

# **Retirement Care (BH) Limited**

## **Report and Financial Statements**

31 December 2016



# Retirement Care (BH) Limited

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Registered No. 01784060

## **DIRECTORS**

W K Procter  
C McGill

## **SECRETARY**

P Hallam

## **AUDITORS**

BDO LLP  
Arcadia House  
Maritime Walk  
Ocean Village  
Southampton  
SO14 3TL

## **REGISTERED OFFICE**

Molteno House  
302 Regents Park Road  
N3 2JX  
London

# Retirement Care (BH) Limited

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## DIRECTORS REPORT

The directors present their report and financial statements for the year ended 31 December 2016.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £44,305,889 (2015: £5,075,433 loss). The directors do not recommend the payment of a dividend (2015: 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 having regard to the matters discussed in the accounting policies on page 9.

### DIRECTORS

The directors who served during the year were as follows:

W K Procter  
C McGill

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.

### STRATEGIC REPORT

Advantage has been taken of the exemption under section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from the requirement to prepare a strategic report

### SMALL COMPANY EXEMPTIONS

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

By order of the Board



W K Procter  
Director

28 June 2017

## Retirement Care (BH) 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETIREMENT CARE (BH) LIMITED**

We have audited the financial statements of Retirement Care (BH) Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity 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).

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 auditor's 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 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 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2016 and of its profit 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 matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year 31 December 2016 for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)**

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

In the light of the knowledge and understanding of the company and its environment obtained during the audit, we have not identified material misstatements in the directors' report.

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 and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

*BDO LLP*

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

*28 June, 2017*

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

## Retirement Care (BH) Limited

### STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2016

		2016	2015
	Notes	£	(Restated) £
<b>TURNOVER</b>	3	1,192,317	814,053
Administration costs		(206,393)	(52,630)
Profit / (Loss) on sale of investment property		1,251	(84,762)
Fair value gain / (losses) on investment property	8	51,487,339	(7,542,202)
<b>OPERATING PROFIT / (LOSS)</b>	5	52,474,514	(6,865,541)
Interest receivable		-	4,625
Interest payable and similar charges	6	(167,625)	(1,219,517)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		52,306,889	(8,080,433)
Tax on (loss) / profit on ordinary activities	7	(8,001,000)	3,005,000
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		44,305,889	(5,075,433)
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		44,305,889	(5,075,433)

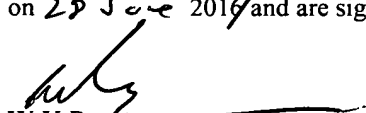
# Retirement Care (BH) Limited

Registered No. 01784060

## STATEMENT OF FINANCIAL POSITION at 31 December 2016

		2016	2015
		£	(Restated) £
<b>FIXED ASSETS</b>	<i>Notes</i>		
Investments	8	127,021,963	75,583,163
<b>CURRENT ASSETS</b>			
Debtors	9	24,368	8,128
		24,368	8,128
<b>CREDITORS: amounts falling due within one year</b>	10	(75,252)	(10,070)
<b>NET CURRENT (LIABILITIES)</b>		(50,884)	(1,942)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		126,971,079	75,581,221
<b>CREDITORS: amounts falling due after one year</b>	11	(4,638,919)	(5,555,950)
<b>PROVISION FOR LIABILITIES</b>	12	(21,215,000)	(13,214,000)
<b>NET ASSETS</b>		101,117,160	56,811,271
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	50,378,950	50,378,950
Profit and loss account		50,738,210	6,432,321
<b>TOTAL EQUITY</b>		101,117,160	56,811,271

The financial statements on pages 6 to 17 were approved by the board of directors and authorised for issue on 29 June 2017 and are signed on its behalf by:

  
W K Procter  
Director



## Retirement Care (BH) Limited

### STATEMENT OF CHANGES IN EQUITY at 31 December 2016

	Share capital £	Profit and loss account £	Total £
<b>Balance at 1 January 2015 as stated</b>	100	23,058,754	23,058,854
Prior Year adjustment	-	(11,551,000)	(11,551,000)
<b>Balance at 1 January 2015 as restated</b>	<u>100</u>	<u>11,507,754</u>	<u>11,507,854</u>
Shares Issued	50,378,850	-	50,378,850
Loss and total comprehensive income for the year (Restated)	-	(5,075,433)	(5,075,433)
<b>Balance at 31 December 2015</b>	<u>50,378,950</u>	<u>6,432,321</u>	<u>56,811,271</u>
Profit and total comprehensive income for the year	-	44,305,889	44,305,889
<b>Balance at 31 December 2016</b>	<u><u>50,378,950</u></u>	<u><u>50,738,210</u></u>	<u><u>101,117,160</u></u>

