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# **Peverel Limited**

## **Report and Financial Statements**

31 December 2006

THURSDAY



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22/03/2007

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COMPANIES HOUSE

# **Peverel Limited**

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Registered No. 02806856

## **DIRECTORS**

J Gray FCCA ATII  
W E Colson  
N G Bannister FIRPM  
K C Rutherford FIRPM  
C Wadlow  
L Middleburgh  
K Edgar  
P F Kennedy

## **SECRETARY**

D C Edwards LLB

## **AUDITORS**

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

## **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

## DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2006.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,037,340 (2005: £7,677,069). The directors do not recommend the payment of a final dividend which together with the dividend declared and paid during the year of £2,000,000 makes a total dividend of £2,000,000 (2005: £4,000,000) leaving a retained loss of £962,660 to be transferred to reserves.

### PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's principal activities during the year were the management of the group's treasury function and the supply of services to other group companies.

#### *Overview*

During the year the company has made a profit.

#### *Financial Review*

The Company's performance was in line with expectations and the following key measures are noted in comparing to 2005.

Turnover increased by 36.5%.

Operating profit has decreased by 93%

The significant reduction in operating profit is due to a revaluation of share options held by employees.

#### *Risk Analysis*

The company relies on the performance of other companies within the group and benefits from their success.

Through arranging financing for the group the company is susceptible to future changes in interest rates. The company considers that these risks are at acceptable levels.

The impact of legislative changes within the industry is a risk. The company believes that through previous experiences it has the infrastructure and highly trained employees to cope with any changes outside of its control.

The retention of staff is key to the success of the business in providing outstanding customer service and specialised knowledge to support the group. By training staff to an exceptionally high standard the company aims to meet these objectives as well as motivate its workforce.

#### *Prospects*

The company continually aims to have the correct level of financing in place to meet the demands of the group. The company is therefore comfortable that this financing is in place to support future growth plans.

During the year the company acquired 100% of the share capital of Milford Holdings Limited. The acquisition is intended to support the strategy of the group and compliments other group companies. The future plans will be to transfer the business amongst its existing portfolio to realise the synergy savings expected.

The directors look forward to the year ahead with confidence.

## DIRECTORS' REPORT

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

J Gray  
W E Colson  
N G Bannister  
K C Rutherford  
C Wadlow (Appointed 26 June 2006)  
L Middleburgh (Appointed 26 June 2006)  
K Edgar (Appointed 26 June 2006)  
P F Kennedy

No director had an interest in the ordinary share capital of the company or in the ultimate parent undertaking, Holiday Retirement Corporation.

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

The 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 purpose 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 Stoy Hayward 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



**D C Edwards**  
Secretary  
19 March 2007

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

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.

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REPORT OF THE INDEPENDENT AUDITORS

**To the Shareholders of Peverel Limited**

We have audited the company's financial statements (the "financial statements") of Peverel Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and *United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)* are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the *Companies Act 1985* and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions 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.

Our report has been prepared pursuant to the requirements of the *Companies Act 1985* and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the *Companies Act 1985* or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

**Peeverel Limited**

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

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**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*BDO Stoy Hayward LLP*

**BDO STOY HAYWARD LLP**  
**Chartered Accountants and Registered Auditors**  
**Southampton**  
**19 March 2007**

# Peverel Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2006

		2006 £	2005 £
	Notes		
TURNOVER	3	3,905,501	2,531,861
Administrative expenses		(6,345,691)	(5,622,287)
		(2,440,190)	(3,090,426)
Other operating income		115,479	413,123
OPERATING LOSS	4	(2,324,711)	(2,677,303)
Interest receivable		612,771	685,732
Interest payable and similar charges	7	(310,317)	(379,791)
Income from subsidiary undertakings		2,521,975	9,366,558
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		499,718	6,995,196
Tax credit on profit on ordinary activities	8	537,622	681,873
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,037,340	7,677,069

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2006

	2006 £	2005 £
Profit on ordinary activities after taxation	1,037,340	7,677,069
Total recognised gains and losses relating to the year	1,037,340	7,677,069
Prior year adjustments	-	(4,966,558)
Total recognised gains and losses recognised since the last financial statements	1,037,340	2,710,511

