

2007287

**Lincourt Management Services  
Limited**  
Report and Financial Statements

31 December 2003



# Lincourt Management Services Limited

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Registered No. 2007287

## **DIRECTORS**

N G Bannister  
K C Rutherford  
SFM Directors Limited

## **SECRETARY**

R D F Bagley BA FSA (Scot) MIRPM

## **AUDITORS**

Ernst & Young LLP  
Wessex House  
19 Threefield Lane  
Southampton  
SO14 3QB

## **BANKERS**

Barclays Bank PLC  
PO Box 378  
71 Grey Street  
Newcastle-Upon-Tyne  
Tyne & Wear  
NE99 1JP

## **SOLICITORS**

Nabarro Nathanson  
84 Theobald's Road  
London  
WC1X 8RW

## **REGISTERED OFFICE**

Queensway House  
11 Queensway  
New Milton  
Hampshire  
BH25 5NR

# Lincourt Management Services Limited

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## DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2003.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £4,076 (2002: £3,096). The directors recommend the payment of a final ordinary dividend of £4,076 (2002: £3,096).

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be 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 AND THEIR INTERESTS

The directors who served during the year were as follows:

N G Bannister  
M L Dalby (resigned 14 July 2003)  
K C Rutherford  
SFM Directors Limited

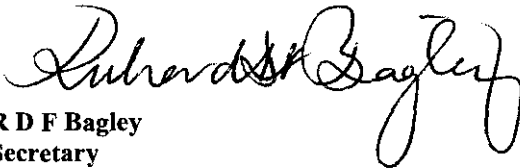
No director had an interest in the ordinary share capital of the company or the ultimate parent undertaking, Holiday Retirement Corporation. The interest of N G Bannister in the share capital of Holiday Retirement UK Limited is disclosed in that company's financial statements.

The directors are not liable to retire by rotation.

### AUDITORS

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board



R D F Bagley  
Secretary  
25 March 2004

## Lincourt Management Services Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF LINCOURT MANAGEMENT SERVICES LIMITED**

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

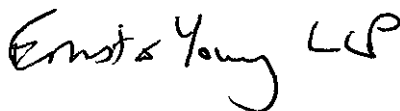
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Ernst & Young LLP**  
**Registered Auditor**  
**Southampton**  
**25 March 2004**

# Lincourt Management Services Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2003

	<i>Notes</i>	2003 £	2002 £
<b>TURNOVER</b>	2	5,950	4,594
<b>OPERATING PROFIT</b>	3	5,950	4,594
Interest payable and similar charges	4	(127)	(171)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		5,823	4,423
Tax on profit on ordinary activities	5	(1,747)	(1,327)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		4,076	3,096
Dividend	6	(4,076)	(3,096)
<b>RETAINED PROFIT FOR THE YEAR</b>	13	-	-

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial years stated above, and their historical cost equivalents.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2003

	2003 £	2002 £
Profit for the year after taxation	4,076	3,096
Deficit on revaluation of options	-	(310)
Deficit on revaluation of investment property	-	(22,236)
<b>Total recognised gains / (losses) for the year</b>	<b>4,076</b>	<b>(19,450)</b>

# Lincourt Management Services Limited

## BALANCE SHEET at 31 December 2003

	Notes	2003 £	2002 £
<b>FIXED ASSETS</b>			
Investments	7	49,982	49,982
<b>CURRENT ASSETS</b>			
Debtors	8	7,825	6,424
CREDITORS: amounts falling due within one year	9	7,825 (6,493)	6,424 (5,092)
<b>NET CURRENT ASSETS</b>		1,332	1,332
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		51,314	51,314
CREDITORS: amounts falling due after more than one year			
Loans	10	(1,683)	(1,683)
		49,631	49,631
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	100	100
Revaluation reserve	13	48,198	48,198
Profit and loss account	13	1,333	1,333
<b>SHAREHOLDERS' FUNDS - equity interests</b>		49,631	49,631

These financial statements were approved by the board of directors on 25 March 2004 and were signed on its behalf by:



**N G Bannister**  
Chief Executive

# Lincourt Management Services Limited

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## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2003

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

The financial statements are prepared under the historical cost convention as modified to include the revaluation of freehold and leasehold reversions and in accordance with applicable accounting standards and with the requirements of the Companies Act 1985, except as explained below.

#### *Cash flow statement*

Under Financial Reporting Standard 1 (revised 1996) which the company has adopted in these financial statements, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### *Related parties*

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

#### *Freehold and leasehold investment properties*

In accordance with Statement of Standard Accounting Practice No.19 (as amended):

- Investment properties are revalued annually. Surpluses and deficits arising are taken to the revaluation reserve. Any permanent diminution is taken to the profit and loss account for the year; and
- 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.