#### Prior Year adjustment

On transition to FRS102 an error was made in calculating the deferred taxation attributable to the revaluation of investment properties

As the error was material, comparative information has been restated.

The impact was to reduce the profit and loss account reserve as at 1 January 2015 by £11,551,000, increase the tax credit in the comparative statement of comprehensive income by £1,025,800 and increase the deferred tax liability as at 31 December 2015 by £10,525,200.

# Retirement Care (BH) Limited

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## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2016

### 1. 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. Retirement Care (BH) Limited ("the Company") is a limited company domiciled and incorporated in England. The address of the Company's registered office and principal place of business is Molteno House, 302 Regents Park Road, London, N3 2JX. The principal activity of the company during the year was that of property investment.

#### **2.1 Basis of accounting**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, and under the historical cost convention as modified to include investment properties at fair value.

#### **2.2 Reduced disclosures**

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of Betelgeuse Limited. The consolidated financial statements of Betelgeuse Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

#### **2.3 Going Concern**

The company is party to a group cross collateralised funding structure along with a number of other companies under common control. The directors have assessed the operation of the structure and have determined that the company has, or can expect to have, subject to the further matters set out hereafter, sufficient working capital for its needs for at least 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate for the financial statements to be prepared on a going concern basis. The company is party to cross collateralised loans totalling £666.7m as at 31 December 2016. The cross collateralised loan balance is due for repayment in January 2080.

The company is a wholly owned subsidiary of Betelgeuse Limited who on 9 October 2015 entered into a new financing agreement, whereby £645.1m was borrowed from Rothesay Life Plc. The company's investment properties have been used to provide security as part of this new cross collateralised facility group. The new financing agreement settled all outstanding third party debts, claims and prior guarantees the company had given.

Prior to 9 October 2015 the company was part of a different cross collateralised funding structure.

# Retirement Care (BH) Limited

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## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2016

### **2.3 *Going concern (continued)***

As part of the refinancing arrangements ownership of the company was transferred from the company's previous parent undertaking to Betelgeuse Limited.

The new facility is a 65 year fully amortising facility and there are reserves in place to ensure that the necessary liquidity is retained in the structure so that funds are available to meet liabilities as they fall due.

The directors have assessed the operation of the new structure and have determined that the company has, or can expect to have, sufficient working capital for its needs for at least 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate for the financial statements to be prepared on a going concern basis.

### **2.4 Functional and presentational currencies**

The financial statements are presented in sterling which is also the functional currency of the company.

### **2.5 Turnover**

Turnover comprises rent receivable and other income arising from investment properties.

Rental income is recognised in accordance with the terms of the lease.

Turnover is recognised at the fair value of the consideration received or receivable for rental income charged to external customers in the ordinary nature of the business

### **2.6 Investment properties**

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss

### **2.7 Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

# Retirement Care (BH) Limited

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## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2016

### **2.7 Taxation (continued)**

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **2.8 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### ***Financial assets***

##### ***Trade debtors***

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

#### ***Financial liabilities and equity***

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### ***Equity instruments***

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### ***Creditors***

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

##### ***Borrowings***

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

# Retirement Care (BH) Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2016

### 2.8 *Financial instruments (continued)*

#### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### 2.9 *Critical accounting estimates and areas of judgement*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical accounting estimates and assumptions*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Valuation of investment properties*

The key accounting estimate in preparing these financial statements relates to the carrying value of the investment property which is stated at fair value. The company uses external professional actuarial valuations as a basis for determining the directors' estimation of the fair value of the investment properties. However, the valuation of the company's investment property is inherently subjective, as it is made on the basis of valuation assumptions which may in future not prove to be accurate. Details of the valuation of the investment property are set out in note 7.