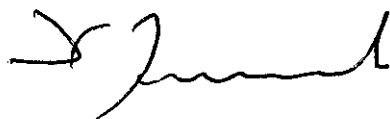


# Peverel Limited

## BALANCE SHEET at 31 December 2006

		2006	2005
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible assets	10	2,705,224	2,849,288
Investments	11	39,494,930	26,974,128
		<u>42,200,154</u>	<u>29,823,416</u>
<b>CURRENT ASSETS</b>			
Debtors	12	27,946,638	16,510,243
Cash at bank and in hand		697	697
		<u>27,947,335</u>	<u>16,510,940</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(63,171,548)	(38,383,237)
<b>NET CURRENT LIABILITIES</b>		<u>(35,224,213)</u>	<u>(21,872,297)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,975,941</u>	<u>7,951,119</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred tax	15	(1,616)	(14,134)
		<u>6,974,325</u>	<u>7,936,985</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	5,250,000	5,250,000
Capital reserve	17	658,251	658,251
Profit and loss account	17	1,066,074	2,028,734
<b>SHAREHOLDERS' FUNDS - equity interests</b>		<u>6,974,325</u>	<u>7,936,985</u>

These financial statements were approved and authorised for issue by the board of directors on 19 March 2007 and signed on its behalf by:



**N G Bannister**  
Chief Executive

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2006

### 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.

### 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 1985.

#### *Group financial statements*

The financial statements are for the company as an individual undertaking and not for the group. The company has taken advantage of the exemption under section 228 of the Companies Act 1985 not to prepare group financial statements.

#### *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 Holiday Retirement UK 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 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.

#### *Depreciation and amortisation*

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its useful life, as follows:

Freehold property	-	evenly over 50 years
Plant and equipment	-	evenly over 5 years
Software	-	evenly over 3 or 5 years
Motor vehicles	-	evenly over 5 years

#### *Operating lease rentals*

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

#### *Pensions*

The Group operates a defined contribution pension scheme for its employees to which the company makes a contribution under specified circumstances. The scheme is administered on behalf of employees by an independent insurance company in funds separate from the group's finances. The amount charged against profits represents the contributions payable by the company to the scheme in respect of the year.

NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2006

**2. ACCOUNTING POLICIES (continued)**

**Taxation**

The credit for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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.

**3. TURNOVER**

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities, stated net of value added tax, all of which is attributable to continuing operations generated in the UK.

**4. OPERATING LOSS**

This is stated after charging / (crediting):

	2006 £	2005 £
Auditors' remuneration - audit services	98,500	95,000
- non audit services	38,000	33,000
Depreciation	451,150	479,049
Loss on disposal of fixed assets	307	-
Operating lease rentals - plant and equipment	13,144	10,484
- other	32,009	30,516
	<u>          </u>	<u>          </u>

NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2006

5. DIRECTORS' EMOLUMENTS

	2006	2005 (restated)
	£	£
Emoluments	1,791,644	864,595
Company contributions paid to group defined contribution pension scheme	47,315	25,567
	No.	No.
Members of group defined contribution pension scheme	4	2

The emoluments of the highest paid director, excluding pension contributions, were £373,965 (2005 restated: £379,676) with pension contributions amounting to £17,712 (2005: £14,400).

6. STAFF COSTS

	2006	2005
	£	£
Wages and salaries	2,247,434	1,984,788
Social security costs	213,859	208,819
Other pension costs	95,030	74,533
	2,556,323	2,268,140

The average monthly number of employees, including directors, during the year was as follows:

	2006	2005
	No.	No.
Office and management	73	68

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£	£
Interest on bank loans and overdrafts	159,736	203,559
Finance charges and other interest	150,581	176,232
	310,317	379,791

# Peverel Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2006

### 8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

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

The tax credit is made up as follows:

	2006 £	2005 £
<i>Current tax:</i>		
Group relief receivable	(525,104)	(669,707)
Tax over paid in previous years	-	(49)
Total current tax	(525,104)	(669,756)
<i>Deferred Taxation:</i>		
Origination and reversal of timing differences	(12,518)	(12,117)
Total deferred tax	(12,518)	(12,117)
Tax on Profit on ordinary activities	(537,622)	(681,873)

#### (b) Factors affecting tax credit

The tax assessed on the profit of on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30%. The differences are reconciled below:

	2006 £	2005 £
Profit on ordinary activities before tax	499,718	6,995,196
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2005: 30%)	149,915	2,098,559
Effects of:		
Expenses not deductible for tax purposes (including UK dividend)	69,055	(2,771,134)
Decelerated capital allowances	12,518	12,117
Tax over under provided in previous years	-	(49)
Other timing differences	-	(9,248)
UK dividends not subject to tax	(756,592)	-
Total current tax	(525,104)	(669,756)

