

Charmed Homes Inc.
Form 10-K
April 30, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

**[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended January 31, 2008**

Commission file number 333-142266

CHARMED HOMES INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

60 Mt Kidd Point SE

Calgary, Alberta

Canada T2Z 3C5

(Address of principal executive offices, including zip code.)

(403) 831-2202

(Registrant's telephone number, including area code)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [] **Yes** **No** [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act: [X] **Yes** **No** []

Indicate by check mark whether the registrant(1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 day. [X] **Yes** [] **No**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated filer	[]	Accelerated filer	[]
Non-accelerated filer	[]	Smaller reporting company	[X]

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). [X] **Yes** [] **No**

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State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of **January 31, 2008: \$0.00.**

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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements are usually identified by our use of certain terminology, including will, believes, may, expects, should, seeks, anticipates or intends or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Such factors include, among others, our history of operating losses and uncertainty of future profitability; our lack of working capital and uncertainty regarding our ability to continue as a going concern; uncertainty of access to additional capital; risks inherent in mineral exploration; environmental liability claims and insurance; dependence on consultants and third parties as well as those factors discussed in the section entitled Risk Factors, Business and Management's Discussion and Analysis of Financial Condition and Results of Operations.

If one or more of these risks or uncertainties materializes, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Forward looking statements in this document are not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, users of the information included herein, including investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements. We do not assume responsibility for the accuracy and completeness of these statements.

The United States Securities and Exchange Commission permits U.S. mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. The Company is an exploration stage company and its properties have no known body of ore. U.S. investors are cautioned not to assume that the Company has any mineralization that is economically or legally mineable.

All references in this Report on Form 10-K to the terms we, our, us, and the Company refer to Charmed Homes Inc.

PART I

ITEM 1. BUSINESS

General

We were incorporated in the state of Nevada on June 27, 2006. We have started operations. We have not generated revenues from operations, but must be considered a start-up business. Our statutory registered agent in Nevada is The Corporation Trust Company of Nevada, 6100 Neil Road, Suite 500, Reno, Nevada 89511. Our administrative office is located at 60 Mt. Kidd Point S.E., Calgary, Alberta, T2Z 3C5. Our telephone number is (403) 831-2202.

We have no plans to change our planned business activities or to combine with another business, and we are not aware of any events or circumstances that might cause these plans to change.

We started our operations following our successful offering.

We have not conducted any market research into the likelihood of success of our operations.

Background

The new home market in Calgary and area was strong for many years and 2006 proved to be a banner year, breaking all sales records. 2007 started out strong and started to slow unexpectedly about the middle of the year. 2008 started out slow and the market continues to drop. Inventory is rising and prices are dipping. The time for a small speculative homebuilder entering the market is not as attractive as it was when we started this venture.

Services

We are catering to potential buyers in Calgary and area who are seeking to secure a new home without the hassle of having to go through the entire building process. We are not pre-selling the homes, but are marketing them once they are under construction or near completion. The timing of the sale will allow us to more accurately predict the cost of building the home and therefore allow us to hopefully build in an appropriate profit margin. The upside to the purchaser is that they secure a new home without having to go through the hassle of the building process and a shorter and more desirable possession date. Current possession dates in the Calgary area exceed 12 plus months from purchase to possession. The incredibly long wait is a strong reason for many potential purchasers to shy away from the new home market in favor of resale.

The Process

The first step of the process each time we start a home will include identifying and securing a suitable lot. Once the lot has been obtained, it will be determined what type of home plan would be most desirable for the area and for potential purchasers within the community. Once the selection is made, appropriate blueprints will be drawn up and specifications and choices of building materials and finishing will be finalized. At this point, a complete initial estimate will be completed and bank financing will be set up to cover any draws that may be required during construction.

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Upon successfully obtaining bank financing, application for approval of initial blueprints and plot plan will be sent to the developer. Upon approval the process of tendering out construction will begin and an approximate timeline will be established. Once all the appropriate information is in place and contracts are in order, construction on the home

will begin.

We will act as the general contractor during the building of the home. We will be responsible for retaining all subcontractors, such as plumbing, electrical, mechanical, masons, carpenters, and landscaping. We will be responsible for obtaining all permits and assuring that the construction of the home complies with local building regulations.

