

1784060

# **Retirement Care (BH) Limited**

## **Report and Financial Statements**

31 December 2009



# Retirement Care (BH) Limited

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Registered No 1784060

## **DIRECTORS**

N G Bannister

K A Edgar

W K Procter

D C Edwards

I Rapley

C McGill

## **SECRETARY**

D C Edwards

## **AUDITORS**

BDO LLP

Arcadia House

Maritime Walk

Ocean Village

Southampton

SO14 3TL

## **BANKERS**

Bank of Scotland

2<sup>nd</sup> Floor

Pentland House

8 Lochside Avenue

Edinburgh

EH12 9DJ

## **REGISTERED OFFICE**

Queensway House

11 Queensway

New Milton

Hampshire

BH25 5NR

# Retirement Care (BH) Limited

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## DIRECTORS REPORT

The directors present their report and financial statements for the year ended 31 December 2009

### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £719,638 (2008 £842,498) The directors do not recommend the payment of a dividend (2008 nil)

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year was that of an investment company The directors consider the affairs of the business to be satisfactory and look forward to the year ahead with confidence

### DIRECTORS

The directors who served during the year were as follows

N G Bannister  
K A Edgar  
M J Gaston (Resigned 11/06/2010)  
D C Edwards  
W K Procter  
C McGill (Appointed 24 August 2009)  
I Rapley (Appointed 11/06/2010)

The directors are not liable to retire by rotation

### INSURANCE OF COMPANY OFFICERS

The company has maintained insurance throughout the year for its directors and officers against the consequences of actions which may be brought against them in relation to their duties for the company

### AUDITORS

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting

By order of the Board



W K Procter  
Director  
29 June 2010

## Peverel Property Ownership Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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 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 group 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.

# **Retirement Care (BH) Limited**

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## **REPORT OF THE INDEPENDENT AUDITORS**

### **To the Shareholders of Retirement Care (BH) Limited**

We have audited the company's financial statements (the "financial statements") of Retirement Care (BH) Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes. 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, 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.

### **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.

## Retirement Care (BH) Limited

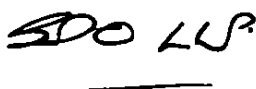
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### REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or

  
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**Kim H Hayward (senior statutory auditor)**  
**For and on behalf of BDO LLP, statutory auditor**  
**Southampton**  
**United Kingdom**  
**29 June 2010**

**BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).**

## Retirement Care (BH) Limited

### PROFIT AND LOSS ACCOUNT for the year ended 31 December 2009

	<i>Notes</i>	<i>2009</i> £	<i>2008</i> £
<b>TURNOVER</b>	3	248,068	243,424
<b>OPERATING PROFIT</b>	5	248,068	243,424
Profit on disposal of fixed asset investments		100,900	16,250
Interest receivable		2,765	3,395
Interest payable and similar charges	6	(1,071,371)	(1,038,307)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(719,638)	(775,238)
Tax on loss on ordinary activities	7	-	(67,260)
<b>RETAINED LOSS FOR THE YEAR</b>	12	(719,638)	(842,498)

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2009

There are no recognised gains or losses other than the loss attributable to shareholders for the year ended 31 December 2009 of £719,638 (2008 £842,498)

# Retirement Care (BH) Limited

Registered No 1784060

## BALANCE SHEET at 31 December 2009

	<i>Notes</i>	<i>2009</i> £	<i>2008</i> £
<b>FIXED ASSETS</b>			
Investments	8	48,800,000	48,800,000
<b>CURRENT ASSETS</b>			
Debtors	9	354,120	431,346
Cash at bank and in hand		34,944	25,678
		389,064	457,024
<b>CREDITORS</b> amounts falling due within one year	10	(30,202,336)	(50,009,182)
<b>NET CURRENT LIABILITIES</b>		(29,813,272)	(49,552,158)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		18,986,728	(752,158)
<b>CREDITORS</b> amounts falling due after more than one year	11	(20,458,524)	-
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(1,471,796)	(752,158)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	100	100
Profit and loss account	13	(1,471,896)	(752,258)
<b>SHAREHOLDERS' FUNDS - equity interests</b>		(1,471,796)	(752,158)

These financial statements were approved and authorised for issue by the board of directors on 29 June 2010 and were signed on its behalf by



W K Procter  
Director



# Retirement Care (BH) Limited

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## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2009

