

Peverel Property Investments Limited

Report and Accounts

7 month period to 31 December 2000



Peverel Property Investments Limited

Registered No. 2891085

DIRECTORS

N G Bannister
M L Dalby
K C Rutherford
SFM Directors Limited

SECRETARY

M L Dalby

AUDITORS

Ernst & Young
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

Peverel Property Investments Limited

DIRECTORS' REPORT

The directors present their report and accounts for the seven-month period ended 31 December 2000.

CHANGE OF ACCOUNTING REFERENCE DATE

The company changed its accounting reference date to 31 December, to coincide with the ultimate parent undertaking.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £192,051 (Year ended 31 May 2000: £309,151). The directors recommend payment of a final ordinary dividend amounting to £192,051 for the period (Year ended 31 May 2000: £63,185).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the period continued to be that of an investment company. The directors 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
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 accounts.

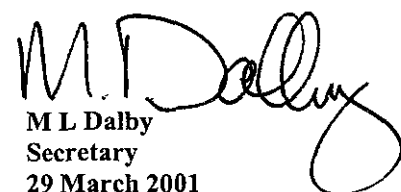
The directors are not liable to retire by rotation.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnership Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the Board


M L Dalby
Secretary
29 March 2001

Peverel Property Investments Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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.

REPORT OF THE AUDITORS
to the members of Peverel Property Investments Limited

We have audited the accounts on pages 5 to 11, which have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

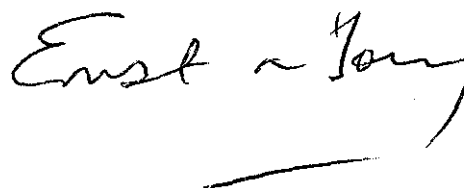
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Southampton
29 March 2001

Peverel Property Investments Limited

PROFIT AND LOSS ACCOUNT for the period ended 31 December 2000

		<i>7 Months ended 31 December 2000 £</i>	<i>Year ended 31 May 2000 £</i>
	<i>Notes</i>		
TURNOVER	2	427,894	746,969
OPERATING PROFIT	3	427,894	746,969
Interest payable and similar charges	4	(153,510)	(305,349)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		274,384	441,620
Tax on profit on ordinary activities	5	(82,333)	(132,469)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		192,051	309,151
Dividends	6	(192,051)	(63,185)
RETAINED PROFIT FOR THE PERIOD	12	-	245,966

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the period ended 31 December 2000

	<i>7 Months ended 31 December 2000 £</i>	<i>Year ended 31 May 2000 £</i>
Profit for the period after taxation	192,051	309,151
Unrealised surplus on revaluation of properties	17,258	4,597,585
Total recognised gains for the period	209,309	4,906,736

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

Peverel Property Investments Limited

BALANCE SHEET at 31 December 2000

	Notes	31 December 2000 £	31 May 2000 £
FIXED ASSETS			
Investments	7	13,005,070	12,975,417
CURRENT ASSETS			
Debtors	8	580,915	622,169
CREDITORS: amounts falling due within one year	9	580,915 (322,199)	622,169 (363,453)
NET CURRENT ASSETS		258,716	258,716
TOTAL ASSETS LESS CURRENT LIABILITIES		13,263,786	13,234,133
CREDITORS: amounts falling due after more than one year	10	(3,511,262)	(3,498,867)
NET ASSETS		9,752,524	9,735,266
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Revaluation reserve	12	9,493,708	9,476,450
Profit and loss account	12	258,716	258,716
SHAREHOLDERS' FUNDS - equity interests		9,752,524	9,735,266

These accounts were approved by the board of directors on 29 March 2001 and were signed on its behalf by:



N G Bannister
Chief Executive

Peverel Property Investments Limited

NOTES TO THE ACCOUNTS at 31 December 2000

1. ACCOUNTING POLICIES

Accounting convention

The accounts 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 accounts, 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 accounts.

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 accounts 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, may be 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 accounts 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.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

2. TURNOVER

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

Peverel Property Investments Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

3. OPERATING PROFIT

The auditors were remunerated by a fellow subsidiary undertaking, Peverel Limited.

The directors were paid by a fellow subsidiary undertakings, Peverel Limited, of which they are also directors, except for SFM Directors Limited that was paid fees by Peverel Properties Limited.

There were no staff employed during the period (Period ended 31 May 2000: nil).

4. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>7 months ended 31 December 2000 £</i>	<i>Year ended 31 May 2000 £</i>
On loans from fellow subsidiary undertakings:		
Repaid during the year	-	261,555
Repayable after more than one year	153,510	43,794
	<u>153,510</u>	<u>305,349</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>7 months ended 31 December 2000 £</i>	<i>Year ended 31 May 2000 £</i>
Based on the profit for the period:		
UK Corporation Tax	82,333	132,469
	<u>82,333</u>	<u>132,469</u>

Payment is made for group relief at the standard rate of corporation tax.

6. DIVIDENDS

	<i>7 Months ended 31 December 2000 £</i>	<i>Year ended 31 May 2000 £</i>
Ordinary - final proposed	192,051	63,185
	<u>192,051</u>	<u>63,185</u>

Peveler Property Investments Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

7. FIXED ASSET INVESTMENTS

	<i>Freehold and Leasehold Options 2000 £</i>	<i>Freehold and Leasehold Reversions 2000 £</i>	<i>Total 2000 £</i>
Cost:			
At 1 June 2000	55,108	12,920,309	12,975,417
Options exercised during the period	(55,108)	55,108	-
Transfers from fellow subsidiary undertaking	-	29,653	29,653
At 31 December 2000	-	13,005,070	13,005,070

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:

	<i>£</i>
At 31 May 2000	3,511,362
31 December 2000	3,498,967

The company's fixed asset investments have been secured in favour of a fellow subsidiary undertaking as disclosed in note 13.

8. DEBTORS

	<i>31 December 2000 £</i>	<i>31 May 2000 £</i>
Trade debtors	40,433	50,702
Amounts due from fellow subsidiary undertaking	540,482	571,467
	580,915	622,169

9. CREDITORS: amounts falling due within one year

	<i>31 December 2000 £</i>	<i>31 May 2000 £</i>
Taxation	-	132,469
Accruals and deferred income	130,148	167,799
Dividends payable	192,051	63,185
	322,199	363,453

Peverel Property Investments Limited

NOTES TO THE ACCOUNTS at 31 December 2000

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

	31 December 2000	31 May 2000
	£	£
Amounts due to fellow subsidiary undertakings	3,511,262	3,498,867

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. SHARE CAPITAL

	31 December 2000	Authorised 31 May 2000	Allotted, called up and fully paid 31 December 2000	31 May 2000
	No.	No.	£	£
Ordinary shares of £1 each	100	100	100	100

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Revaluation reserve £	Profit and loss account £	Total share- holders' funds £
At 1 June 1999	100	4,878,865	12,750	4,891,715
Profit for the year	-	-	309,151	309,151
Surplus on revaluation	-	4,597,585	-	4,597,585
Dividends	-	-	(63,185)	(63,185)
At 1 June 2000	100	9,476,450	258,716	9,735,266
Profit for the period	-	-	192,051	192,051
Surplus on revaluation	-	17,258	-	17,258
Dividends	-	-	(192,051)	(192,051)
At 31 December 2000	100	9,493,708	258,716	9,752,524

Peverel Property Investments Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

13. 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 Investments (see Note 7), both present and future.

14. ULTIMATE PARENT UNDERTAKING

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 accounts are prepared and are available to the public and may be obtained from Companies House, Cardiff.