Marketing of the home will not commence until the home is completely framed at the earliest. Depending on the strength of the real estate market and potential rising costs, marketing of the home may be put off until approximately 60 days before completion. Assuming a strong market, the delay of marketing the home could turn into increased profit for the company.

As mentioned earlier, the marketing of the home will primarily be handled through the use of the real estate MLS system. Signage on the lot will also be well displayed in an attempt to affect a direct sale with a client and potentially minimize realtor costs. Funds being available we will make greater efforts to reach that client directly with print advertising before listing on MLS and having to incur the cost of paying the selling Realtor.

Procedure for Doing Business with Us

1. The client will either see the home for sale through a realtor, find it on the internet through the Calgary Real Estate Board website, will phone us directly off of signage at the site or through advertising in the print media.
2. If the client has seen the home through a realtor, then any questions via the realtor will be answered and offers will be written with the realtor and presented to the company.
3. If the client calls off of signage or advertising directly to the company, Ian Quinn, President, will show the property and write any contracts that are required.
4. Both the company and the client will have to obtain a lawyer to represent them on the completion of the transaction and possession of the new home.
5. Upon possession of the home, the purchaser will receive a one-year comprehensive warranty from Charmed Homes.

Marketing Strategy

We intend to primarily market the homes through the use of the Calgary MLS system. Ian Quinn our president, will list the homes and he will not charge for this service. If a realtor other than Ian Quinn introduces the property to the home, the selling portion of the commission will have to be paid to that realtor.

Signage will also be used as a focal point of our marketing. We will use both MLS signage featuring Ian Quinn's standard Remax signs and Charmed Homes' specific signs. A logo, color scheme, etc. will be developed for use in the signage and all print advertising.

Depending on the amount of money available for marketing, it would be ideal to also include a number of other options in our marketing program. A few of those would include:

1. Flyers mailed directly to Realtors focusing on the area where homes are for sale
2. Flyers targeted to the New Homes Salespeople working in the area for other builders offering them a commission if they introduce a buyer. (Alberta is unique in that New Home Salespeople are not Realtors.)
3. Ads run in a variety of publications including mainstream newspapers and publications dealing specifically with real estate for sale in Calgary and area.

Informal marketing techniques will also be employed such as joining organizations and attending industry related conference.

Revenue

Initially, revenue will be generated from our ability to sell our ready constructed homes in a timely and profitable manner.

We intend to maintain a database of clients and realtors we are in contact with to continuously build and expand our marketing program.

There is no assurance that we will be able to interest buyers in purchasing our homes at an acceptable profit margin.

Competition

We face intense competition from numerous established homebuilders, big and small, which places us at a competitive disadvantage since they are more established within their network. Many of these builders have been in business for years and have elevated name recognition. Many of these competitors will also have greater customer bases, operating histories, financial, technical, personnel and other resources than we do at this time. There can be no assurances we will be able to break into this industry.

The home building business, as it exists now, is highly competitive and is characterized by a wide assortment of builders.

Companies compete for the new home business based on referral business such as personal contacts, quality and scope of services offered, industry reputation, location, and cost.

We do not currently have a strong competitive position in the home building business. We will have to develop our competitive position. It will be attempted primarily through the promotion and exposure to local realtors and indirectly their clients.

Government Regulation

We are not currently subject to direct federal, state, provincial, or local regulation other than regulations applicable to businesses generally or directly applicable to electronic commerce. However, the Internet is increasingly popular. As a result, it is possible that a number of laws and regulations may be adopted with respect to the Internet. These laws may cover issues such as user privacy, freedom of expression, pricing, content and quality of products and

services, taxation, advertising, intellectual property rights and information security. Furthermore, the growth of electronic commerce may prompt calls for more stringent consumer protection laws. Several states have proposed legislation to limit the uses of personal user information gathered online or require online services to establish privacy policies. The Federal Trade Commission has also initiated action against at least one online service regarding the manner in which personal information is collected from users and provided to third parties. We will not provide personal information regarding our users to third parties. However, the adoption of such consumer protection laws could create uncertainty in Web usage and reduce the demand for our products.