#### *Deferred taxation*

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

### 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.

	2016	2015
	£	£
Ground rent receivable	293,006	282,925
Other Income	899,311	531,128
	<hr/>	<hr/>
Turnover	1,192,317	814,053
	<hr/>	<hr/>

# Retirement Care (BH) Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2016

### 3. TURNOVER (CONTNUED)

At 31 December, the future minimum lease payments under non-cancellable leases were receivable as follows:

	2016	2015
	£	£
Less than one year	295,173	282,925
Between one and five years	1,329,845	1,226,980
More than five years	41,417,332	42,273,095
<b>Total</b>	<b>43,042,350</b>	<b>43,783,000</b>

The receipts under the non-cancellable leases are ground rent payments made by the tenants holding leasehold interests issued against the company's investment properties. These leases provide the leaseholder with occupational rights to the property for the duration of the lease to the exclusion of the company. The tenants, where they meet qualifying criteria, do have the right under UK legislation to extend or cancel the lease in return for a premium payable to the freeholder. The company has only calculated the receipts due from these leases for the first 63 years of the lease duration as it is not practical to calculate expected receipts from beyond this time

### 4. DIRECTORS' EMOLUMENTS

Other than the directors, who received no remuneration, no persons were employed during the year. The directors are remunerated by the related party Fairhold Services Limited and this is recharged to the company as part of the management charge from Estates & Management Limited. This management charge, which in 2016 amounted to £199,662 (2015: £42,622) also includes a recharge of administration costs borne by Fairhold Services Limited on behalf of the company and it is not possible to identify separately the amount relating to the directors remuneration.

### 5. OPERATING PROFIT/LOSS

The auditors are remunerated by its Parent undertaking, Betelgeuse Limited. The total audit fee for the UK group, of which Retirement Care (BH) Limited is a member, amounted to £31,925 (2015: £51,000).

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Interest on loans from parent undertaking	166,060	1,219,177
Amortisation of loan issue costs	1,565	340
	<u>167,625</u>	<u>1,219,517</u>

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

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

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

	2016	2015 (Restated)
	£	£
Current tax		
UK corporation Tax	-	-
Total current tax	<u>-</u>	<u>-</u>

# Retirement Care (BH) Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2016

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

Deferred tax:

Movement on potential chargeable gain liability	8,001,000	(94,000)
	<u>          </u>	<u>          </u>
<b>Total deferred tax</b>	<b>8,001,000</b>	<b>(94,000)</b>
	<u>          </u>	<u>          </u>
<b>Total tax on profit on ordinary activities</b>	<b>8,001,000</b>	<b>(94,000)</b>
	<u>          </u>	<u>          </u>

(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 20%. The differences are reconciled below:

	2016	2015 (Restated)
	£	£
Profit / (Loss) on ordinary activities before tax	52,306,889	(8,080,433)
	<u>          </u>	<u>          </u>
Profit / (Loss) on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 20% (2015: 20%)	10,461,378	(1,616,087)
Expenses not deductible for tax purposes	75	23,773
Transfer pricing adjustments	-	(46,769)
Capital gains indexation	(2,296,468)	(1,496,560)
Capital Gains	9,526	-
Group relief	(207,036)	(544)
Unutilised losses	33,525	131,187
	<u>          </u>	<u>          </u>
Tax charge / (credit)	8,001,000	(3,005,000)
	<u>          </u>	<u>          </u>

The company has tax losses of £8.7m (2015: £8.5m) available to carry forward against future profits.

In the prior period, Finance Act 2015 was enacted and included legislation to reduce the main rate of corporation tax to 19% with effect from 1 April 2017, and by a further 1%, reaching 18% with effect from 1 April 2020. In the current period, Finance Act 2016 was enacted and included legislation to reduce the main rate by a further 1%, reaching 17% with effect from 1 April 2020. As this change was substantively enacted at the balance sheet date and no material amount is expected to unwind prior to 1 April 2020, deferred tax is recognised at 17% in the current period (2015: 18%).