#### *Deferred tax*

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:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- 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 periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.



# Lincourt Management Services Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2003

### 2. TURNOVER

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

### 3. OPERATING PROFIT

The auditors are remunerated by a fellow subsidiary undertaking, Peverel Limited. The total audit fee for the UK group, of which Lincourt Management Services Limited is a member, amounted to £72,500 (2002: £69,010).

The directors were paid by a fellow subsidiary undertaking, Peverel Limited, of which they are also directors, except for SFM Directors Limited, who are contracted under a Directors Services agreement between Structured Finance Management Limited and Peverel Limited. The fees to Structured Finance Management Limited are paid by Peverel Properties Limited in respect of services provided to a number of group companies and amounted to £15,276 (2002: £15,276).

The directors' remuneration for the UK group amounted to £500,288 (2002: £348,164). The directors are unable to quantify the allocation of these amounts between individual companies within the group.

There were no staff employed during the year or the previous year.

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
On loans from fellow subsidiary undertakings:		
Repayable after more than one year	127	171
	<u>127</u>	<u>171</u>

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

The tax charge is made up as follows:

	2003 £	2002 £
Current tax		
Group relief payable	1,747	1,327
Total current tax	<u>1,747</u>	<u>1,327</u>

# Lincourt Management Services Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2003

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES - continued

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

The tax assessed on the profit on ordinary activities for the year is equal to the standard rate of corporation tax in the UK of 30%.

	2003 £	2002 £
Profit on ordinary activities before tax	5,823	4,423
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2002: 30%)	1,747	1,327
Current tax charge	1,747	1,327

The tax charge is prepared on the assumption that available group relief will be paid for in full.

### 6. DIVIDENDS

	2003 £	2002 £
Ordinary – final proposed	4,076	3,096
	4,076	3,096

### 7. FIXED ASSET INVESTMENTS

	<i>Freehold and Leasehold Reversions</i> £
Valuation: At 1 January 2003 and 31 December 2003	49,982

The company's freehold and leasehold developments have been revalued by the directors at open market value (based upon a multiple of relevant income streams) in accordance with external professional advice.

The historical cost of investment properties included at valuation is as follows:

	£
At 31 December 2002 and 31 December 2003	1,783

The company's fixed asset investments have been secured in favour of a fellow subsidiary undertaking as disclosed in note 14.

# Lincourt Management Services Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2003

### 8. DEBTORS

	2003	2002
	£	£
Trade debtors	-	15
Amounts due from fellow subsidiary undertakings	7,825	6,409
	<u>7,825</u>	<u>6,424</u>

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

	2003	2002
	£	£
Group relief payable	1,747	1,327
Accruals and deferred income	670	669
Proposed dividend	4,076	3,096
	<u>6,493</u>	<u>5,092</u>

### 10. CREDITORS: amounts falling due after more than one year

	2003	2002
	£	£
Amounts due to fellow subsidiary undertakings	1,683	1,683

Interest is payable at the rate of 7.5% p.a. and the loan is repayable on demand at least one year from the balance sheet date.

### 11. DEFERRED TAX

In accordance with the stated accounting policy, no deferred tax is provided on the revaluation of properties where there is no intention of disposal.

The potential deferred tax upon such properties, which has not been provided in these financial statements amounts to £14,459.

### 12. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2003	2002	2003	2002
	No.	No.	£	£
Ordinary shares of £1 each	100,000	100,000	100	100

# Lincourt Management Services Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2003

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

	<i>Share capital</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£	£
At 1 January 2002	100	70,744	1,333	72,177
Deficit on revaluation of options	-	(310)	-	(310)
Deficit on revaluation of investment property	-	(22,236)	-	(22,236)
Profit for the year	-	-	3,096	3,096
Dividend	-	-	(3,096)	(3,096)
At 31 December 2002	100	48,198	1,333	49,631
Profit for the year	-	-	4,076	4,076
Dividend	-	-	(4,076)	(4,076)
At 31 December 2003	100	48,198	1,333	49,631

### 14. CONTINGENT LIABILITIES

Under a Deed of Charge, along with a number of other fellow subsidiary undertakings of Holiday Retirement UK Limited, the company has unconditionally and irrevocably guaranteed the due and punctual payment of all sums due by Peverel Funding Limited, a fellow subsidiary undertaking, associated with the £103,000,000 Secured Notes issued by that company.

Furthermore, this guarantee is supported by a fixed charge in favour of the Note Trustee, granted over all the company's Fixed Asset Investment (see Note 7), both present and future.

### 15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate parent undertaking and controlling party is Holiday Retirement Corporation, a company registered in Oregon USA. Holiday Retirement UK 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.