

BROMSGROVE STREET LIMITED

Company Number 5365574

ANNUAL REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2009

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Bromsgrove Street Limited

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009**

The Directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 31 December 2009

The Directors' report has been prepared in accordance with the special provisions relating to small companies under section 415a of the Companies Act 2006

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company at present is that of property development. The construction of the development has finished and 54 of the total of 189 units, along with the commercial units, have completed as at 31 December 2009. The Company incurred a net loss of £16,000 during the year ended 31 December 2009 (2008 £6,660,000) and, as of that date, the Company's liabilities exceeded its total assets by £7,863,000 (2008 £7,847,000).

Details of significant events since the balance sheet date are contained in note 16 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The following persons held office as Directors during the year or subsequent to the date of signing this report:

N Alaghband
V Alaghband
S J Brown
I R Gelley
D A Reid

The Directors do not recommend the payment of a dividend (2008 £nil).

QUALIFYING THIRD PARTY INDEMNITIES

Since the end of the financial year covered by these accounts, Taylor Wimpey plc has executed a deed poll of indemnity in favour of, among others, the Directors and officers appointed to act on its behalf pursuant to a contractual right of Taylor Wimpey plc or any of its group undertakings to nominate or appoint one or more of the officers of an associated Company or a Company in which Taylor Wimpey plc holds, directly or indirectly, a minority shareholding. This indemnity covers the Taylor Wimpey nominated Directors and officers of this Company, and such beneficiaries are indemnified against certain financial exposure that they may incur during the discharge of their professional duties as Director or officer of the Company. The indemnity is granted in accordance with section 234 of the Companies Act 2006 and Taylor Wimpey plc's articles of association.

GOING CONCERN

On 22 September 2010 it was agreed to transfer the remaining unsold units on the development from the Company to a new company, Phoenix Birmingham Latitude Limited ("PBL"), a fellow wholly owned subsidiary of GW Balli Holdings Limited. At that time it was also agreed by the bank that the proceeds received from PBL would be accepted as full and final settlement of the outstanding bank loan. Sufficient funds have been left within the Company to enable it to meet its other outstanding obligations. The Company will cease to trade on conclusion of the physical transfer of the remaining units, which is anticipated to occur in late 2010. The accounts have therefore been prepared on a basis other than going concern.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**

AUDITORS

Each of the Directors at the date of approval of this report confirms that

- so far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each of the Directors have taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are 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

Deloitte LLP were re-appointed as auditors during the year and have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

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



K L Atterbury
Company Secretary
30 September 2010
80 New Bond Street
London
W1S 1SB

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 statement 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,
- state whether applicable UK Accounting Standards have been followed, 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROMSGROVE STREET LIMITED

We have audited the financial statements of Bromsgrove Street Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. 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 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, 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 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.

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 2009 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.

Emphasis of matter – basis other than going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROMSGROVE STREET 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,
- 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



Colin Hudson (Senior Statutory Auditor)

For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
30 September 2010

Bromsgrove Street Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £'000	2008 £'000
Turnover	1	8,688	-
Cost of Sales		(8,110)	-
Gross Profit		<u>578</u>	<u>-</u>
Administrative expenses		(416)	(1,006)
Operating profit/(loss)		<u>162</u>	<u>(1,006)</u>
Exceptional items	2	437	(4,486)
Interest payable and similar charges	3	(615)	(1,168)
Loss on ordinary activities before taxation	4	<u>(16)</u>	<u>(6,660)</u>
Tax on loss on ordinary activities	6	-	-
Loss for the year	12	<u>(16)</u>	<u>(6,660)</u>

All results reported above for both the current and previous year relate solely to continuing operations in the United Kingdom. The company will cease to trade in 2010.

The Company had no recognised gains or losses in either year other than the results reported above.

Bromsgrove Street Limited

BALANCE SHEET 31 DECEMBER 2009

	Notes	2009 £'000	2008 £'000
Current assets			
Stock	7	13,421	15,442
Debtors	8	247	597
Cash at bank and in hand		285	206
		<u>13,953</u>	<u>16,245</u>
Creditors amounts falling due within one year	9	(850)	(2,404)
Net current assets		<u>13,103</u>	<u>13,841</u>
Creditors: amounts falling due after more than one year	10	<u>(20,966)</u>	<u>(21,688)</u>
Net liabilities		<u>(7,863)</u>	<u>(7,847)</u>
Capital and reserves			
Share capital	11	-	-
Profit and loss account	12	<u>(7,863)</u>	<u>(7,847)</u>
Shareholder's deficit	13	<u>(7,863)</u>	<u>(7,847)</u>

The financial statements of Bromsgrove Street Limited (registered number 5365574) were approved by the board of Directors and authorised for issue on 30 September 2010

They were signed on it behalf by



I R Gelley
Director
30 September 2010

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

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

Under Financial Reporting Standard 1, paragraph 5 (f) the Company is exempt from the requirement to present a cash flow statement as it meets the criteria of a small company per the Companies Act 2006.

Going Concern

On 22 September 2010 it was agreed to transfer the remaining unsold units on the development from the Company to a new company, Phoenix Birmingham Latitude Limited ("PBL"), a fellow wholly owned subsidiary of GW Balli Holdings Limited. At that time it was also agreed by the bank that the proceeds received from PBL would be accepted as full and final settlement of the outstanding bank loan. Sufficient funds have been left within the Company to enable it to meet its other outstanding obligations. The Company will cease to trade on conclusion of the physical transfer of the remaining units, which is anticipated to occur in late 2010. The accounts have therefore been prepared on a basis other than going concern.