### 8. FIXED ASSET INVESTMENTS

	Freehold And Leasehold Reversions 2016 £	Freehold And Leasehold Reversions 2015 £
Fair Value		
At 1 January	75,583,163	83,244,226
Fair Value gain / (loss)	51,487,339	(7,542,202)
Disposals	(48,539)	(118,861)
	<u>          </u>	<u>          </u>
At 31 December	127,021,963	75,583,163
	<u>          </u>	<u>          </u>

# Retirement Care (BH) Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2016

### 8. FIXED ASSET INVESTMENTS (CONTINUED)

The freehold investment properties represent a portfolio of reversionary interests.

The investment properties were valued on an actuarial basis by a leading firm of independent financial and actuarial consultants as at 6 October 2015. The directors have reviewed the actuarial valuation as at 6 October 2015 and, based on market changes in the intervening period, have determined their own valuation at the year end.

The directors, in carrying out their valuation at 31 December 2016, have reviewed the basis of the 6 October 2015 actuarial valuation and concluded that there have been changes in the key valuation drivers since the actuarial valuation. Accordingly, the directors have assessed these changes to the valuation drivers and, based on the sensitivities noted in the 2015 valuation, consider the updated valuation of the freehold reversionary interest investment properties of £127,021,963 at 31 December 2016 (2015: £75,583,163) is appropriate for adoption for the purposes of these financial statements.

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
- House price inflation- RPI plus 1%
- Discount rate- The nominal gilt forward rate taken from the Bank of England Website
- Incidence rates for lease extensions and the price charged- Historic rates and LTV valuation methodology
- Incidence rates for transfer fees- Demographic profile

No allowance has been made for taxation in projecting the future revenue cash flows.

The assumptions with the most significant impact on the valuation are the discount rate and RPI.

- A 1% increase or decrease in the discount rate will reduce or increase the valuation by 39% and 94% respectively
- A 1% increase or decrease in RPI will increase or reduce the valuation by 63% and 29% respectively.

The historic cost of investment properties included at valuation is £48,701,168 (2015: £48,701,701).

### 9. DEBTORS

	2016	2015
	£	£
Trade debtors	24,368	8,128
	<u>24,368</u>	<u>8,128</u>

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

	2016	2015
	£	£
Accruals and deferred income	75,252	10,070
	<u>75,252</u>	<u>10,070</u>



# Retirement Care (BH) Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2016

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

	2016	2015
	£	£
Amounts due to parent undertaking	4,638,919	5,555,950
	<u>4,638,919</u>	<u>5,555,950</u>

### 12. Provision for liabilities

#### Deferred Taxation

(Restated)

£

1 January 2016 (restated)	13,214,000
Addition in provision in the year	8,001,000
	<u>21,215,000</u>
31 December 2016	<u>21,215,000</u>

Provision for deferred tax liabilities recognised by the company is as follows:	2016	2015
		(Restated)
	£	£
Assets measured at fair value	21,215,000	13,214,000
	<u>21,215,000</u>	<u>13,214,000</u>

The company has an unprovided Deferred tax asset in respect to losses available to carry forward amounting to £1.47m (2015: £1.53m).

### 13. SHARE CAPITAL

*Allotted, called up  
and fully paid*

2016 2015  
£ £

Ordinary shares of £1 each	50,378,950	50,378,950
	<u>50,378,950</u>	<u>50,378,950</u>

#### Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

### 14. GUARANTEES

The company has given an unlimited guarantee in respect of some of the indebtedness of its holding company Betelgeuse Limited. These parties are related as they are subject to common control and/or common directorship. The guarantee is supported by a debenture and a charge over the company's investment properties. At 31 December 2016, the total loan amount outstanding subject to the guarantee was £666,640,568 (2015: 655,650,072).

# Retirement Care (BH) Limited

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## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2016

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

The company's immediate parent company is Betelgeuse Limited, which is the smallest group for which group accounts containing this company are prepared. Betelgeuse Limited is domiciled and incorporated in England. The ultimate UK parent company is Beta Centauri Limited, which is the largest group for which group accounts containing this company are prepared. Copies of the financial statements are available from Companies House, Crown Way, Cardiff CF14 3UZ.

The directors regard the ultimate holding company to be Euro Investments Overseas Incorporated, a company incorporated in the British Virgin Islands.

The ultimate controlling party is the Tchenguiz Family Trust.

### **16. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

Management fees of £199,662 (2015: £42,622) were charged to the company in the year by Estates & Management Limited, a company related by virtue of common control and common directors.