We are not certain how business may be affected by the application of existing laws governing issues such as property ownership, copyrights, encryption and other intellectual property issues, taxation, libel, obscenity and export or import matters. The vast majority of such laws were adopted prior to the advent of the Internet. As a result, they do not contemplate or address the unique issues of the Internet and related technologies. Changes in laws intended to address such issues could create uncertainty in the Internet market place. Such uncertainty could reduce demand for services or increase the cost of doing business as a result of litigation costs or increased service delivery costs. In addition, because our services are available over the Internet in multiple states and foreign countries, other jurisdictions may claim that we are required to qualify to do business in each such state or foreign country. We are qualified to do business only in Nevada. Our failure to qualify in a jurisdiction where it is required to do so could subject it to taxes and penalties. It could also hamper our ability to enforce contracts in such jurisdictions. The application of laws or regulations from jurisdictions whose laws currently apply to our business could have a material adverse affect on our business, results of operations and financial condition.

Insurance

We do not maintain any insurance relating to our business or operations.

Employees

We are a start-up stage company and currently have no employees, other than our officers and directors. We intend to hire additional employees on an as needed basis.

Our Office

Our office is located at 60 Mt Kidd Point S.E., Calgary, Alberta, Canada T2Z 3C5. Our phone number is (403) 831-2202.

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ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

256 Chapalina Terrace S.E, Calgary, Alberta, Canada

ITEM 3. LEGAL PROCEEDINGS

We are not presently a party to any litigation.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the fourth quarter, there were no matters submitted to a vote of our shareholders.

PART II

ITEM 5. MATTERS MARKET FOR COMMON STOCK AND RELATED STOCKHOLDER

Our shares are traded on the Bulletin Board operated by the Financial Industry Regulatory Authority under the symbol CHDH. A summary of trading by quarter for 2006 and 2007 fiscal years is as follows:

Fiscal Year 2007	High Bid	Low Bid
Fourth Quarter 10-1-07 to 12-31-07	\$ 0.0	\$ 0.0
Third Quarter 7-1-07 to 9-30-07	\$ 0.0	\$ 0.0
Second Quarter 4-1-07 to 6-30-07	\$ 0.0	\$ 0.0
First Quarter 1-1-07 to 3-31-07	\$ 0.0	\$ 0.0

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Fiscal Year 2006	High Bid	Low Bid
Fourth Quarter 10-1-06 to 12-31-06	\$ 0.0	\$ 0.0
Third Quarter 7-1-06 to 9-30-06	\$ 0.0	\$ 0.0
Second Quarter 4-1-06 to 6-30-06	\$ 0.0	\$ 0.0
First Quarter 1-1-06 to 3-31-06	\$ 0.0	\$ 0.0

As of the date of this report, we have yet to generate any revenues from our business operations.

We issued 5,000,000 shares of common stock pursuant to the exemption from registration contained in section 4(2) of the Securities Act of 1933. This was accounted for as a sale of common stock. In August, 2007 we also issued 1,690,000 shares of common stock to 54 individuals. This was also accounted for as a sale of common stock.

Dividends

We have not declared any cash dividends, nor do we intend to do so. We are not subject to any legal restrictions respecting the payment of dividends, except that they may not be paid to render us insolvent. Dividend policy will be based on our cash resources and needs and it is anticipated that all available cash will be needed for our operations in the foreseeable future.

Section Rule 15(g) of the Securities Exchange Act of 1934

Our shares are covered by section 15(g) of the Securities Exchange Act of 1934, as amended, and Rules 15g-1 through 15g-6, and 15g-9 promulgated thereunder. They impose additional sales practice requirements on broker/dealers who sell our securities to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouses).

Rule 15g-1 exempts a number of specific transactions from the scope of the penny stock rules.

Rule 15g-2 declares unlawful broker/dealer transactions in penny stocks unless the broker/dealer has first provided to the customer a standardized disclosure document.

Rule 15g-3 provides that it is unlawful for a broker/dealer to engage in a penny stock transaction unless the broker/dealer first discloses and subsequently confirms to the customer current quotation prices or similar market information concerning the penny stock in question.

Rule 15g-4 prohibits broker/dealers from completing penny stock transactions for a customer unless the broker/dealer first discloses to the customer the amount of compensation or other remuneration received as a result of the penny stock transaction.

Rule 15g-5 requires that a broker/dealer executing a penny stock transaction, other than one exempt under Rule 15g-1, disclose to its customer, at the time of or prior to the transaction, information about the sales persons compensation.

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Rule 15g-6 requires broker/dealers selling penny stocks to provide their customers with monthly account statements.