Turnover

Turnover arises from the sale of residential and commercial properties and land, recognised on legal completion.

Profit recognition

Profit arising from the sale of residential and commercial properties and land is taken on legal completion. Residential development profit is calculated based on total expected revenue less total expected costs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 average 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 that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Finance Income and Costs

Interest receivable and payable on bank deposits and borrowings is credited or charged to finance costs as incurred. Interest payable on loan notes issued is charged to finance costs on an accruals basis

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if payments are not made on such a basis

Stock

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and those overheads which have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling

2. Exceptional items

A credit of £437,000 (2008: charge of £4,486,000) has been recognised for the write up (2008: write down) of land and work in progress to their net realisable value

3. Interest payable and similar charges

	2009 £'000	2008 £'000
Bank interest paid	359	949
Loan note interest payable to related parties	256	219
	<u>615</u>	<u>1,168</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**

4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	2009 £'000	2008 £'000
Operating lease rentals – other	16	16
Fees payable to the Company's auditors for the audit of the Company's annual accounts	5	5

There were no fees payable to the Company's auditors for other services to the Company (2008 – £nil)

5. Staff costs

The Company had no employees (2008 none) The Directors received no remuneration in respect of their services to the Company (2008 £nil)

6. Tax on loss on ordinary activities

The tax credit comprises

	2009 £'000	2008 £'000
Current tax		
UK corporation tax	-	-
Deferred tax		
UK deferred tax	-	-
Tax on loss on ordinary activities	-	-

The tax assessed for the year is lower than the weighted average of the standard rate of corporation tax in the UK of 28% (2008 28.5%) The differences are explained below

	2009 £'000	2008 £'000
Loss on ordinary activities before tax	16	6,660
Loss on ordinary activities multiplied by 28% (2008 28.5%)	4	1,898
Effects of		
Group relief surrendered for no payment	-	-
Unutilised current year tax losses	(4)	(949)
Consortium relief surrendered for no payment	-	(949)
Taxation for the year	-	-

The Company has an unrecognised deferred tax asset of £1,869,000 (2008 £932,000) in respect of tax losses carried forward No deferred tax asset has been recognised in respect of this amount due to lack of certainty about future profits

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**

7. Stock

	2009 £'000	2008 £'000
Land held for development	-	922
Construction work in progress	13,421	14,520
	<u>13,421</u>	<u>15,442</u>

8. Debtors

	2009 £'000	2008 £'000
Amount owed from GW Balli Holdings Limited	97	241
Prepayments	150	356
	<u>247</u>	<u>597</u>

9. Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	-	33
Accruals	445	1,300
Deferred Income	405	1,071
	<u>850</u>	<u>2,404</u>

10. Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Amounts owed to Taylor Wimpey UK Limited	1,211	1,221
Amounts owed to Balli Real Estate Holdings Limited	1,211	1,221
Bank Loans	18,544	19,246
	<u>20,966</u>	<u>21,688</u>

The Company has issued 10% coupon subordinated unsecured loan notes to Taylor Wimpey UK Limited and Balli Real Estate Holdings Limited which mature in August 2017. Interest on the outstanding loan notes is treated as a finance cost and is charged to the profit and loss account.

Bank loans are shown net of loan arrangement fees of £Nil (2008 £75,000). The terms of the loan were amended subsequent to the year end and it is now repayable on 31 July 2010. Interest is payable at a rate of 1.625% above LIBOR.

Borrowings are therefore repayable as follows

	2009 £'000	2008 £'000
Bank Loans		
Within one year	<u>18,544</u>	<u>19,246</u>
	<u>18,544</u>	<u>19,246</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)**

11. Share Capital

	2009 £	2008 £
Authorised 100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid 1 ordinary shares of £1 each	<u>1</u>	<u>1</u>

12. Profit and loss account

	£'000
At 1 January 2009	(7,847)
Loss for the financial year	<u>(16)</u>
At 31 December 2009	<u>(7,863)</u>

13. Reconciliation of movements in shareholders' deficit

	2009 £'000	2008 £'000
Loss for the financial year	(16)	(6,660)
Opening shareholders' deficit	<u>(7,847)</u>	<u>(1,187)</u>
Closing shareholders' deficit	<u>(7,863)</u>	<u>(7,847)</u>

14. Financial Commitments

Annual commitments under non-cancellable land and buildings operating leases are as follows

	2009 £'000	2008 £'000
Expiry date - within one year	<u>16</u>	<u>16</u>
	<u>16</u>	<u>16</u>

15. Controlling Party

The Company is a wholly owned subsidiary of GW Balli Holdings Limited, a company registered in England. GW Balli Holdings Limited is a joint venture, equally owned by Taylor Wimpey UK Limited and Balli Real Estate Holdings Limited, therefore there is no ultimate or controlling party.

As a subsidiary undertaking of GW Balli Holdings Limited, the Company has taken advantage of the exemption in Financial Reporting Standard Number 8 "Related Party Transactions" from disclosing transactions with GW Balli Holdings Limited.

16. Subsequent Events

On 22 September 2010 it was agreed to transfer the remaining unsold units on the development from the Company to a new company, Phoenix Birmingham Latitude Limited ("PBL"), a fellow wholly owned subsidiary of GW Balli Holdings Limited. At that time it was also agreed by the bank that the proceeds received from PBL would be accepted as full and final settlement of the outstanding bank loan. Sufficient funds have been left within the Company to enable it to meet its other outstanding obligations.