### 1. FUNDAMENTAL ACCOUNTING CONCEPT

The financial statements have been prepared under the going concern basis because the ultimate parent undertaking has provided assurance that adequate finance will be available for the company to meet its liabilities as and when they fall due for payment

### 2. ACCOUNTING POLICIES

#### *Accounting convention*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and with the requirements of the Companies Act 2006, except as explained below

#### *Cash flow statement*

Advantage has been taken of the exemption available under Financial Reporting Standard 1 not to prepare a cash flow statement as the consolidated financial statements of the Aztec Property Topco Limited group in which the company is included are publicly available

#### *Related parties*

Advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with Aztec Property Topco Limited or other group undertakings as the consolidated financial statements of the Aztec Property Topco Limited group in which the company is included are publicly available

#### *Freehold and leasehold investment properties*

The company's holdings of Reversionary Interests are classified as Investment Property and accounted for in accordance with Statement of Standard Accounting Practice 19 (SSAP 19) 'Accounting for Investment Properties'

These assets, as their name implies, represent interests held in the freehold land on which other third party developers have built and sold long leasehold properties. As such these assets are more akin to financial investments, as they generate income in the form of annual ground rents and other ancillary income streams such as fees for lease extensions and assignments

Recognising the unusual nature of these investment properties and the lack of a regular market for such significant portfolios of such assets, which are in a distinct contrast with the more regular "bricks and mortar" investment properties commonly accounted for under SSAP 19, the directors are of the opinion that the best approximation to an open market value for these properties as required under SSAP 19, is provided by an actuarial valuation of the income streams generated by these assets

The valuation of the entire FRI portfolio is undertaken annually by independent actuaries. Any surplus identified over the cost of the asset is accounted for as an unrealised gain and taken to the revaluation reserve, any deficits are applied firstly to any previously identified surpluses and any residual amount is written off to the profit and loss account

No depreciation or amortisation is provided in respect of leasehold investment properties with over 20 years to run

This treatment, as regards the company's investment properties, is a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is, therefore, necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount that might otherwise have been shown cannot be separately identified or quantified

# Retirement Care (BH) Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2009

### 2. ACCOUNTING POLICIES (continued)

#### *Taxation*

The charge for taxation is based on profits for the year and takes into account taxation deferred

Current tax is measured at amounts expected to be paid using 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

### 3. TURNOVER

Turnover represents the amounts derived from ground rents and transfer fees from freehold and leasehold reversionary interests, stated net of value added tax, all of which is attributable to continuing operations generated in the UK

### 4. DIRECTORS' EMOLUMENTS

The directors were paid by a related party, Peverel Limited, of which they are also directors. The directors' remuneration for that UK group amounted to £606,935 (2008 £750,163). The total pension contributions amounted to £53,148 (2008 £50,450). The directors are unable to quantify the allocation of these amounts between individual companies within the group.

### 5. OPERATING PROFIT

The auditors are remunerated by a fellow subsidiary undertaking, Peverel Properties Limited. The total audit fee for the UK group, of which Retirement Care (BH) Limited is a member, amounted to £28,750 (2008 £26,250).

There were no staff employed during the year.

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£	£
Interest on loans from parent undertaking repayable within one year	1,013,237	976,344
Amortisation of loan issue costs	58,033	61,944
Finance charges and other interest payable	101	19
	<u>1,071,371</u>	<u>1,038,307</u>

## Retirement Care (BH) Limited

### NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

#### 7. TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

##### (a) Tax on (loss) / profit on ordinary activities

The tax charge / (credit) is made up as follows

	2009 £	2008 £
<i>Current tax</i>		
Adjustments in respect of prior periods	-	67,260
Total current tax	-	67,260
<i>Deferred taxation</i>		
Origination and reversal of timing differences	-	56,709
Adjustment in respect of prior periods	-	(56,709)
Total deferred tax	-	-
Tax on loss on ordinary activities	-	67,260

##### (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28%. The differences are reconciled below

	2009 £	2008 £
Loss on ordinary activities before tax	(719,638)	(775,238)
Loss on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 28% (2008 28.5%)	(201,499)	(220,943)
Expenses not deductible for tax purposes	28	-
Movement on unutilised tax losses	-	(56,709)
Chargeable gains	(497)	(94)
Transfer pricing adjustments	(313,468)	(486,226)
Group relief	515,436	764,985
Variable tax rates on deferred tax	-	(1,013)
Under provision in respect of previous years	-	67,260
Current tax charge	-	67,260