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

### 9. DIVIDENDS

	2006 £	2005 £
Declared and paid during the year	2,000,000	2,000,000
Ordinary – final	-	2,000,000
	2,000,000	4,000,000

# Peveler Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2006

### 10. TANGIBLE FIXED ASSETS

	<i>Plant and equipment £</i>	<i>Freehold land and buildings £</i>	<i>Total £</i>
Cost:			
At 1 January 2006	3,819,016	2,282,718	6,101,734
Additions	300,724	7,448	308,172
Disposal	(1,086)	-	(1086)
At 31 December 2006	4,118,654	2,290,166	6,408,820
Depreciation:			
At 1 January 2006	3,028,973	223,473	3,252,446
Provided during the year	409,935	41,414	451,349
Disposals	(199)	-	(199)
At 31 December 2006	3,438,709	264,887	3,703,596
Net book value at 31 December 2006	679,945	2,025,279	2,705,224
Net book value at 31 December 2005	790,043	2,059,245	2,849,288

### 11. INVESTMENTS

	<i>Shares in subsidiary undertakings £</i>
Cost:	
At 1 January 2006	27,079,945
Additions	12,520,802
At 31 December 2006	39,600,747
Amounts written off:	
At 1 January 2006 and 31 December 2006	105,817
Net book value at 31 December 2006	39,494,930
Net book value at 31 December 2005	26,974,128

The principal operating companies during the year were:

#### ***Peveler Management Services Limited***

Registered in England and Wales No. 1614866 - 100% of issued share capital held. The company's principal activity during the year was that of property management.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2006

11. INVESTMENTS (continued)

***Cirrus Careline Limited***

Registered in England and Wales No. 3229746 - 100% of issued share capital held. The company's principal activity during the year was providing monitoring services.

***Cirrus Communication Systems Limited***

Registered in England and Wales No. 1444995 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was the supply of maintenance and installation services.

***Kingsborough Insurance Services Limited***

Registered in England and Wales No. 3479579 - 100% of issued share capital held. The company's principal activity during the year was that of insurance services.

***Peverel OM Limited***

Registered in England and Wales No. 2061041 - 100% of issued share capital held. The company's principal activity during the year was that of property management.

***Peverel Freeholds Limited***

Registered in England and Wales No. 3064349 - 100% of issued share capital held. The company's principal activity during the year was that of an investment company.

***Peverel Securitisation Limited***

Registered in England and Wales No. 3874014 - 100% of issued share capital held. The company's principal activity during the year was that of an investment company.

***Retirement Homesearch Limited***

Registered in England and Wales No. 3829469 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of a specialist estate agent.

***Peverel Scotland Limited***

Registered in England and Wales No. 3829468 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of property management.

***Peverel Properties Limited***

Registered in England and Wales No. 3829939 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of an investment company.

***Peverel Funding Limited***

Registered in the Cayman Islands No. 94098 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was the issue of secured notes.

***Retirement Care (Southern) Investments Limited***

Registered in England and Wales No. 2726170 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of an investment company.

***Meridian Land and Investments Limited***

Registered in England and Wales No. 1861973 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of an investment company.

***Peverel Freehold Reversions Limited***

Registered in England and Wales No. 3829467 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of an investment company.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2006

**11. INVESTMENTS (continued)**

***Peverel Investments***

Registered in England and Wales No. 1769945 - 100% of issued share capital held by intermediate undertaking. Peverel Investments is an unlimited company and trades from the company's registered office at Queensway House, New Milton, Hampshire. The company's principal activity during the year was that of an investment company.

***Lincourt Management Services Limited***

Registered in England and Wales No. 2007287 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of an investment company.

***Balfour Freeholds Limited***

Registered in England and Wales No. 3188300 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of an investment company.

***Peverel Property Investments Limited***

Registered in England and Wales No. 2891085 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of an investment company.

***O M Limited***

Registered in England and Wales No. 1563296 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of an investment company.

***Peverel Property Services Limited***

Registered in England and Wales No. 04352415 - 100% of issued share capital held. The company's principal activity during the year was that of a management holding company.

***Maclaren Management Services Limited***

Registered in England and Wales No. 02142118 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of an investment company.

***Renaissance Securities Limited***

Registered in England and Wales No. 3404451 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of an investment company.

