITED

COMPANY INFORMATION

Directors	Mr C Rosier Mr G Shuttleworth
Company number	05111504
Registered office	40 Lichfield Street Walsall West Midlands WS1 1UU
Auditors	Baldwins (Walsall) Ltd 40 Lichfield Street Walsall West Midlands WS1 1UU

CHORD (ST PAULS SQUARE) LIMITED

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CHORD (ST PAULS SQUARE) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of the company continued to be that of property development.

As a result of challenging resale market conditions, the company continued to offer some of the development on short term residential lettings.

Directors

The following directors have held office since 1 January 2013:

Mr C Rosier
Mr G Shuttleworth

Directors' interests

The interests of the directors are illustrated within the financial statements of Chord Investments Limited.

	"A" ordinary shares of £1 each	
	31 December 2013	31 December 2012
Mr C Rosier	-	-
Mr G Shuttleworth	-	-

	"B" ordinary shares of £1 each	
	31 December 2013	31 December 2012
Mr C Rosier	-	-
Mr G Shuttleworth	-	-

Auditors

Baldwins (Walsall) Ltd are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Statement of directors' responsibilities

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 judgements and accounting 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.

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.

CHORD (ST PAULS SQUARE) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

Mr C Rosier

Director

24 September 2014

CHORD (ST PAULS SQUARE) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHORD (ST PAULS SQUARE) LIMITED

We have audited the financial statements of Chord (St Pauls Square) Limited for the year ended 31 December 2013 set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 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

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

Going concern

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates that the Company incurred a net loss of £1,976,304 during the year ended 31 December 2013 and, as of that date, the Company's current liabilities exceeded its total assets by £9,472,011. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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.

CHORD (ST PAULS SQUARE) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CHORD (ST PAULS SQUARE) 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from preparing a strategic report.

Mr S N Southall (Senior Statutory Auditor)
for and on behalf of Baldwins (Walsall) Ltd

24 September 2014

Chartered Certified Accountants
Statutory Auditor

40 Lichfield Street
Walsall
West Midlands
WS1 1UU

CHORD (ST PAULS SQUARE) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Turnover		6,160,625	3,497,002
Cost of sales (including exceptional stock write down of £1,660,118)		(7,335,152)	(3,243,278)
Gross (loss)/profit		(1,174,527)	253,724
Administrative expenses		(740,024)	(828,275)
Other operating income		827,948	953,380
Operating (loss)/profit	2	(1,086,603)	378,829
Other interest receivable and similar income	3	21,130	19,763
Interest payable and similar charges		(910,831)	(1,450,366)
Loss on ordinary activities before taxation		(1,976,304)	(1,051,774)
Tax on loss on ordinary activities	4	-	-
Loss for the year	10	(1,976,304)	(1,051,774)

CHORD (ST PAULS SQUARE) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Tangible assets	5		2,622		3,497
Current assets					
Stocks		13,930,500		20,942,374	
Debtors	6	363,031		559,459	
Cash at bank and in hand		1,504,160		895,517	
		<u>15,797,691</u>		<u>22,397,350</u>	
Creditors: amounts falling due within one year	7	<u>(25,272,324)</u>		<u>(434,338)</u>	
Net current (liabilities)/assets			<u>(9,474,633)</u>		<u>21,963,012</u>
Total assets less current liabilities			<u>(9,472,011)</u>		<u>21,966,509</u>
Creditors: amounts falling due after more than one year	8		-		(29,462,216)
			<u>(9,472,011)</u>		<u>(7,495,707)</u>
Capital and reserves					
Called up share capital	9		2		2
Profit and loss account	10		<u>(9,472,013)</u>		<u>(7,495,709)</u>
Shareholders' funds			<u>(9,472,011)</u>		<u>(7,495,707)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board for issue on 24 September 2014

Mr C Rosier

Director

Company Registration No. 05111504

CHORD (ST PAULS SQUARE) LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared on a "break up" basis and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Going concern

The Company's financing arrangements expire and amounts outstanding are payable on 31 October 2014. The Company has been unable to re-negotiate or obtain replacement financing. This situation indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements have been prepared on a "break up" basis and assets have been included at net realisable value.

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.4 Turnover

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as the value of sales where contracts have been exchanged.

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 less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	25% reducing balance

1.6 Stock and work in progress

Work in progress is valued on the basis of direct costs plus attributed overheads based on normal level of activity. Provision is made for foreseeable losses where appropriate. No element of profit is included in the value of work in progress.