Rule 15g-9 requires broker/dealers to approve the transaction for the customer's account; obtain a written agreement from the customer setting forth the identity and quantity of the stock being purchased; obtain from the customer information regarding his investment experience; make a determination that the investment is suitable for the investor; deliver to the customer a written statement for the basis for the suitability determination; notify the customer of his rights and remedies in cases of fraud in penny stock transactions; and, the FINRA's toll free telephone number and the central number of the North American Administrators Association, for information on the disciplinary history of broker/dealers and their associated persons.

The application of the penny stock rules may affect your ability to resell your shares.

Securities authorized for issuance under equity compensation plans

We do not have any equity compensation plans and accordingly we have no securities authorized for issuance thereunder.

Use of Proceeds

On April 26, 2007, the Securities and Exchange Commission declared our Form SB-2 Registration Statement effective (File number 333-142266) permitting us to offer up to 2,000,000 shares of common stock at \$0.10 per share. On July 5, 2007 we raised \$169,000 of working capital from proceeds from a private placement of 1,690,000 common shares at \$0.10 per share. Our total issued and outstanding shares are now 6,690,000. The proceeds paid for \$20,656 in professional fees, \$146,800 for a home building costs and \$1,544 was for general office costs.

ITEM 6. SELECTED FINANCIAL DATA

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This section of the report includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like: believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this report. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions.

We are a start-up stage corporation and are just starting our operations. At this point we have started operations, but have not realized any revenues from our business operations.

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Our auditors have issued a going concern opinion. This means that our auditors believe there is substantial doubt that we can continue as an on-going business for the next twelve months unless we obtain additional capital to pay our bills. This is because we have not purchased any contracts or generated any revenues from the development. We must raise cash from operations. Our only other source for cash at this time is investments by others in our company. We must raise cash to implement our project and begin our operations. Even with the money we raised from our public offering, we do not know how long the money will last, however, we do believe it will last twelve months. Operations are now under way since we raised the money from our public offering.

To meet our need for cash, we have raised money through the public offering. We cannot guarantee that once we begin operations we will stay in business after operations have commenced. Further, if we are unable to attract enough clients to utilize our services, we may quickly use up the proceeds from the minimum amount of money from our public offering and will need to find alternative sources, like a second public offering, a private placement of securities, or loans from our officers or others in order for us to maintain our operations. At the present time, we have not made any arrangements to raise additional cash, other than through our public offering.

If we need additional cash and cannot raise it, we will either have to suspend operations until we do raise the cash, or cease operations entirely. We believe the amount raised from our public offering will last a year but with limited funds available to develop growth strategy. If at some point we need more money, we will have to revert to obtaining additional money as described in this paragraph. Other than as described in this paragraph, we have no other financing plans.

Operation to Date

With the success of our offering, we were able to begin our operations. We established our office and acquired the equipment we needed to begin. We did not hire any employees up to this point and our officers and directors are handling the administrative duties.

We located a suitable piece of land in order to start our first project. The lot was acquired in the community of Lake Chaparral.

Once the land was located, we chose a home plan which best suited the property. The blueprints were drawn up, specifications outlined and decisions on materials made.

Initial financing through the bank was avoided by obtaining an interest free loan of \$25,000 from our President Ian Quinn. The plot plan and blueprint were submitted to the developer of the subdivision and approvals were received.

The process of tendering out for construction was avoided by working with Shane Homes, who have all the suppliers and trades people in place. Construction of the home was completed at the end of December, approximately three months earlier than expected.

The home has been listed since that time. Listing was delayed until the home was complete. It was decided that with the slowing in the market it would be best to market the home once it was showing its best.

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With the significantly slower market in Calgary and area, the house has not sold to date. Marketing is underway and we are optimistic with the traditionally stronger spring market we will realize a sale soon. In summary, we are in full operation.

Future Operations

With our initial fundraising in place, we believe we can satisfy our cash requirements during the next 12 months. We will not be conducting any product research or development. We expect to sell our first property soon. We do not intend to hire additional employees in the foreseeable future.

Now that the house is finished, it is listed and marketing is underway. Marketing is an ongoing matter that will continue during the life of our operations. But we also believe that we will see results from our marketing campaign, resulting in the sale of our first home, Our original expectation was that the house would be sold within 60 days of listing, but that has changed with the significant slowdown in the market. We have been on the market now for approximately 3 months and are anticipating a sale within the next three months and the expected pick up with the spring market. The expectation of results is based upon our officers and directors previous and current work experiences, contacts as well as their life experiences.