***Peverel Real Estate Limited***

Registered in England and Wales No. 3229750 - 100% of issued share capital held. The company's principal activity during the year was that of an investment company.

***Milford Holdings Limited***

Registered in England and Wales No. 5253948 - 100% of issued share capital held. The company's principal activity during the year was that of property management.

***RC Holdings Limited***

Registered in England and Wales No. 2968054 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of property management.

***Retirement Marketing Services Limited***

Registered in England and Wales No. 2368728 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of marketing retirement properties.



NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2006

11. INVESTMENTS (continued)

*Retirement Care Group Limited*

Registered in England and Wales No. 2195300 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of property management.

*Edgewood Management Services Limited*

Registered in England and Wales No. 2948602 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of property management.

*Retirement Care (Midlands) Limited*

Registered in England and Wales No. 2654812 - 100% of issued share capital held by intermediate undertaking. The company's principal activity during the year was that of a holding company for management rights

*R.C Housing Association Limited*

Registered in England and Wales No. IP28150R - 100% of issued share capital held by intermediate undertaking. The principal activity of the Association is to act as a management company for the administration and maintenance of sheltered homes.

12. DEBTORS

	2006	2005
	£	£
Trade debtors	108,732	95,543
Amounts due from immediate parent undertaking	2,679,831	233,901
Amounts due from fellow subsidiary undertakings	24,064,380	12,479,958
Group relief	525,104	669,707
Other taxes and social security	105,035	129,394
Dividends receivable	-	2,500,000
Prepayments and accrued income	285,746	347,067
Other debtors	177,810	54,673
	<u>27,946,638</u>	<u>16,510,243</u>

13. CREDITORS: amounts falling due within one year

	2006	2005
	£	£
Bank overdraft	16,758,416	10,093,071
Trade creditors	141,138	371,277
Other creditors	585,521	70,242
Other taxes and social security	1,011,557	900,966
Amounts due to ultimate parent undertaking	7,565,000	-
Amounts due to fellow subsidiary undertakings	35,829,500	24,056,711
Accruals and deferred income	1,280,416	890,970
Dividends payable	-	2,000,000
	<u>63,171,548</u>	<u>38,383,237</u>

The bank overdraft is secured by a first fixed and floating charge over the assets of various UK companies in the group.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2006

**14. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS**

The company has additional borrowing facilities available to it under a working capital facility. The undrawn committed facilities available as at 31 December in respect of which all conditions precedent had been met at that date are as follows:

	2006 £	2005 £
Expiring within one year	5,853,658	8,790,649

**15. DEFERRED TAXATION**

The deferred tax included in the balance sheet is as follows:

	2006 £	2005 £
Accelerated capital allowances	1,616	14,134
Deferred tax provision	1,616	14,134

The movements in deferred taxation during the current and previous years are as follows:

	2006 £	2005 £
At 1 January	14,134	26,251
Adjustments in respect of prior years	-	(9,248)
Deferred tax credit in profit and loss account	(12,518)	(2,869)
At 31 December	1,616	14,134

**16. SHARE CAPITAL**

	Authorised		Allotted, called up and fully paid	
	2006 £	2005 £	2006 £	2005 £
Ordinary shares of £1 each	5,250,000	5,250,000	5,250,000	5,250,000

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2006

17. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Capital reserve £	Profit and loss account £	Total share- holders' funds £
At 1 January 2005 (restated)	5,250,000	658,251	(1,648,335)	4,259,916
Profit for the year	-	-	7,677,069	7,677,069
Dividends - paid	-	-	(4,000,000)	(4,000,000)
At 31 December 2005 (restated)	5,250,000	658,251	2,028,734	7,936,985
Profit for the year	-	-	1,037,340	1,037,340
Dividends - paid	-	-	(2,000,000)	(2,000,000)
At 31 December 2006	5,250,000	658,251	1,066,074	6,974,325

18. FINANCIAL COMMITMENTS

At 31 December 2006, the company had annual commitments under non-cancellable operating leases as follows:

	2006 £	2005 £
Plant and equipment operating leases which expire:		
Within one year	47,044	10,031
In two to five years	44,398	76,067
Over five years	1,432	5,644
	92,874	91,742

19. CONTINGENT LIABILITIES

The company has given unlimited guarantees on the bank overdrafts and loans of various UK group undertakings. At 31 December 2006 the amount outstanding under these guarantees was £nil (2005: £200,982).

20. 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.