1.7 Revenue recognition

Revenue is generally recognised where contracts have been exchanged and therefore the final outcome can be assessed with reasonable certainty. Once contracts have been exchanged the sales value is included in turnover and the related costs are included in the profit and loss account.

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

CHORD (ST PAULS SQUARE) LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2013

2	Operating (loss)/profit	2013 £	2012 £
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets	875	1,167
	Auditors' remuneration	4,250	4,000
	Exceptional stock write down	1,660,118	-
		<u>1,665,243</u>	<u>5,167</u>

The exceptional stock write down is following a review by the directors of the expected realisable value of the stock property held.

3	Investment income	2013 £	2012 £
	Other interest	21,130	19,763
		<u>21,130</u>	<u>19,763</u>

4 Taxation

The company has estimated losses of £ 9,318,237 (2012 - £ 7,430,501) available for carry forward against future trading profits. No deferred taxation asset is recognised in these financial statements due to the uncertainty of timing of future taxable profits

On the basis of these financial statements no provision has been made for corporation tax.

5 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 January 2013 & at 31 December 2013	6,794
Depreciation	
At 1 January 2013	3,297
Charge for the year	875
At 31 December 2013	4,172
Net book value	
At 31 December 2013	2,622
At 31 December 2012	3,497

CHORD (ST PAULS SQUARE) LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2013

6	Debtors	2013 £	2012 £
	Trade debtors	107,727	88,888
	Other debtors	255,304	470,571
		<u>363,031</u>	<u>559,459</u>

7	Creditors: amounts falling due within one year	2013 £	2012 £
	Bank loans and overdrafts	24,917,678	-
	Trade creditors	195,415	213,348
	Other creditors	159,231	220,990
		<u>25,272,324</u>	<u>434,338</u>

The bank loans and overdrafts totalling £24,917,678 (2012 - £29,462,216) are secured by:

- a mortgage against the freehold land at Northwood Street, Birmingham,
- a fixed charge against any fixtures and fittings attached to the above property,
- a fixed charge against any fixed plant and machinery, vehicles and computer equipment owned by the company now and in the future,
- a fixed charge against the present and future goodwill of any business carried on at the above property.

Royal Bank of Scotland also have a "Charge of Deposit" over three specific bank deposit accounts in the company's name.

8	Creditors: amounts falling due after more than one year	2013 £	2012 £
	Bank loans	-	29,462,216
		<u>-</u>	<u>29,462,216</u>
	Analysis of loans		
	Wholly repayable within five years	24,911,098	29,462,216
	Included in current liabilities	(24,911,098)	-
		<u>-</u>	<u>29,462,216</u>

CHORD (ST PAULS SQUARE) LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2013

9	Share capital	2013 £	2012 £
	Allotted, called up and fully paid		
	1 "A" ordinary shares of £1 each	1	1
	1 "B" ordinary shares of £1 each	1	1
		<u>2</u>	<u>2</u>

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2013	(7,495,709)
Loss for the year	<u>(1,976,304)</u>
Balance at 31 December 2013	<u><u>(9,472,013)</u></u>

11 Related party transactions

During the year the company paid development management fees amounting to £180,000 (2012 - £180,000) to its parent company Chord Investments Limited

At the balance sheet date the parent company, Chord Investments Limited, owed £40,203 (2012 - £19,965).

At the balance sheet date the following amounts were outstanding to companies controlled by Mr C Rosier and Mr G Shuttleworth:

	2013 £	2012 £
Debtors		
- Chord Consulting Limited	48,918	48,918
- Chord Developments Limited	<u>38,622</u>	<u>38,622</u>

12 Control

The company is a wholly owned subsidiary of Chord Investments Limited, a company incorporated in England and Wales.

CHORD (ST PAULS SQUARE) LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	£	£
Administrative expenses		
Rates	119,736	168,136
Development management	180,000	180,000
Insurance	612	335
Light and heat	21,694	34,432
Cleaning	2,581	3,208
Repairs and maintenance	29,486	16,318
Service charge payable	158,598	155,006
Letting agents fees	45,463	60,959
Furniture packs	-	9,807
Advertising, marketing and PR	108,347	121,851
Telephone	1,244	4,741
Legal and professional fees	28,434	20,465
Accountancy	15,500	20,000
Audit fees	4,250	4,000
Bank charges	1,980	2,022
Irrecoverable VAT	18,287	18,642
Sundry expenses	2,937	7,186
Depreciation on plant and machinery	632	843
Depreciation on FF & E	243	324
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	740,024	828,275
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