We have limited finances, so we must sell our first home and obtain the funds prior to pursuing the purchase of our second home site to start our next project. Once we are successful in selling the first home, we will immediately proceed in acquiring our next location.

We expect to acquire our next lot within 30 days of having the funds in place.

Once the lot is acquired, we will determine which type of home plan will best suit the property. Blueprints will be drawn up, specifications outlined and decisions on building materials made. Estimation of time needed for this portion

of the process is approximately 45 days.

The next step will include submitting the initial plot plan and blueprint to the developer of the area we have chosen for approval and revision as recommended. Estimated time is approximately 30 days.

The process of retaining a general contractor will take approximately 30 days. The completion of this step will allow a firm timeline for the construction of the home to be put in place.

Actual construction of the home, from start to finish, should take approximately 180 days. Specific timing of the marketing of this home will not be set until the home is at least framed, approximately 60 days into the building process. Depending marketing conditions at that time, marketing will be commenced or delayed to maximize potential sale price.

In summary, we should be in a position to realize a profit from selling our second home, within approximately 10 months of obtaining a lot.

Initial up front costs for financing the construction of the new home will be approximately \$125,000. Available funds plus proceeds from the sale of the first home, will allow us sufficient funds to cover these costs. Additional financing will be obtained as needed from either a bank loan or from a loan from our President, Ian Quinn.

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Limited operating history; need for additional capital

There is no historical financial information about us upon which to base an evaluation of our performance. We are in start-up stage operations and have not generated any revenues. We cannot guarantee we will be successful in our business operations. Our business is subject to risks inherent in the establishment of a new business enterprise, including limited capital resources and possible cost overruns due to price and cost increases in services and products.

We have no assurance that future financing will be available to us on acceptable terms. If financing is not available on satisfactory terms, we may be unable to continue, develop or expand our operations. Equity financing could result in additional dilution to existing shareholders.

Results of operations

From Inception on June 27, 2006 to January 31, 2008

During this period we incorporated the company, hired the attorney, and hired the auditor for the preparation of our registration statement. We have also completed building our first home which is presently listed on MLS to be sold. Our loss since inception is \$69,455 of which \$49,783 is for professional fees; \$9,500 for donated rent and services; \$3,096 is for filing fees and general office costs; and \$7,076 is for foreign exchange loss. We have started our proposed business operations and will continue to identify building lot/lots to purchase. We will continue to assess the real estate market in the Calgary area.

Since inception, we issued 5,000,000 shares of common stock to our officers and directors for cash proceeds of \$5,000. On August, 2007, we completed our public offering by selling 1,690,000 share of common stock and raising \$169,000.

Liquidity and capital resources

As of the date of this report, we have yet to generate any revenues from our business operations.

We issued 5,000,000 shares of common stock pursuant to the exemption from registration contained in section 4(2) of the Securities Act of 1933. This was accounted for as a sale of common stock. In August, 2007, we also issued 1,690,000 shares of common stock to 54 individuals. This was also accounted for as a sale of common stock.

As of January 31, 2008, our total assets were \$512,592 comprised of \$22,748 in cash and \$489,844 in real estate property and our total liabilities were \$398,547, comprised of a loan of \$395,751 from our president, Ian Quinn, and accounts payable of \$2,796. Ian Quinn, our president, loaned us the sum of \$395,751 to pay for legal, accounting, home building and other expenses. The amount due to Mr. Quinn will be repaid from the proceeds of our public offering, or by revenues generated from our operations. The loan is unsecured, without interest and due on demand. The agreement with Mr. Quinn is oral. There is no written documentation evidencing the same.

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Recent accounting pronouncements

In March 2008, the Financial Accounting Standards Board (FASB) issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* an amendment to FASB Statement No. 133 . SFAS No. 161 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. Entities are required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years beginning after November 15, 2008, with early adoption encouraged. The Company is currently evaluating the impact of SFAS No. 161 on its financial statements.

In December 2007, the FASB issued No. 160 *Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No.51* SFAS No. 160 requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the non controlling interest. SFAS No. 160 also requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. SAFAS No. 160 also requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent s owners and the interests of the noncontrolling owners of a subsidiary. SFAS No. 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company is currently evaluating the impact of SFAS No. 160 on its financial statements.