The tax charge is prepared on the assumption that available group relief is not paid for in full

## Retirement Care (BH) Limited

### NOTES TO THE FINANCIAL STATEMENTS at 31 December 2009

#### 8. FIXED ASSET INVESTMENTS

	<i>Freehold And Leasehold Reversions £</i>
Cost	
At 1 January 2009 and 31 December 2009	48,800,000

At the year end the carrying value of the reversionary interests portfolio was re-assessed by a director, based on an exercise undertaken by the same leading independent firm of financial and actuarial consultants who undertook the same exercise when the portfolio was acquired

The basis of this valuation was to project risk adjusted income streams generated by the portfolio over 150 years, discounted by a risk free rate of return. The principle assumptions used in this valuation were -

RPI basis for inflation assumptions - Implied inflation vector taken from the Bank of England website,  
Residential property inflation – derived from market rental yields as found in the ARLA report and the UK Government gilt curve,  
Risk free discount rate - a series of rates reflecting the UK government gilt curve as applicable to each cashflow date

Taxation - no allowance has been made for taxation in projecting the future revenue flow

Incidence rates for lease extensions and the price charged - Historic rates and LTV valuation  
Incidence rate of transfer fees - Demographic profile

The assumption with the most significant impact on the valuation is the discount rate used. A 1% increase or decrease in this rate reduces and increases the valuation by 35% and 78% respectively

#### 9. DEBTORS

	<i>2009 £</i>	<i>2008 £</i>
Trade debtors	23,759	56,622
Amounts due from related party	23,793	22,000
Prepayments and accrued income	306,568	352,724
	<u>354,120</u>	<u>431,346</u>

# Retirement Care (BH) Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2009

### 10 CREDITORS: amounts falling due within one year

	2009	2008
	£	£
Other creditors	4,322	4,322
Amounts due to ultimate parent undertaking	-	19,820,667
Amounts due to fellow subsidiary undertakings	30,186,804	30,176,054
Amounts due to related parties	7,881	7,881
Accruals and deferred income	3,329	258
	<u>30,202,336</u>	<u>50,009,182</u>

### 11. CREDITORS: amounts falling due within one year

	2009	2008
	£	£
Amounts due to ultimate parent undertaking	20,458,524	-
	<u>20,458,524</u>	<u>-</u>

### 12. SHARE CAPITAL

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

### 13. RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£
At 1 January 2008	100	90,240	90,340
Loss for the year	-	(842,498)	(842,498)
At 31 December 2008	100	(752,258)	(752,158)
Loss for the year	-	(719,638)	(719,638)
At 31 December 2009	100	(1,471,896)	(1,471,796)

### 14. CONTINGENT LIABILITY

The company is party to a composite debenture secured over all of its assets. The Borrower is Aztec Property Topco Limited, the ultimate UK parent of Retirement Care (BH) Limited. The loan outstanding at the Balance Sheet date was £435,000,000.

## Retirement Care (BH) Limited

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### NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2009

#### 14. RELATED PARTY TRANSACTIONS

Vincos Limited, a company incorporated in England and Wales, is regarded as a related party, due to it having common control

A debtor of £23,793 (2008 £22,000) was outstanding at 31 December 2009. Interest is receivable on this balance at one month libor plus 1% and totalled £1,793 at 31 December 2009.

During the year, none of the Board members, members of the key management staff or other related parties has undertaken any material transactions with Vincos Limited.

Peverel Group Limited, a company incorporated in England and Wales, is regarded as a related party, due to it having a common ultimate parent undertaking and part common Directors.

As at 31 December 2009, Retirement Care (BH) Limited owed either Peverel Group Limited or one of its subsidiaries £7,881 (2008 £7,881). This is considered interest free.

During the year, none of the Board members, members of the key management staff or other related parties has undertaken any material transactions with Peverel Group Limited or its subsidiaries.

It is group policy to make available any current year losses arising in group companies (where not offset against taxable profits within that company) to other group companies for offset against any taxable profits arising, with a view to minimising the group's overall effective tax rate.

#### 15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate parent undertaking is Euro Investment Overseas Inc, a company incorporated in the British Virgin Islands and the ultimate controlling party is The Tchenguiz Family Trust. Aztec Property Topco Limited is the smallest and largest group for which group financial statements are prepared and are available to the public and may be obtained from Companies House, Cardiff.