In February 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-Including and amendment of FASB Statement No. 115* . SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. As such, the Company is required to adopt these provisions at the beginning of the fiscal year ending January 31, 2009. The Company is currently evaluating the impact of SFAS No. 159 on its financial statements.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106, and 132(R)* . This statement requires employers to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in

unrestricted net assets of a not-for-profit organization. This statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. The provisions of SFAS No. 158 are effective for employers with publicly traded equity securities as of the end of the fiscal year ending after December 15, 2006. The adoption of this statement did not have a material effect on the Company's future reported financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements . SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. As such, the Company is required to adopt these provisions at the beginning of the fiscal year ending February 28, 2009. The Company is currently evaluating the impact of SFAS No. 157 on its financial statements.

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In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statements No. 109 (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing a two-step method of first evaluating whether a tax position has met a more likely than not recognition threshold and second, measuring that tax position to determine the amount of benefit to be recognized in the financial statements. FIN 48 provides guidance on the presentation of such positions within a classified statement of financial position as well as on derecognition, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The adoption of this standard did not have a material effect on the Company's results of operations or financial position.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Charmed Homes Inc.
(A Development Stage Company)

January 31, 2008

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Report of Independent Registered Public Accounting Firm

To the Directors and Stockholders
Charmed Homes Inc.
(A Development Stage Company)

We have audited the accompanying balance sheets of Charmed Homes Inc. (A Development Stage Company) as of January 31, 2008 and 2007, and the related statements of operations, cash flows and stockholders' deficit for the year ended January 31, 2008, the period from June 27, 2006 (Date of Inception) to January 31, 2007, and accumulated from June 27, 2006 (Date of Inception) to January 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charmed Homes Inc. (A Development Stage Company) as of January 31, 2008 and 2007, and the results of its operations and its cash flows for the year ended January 31, 2008, the period from June 27, 2006 (Date of Inception) to January 31, 2007, and accumulated from June 27, 2006 (Date of Inception) to January 31, 2008 in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has not generated any revenues and has incurred operating losses since inception. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

MANNING ELLIOTT LLP
CHARTERED ACCOUNTANTS
Vancouver, Canada
April 28, 2008

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Charmed Homes Inc.
 (A Development Stage Company)
 Balance Sheets
 (Expressed in US dollars)

	January 31, 2008 \$	January 31, 2007 \$
ASSETS		
Current Assets		
Cash	22,748	4,994
Inventory (Note 3)	489,844	
Total Assets	512,592	4,994
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	2,796	380
Due to related party (Note 4(a))	395,751	15,000
Total Liabilities	398,547	15,380
Contingency (Note 1)		
Stockholders Equity (Deficit)		
Preferred Stock, 100,000,000 shares authorized, \$0.00001 par value		
Common Stock, 100,000,000 shares authorized, \$0.00001 par value 6,690,000 and 5,000,000 common shares issued and outstanding, respectively	67	50
Additional Paid-In Capital	173,933	4,950
Donated Capital (Note 4(b))	9,500	3,500
Deficit Accumulated During the Development Stage	(69,455)	(18,886)
Total Stockholders Equity (Deficit)	114,045	(10,386)
Total Liabilities and Stockholders Equity (Deficit)	512,592	4,994

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(The accompany notes are an integral part of these financial statements)

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Charmed Homes Inc.
(A Development Stage Company)
Statements of Operations
(Expressed in US dollars)

	Accumulated from June 27, 2006 (Date of Inception) to January 31, 2008 \$	For the Year Ended January 31, 2008 \$	For the period from June 27, 2006 (Date of Inception) to January 31, 2007 \$
Revenue			
Expenses			
Donated capital (Note 4(b))	9,500	6,000	3,500
Foreign exchange loss	7,076	7,076	
General and administrative	3,096	2,710	386
Professional fees	49,783	34,783	15,000
Total Expenses	69,455	50,569	18,886
Net Loss For the Period	(69,455)	(50,569)	(18,886)
Net Loss Per Share Basic and Diluted		(0.01)	
Weighted Average Shares Outstanding		5,972,000	4,931,000

(The accompany notes are an integral part of these financial statements)

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Charmed Homes Inc.
(A Development Stage Company)
Statements of Cash Flows

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(Expressed in US dollars)

Accumulated from June 27, 2006 (Date of Inception)	For the Year Ended	For the period from June 27, 2006 (Date of Inception)
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