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Renaissance Securities Limited

Report and Financial Statements

31 December 2004



Renaissance Securities Limited

Registered No. 3404451

DIRECTORS

N G Bannister
K C Rutherford

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

Renaissance Securities Limited

DIRECTORS REPORT

The directors present their report and financial statements for the year ended 31 December 2004.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £8,869 (2003: £12,692). The directors do not recommend the payment of a dividend.

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
K C Rutherford

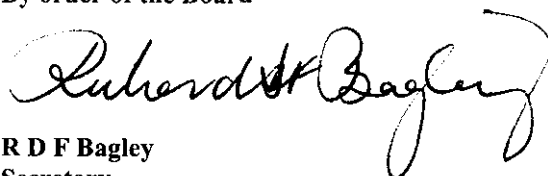
No director had an interest in the ordinary share capital of the company or the ultimate parent undertaking, Holiday Retirement Corporation. The interest of N G Bannister in the share capital of Holiday Retirement UK Limited is disclosed in that company's financial statements.

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
04 April 2005

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 RENAISSANCE SECURITIES LIMITED

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 12. 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.

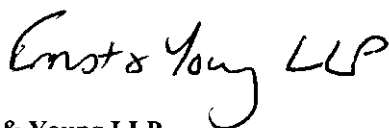
Basis of audit opinion

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 2004 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
04 April 2005

Renaissance Securities Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2004

	<i>Notes</i>	<i>2004</i> £	<i>2003</i> £
TURNOVER	2	12,670	13,509
OPERATING PROFIT	3	12,670	13,509
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,670	13,509
Tax on profit on ordinary activities	4	(3,801)	(817)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING THE RETAINED PROFIT FOR THE YEAR	10	8,869	12,692

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 2004

There are no recognised gains or losses other than the profit attributable to shareholders for the year ended 31 December 2004 of £8,869 (2003: £12,692).

Renaissance Securities Limited

BALANCE SHEET at 31 December 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Investments	5	106,700	106,700
CURRENT ASSETS			
Debtors	6	134,292	126,499
		134,292	126,499
CREDITORS: amounts falling due within one year	7	(3,977)	(5,053)
NET CURRENT ASSETS		130,315	121,446
TOTAL ASSETS LESS CURRENT LIABILITIES		237,015	228,146
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Revaluation reserve	10	53,894	53,894
Profit and loss account	10	183,119	174,250
SHAREHOLDERS' FUNDS - equity interests		237,015	228,146

These financial statements were approved by the board of directors on 04 April 2005 and were signed on its behalf by:



N G Bannister
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2004

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.

Renaissance Securities Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2004

2. 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.

3. OPERATING PROFIT AND DIRECTORS' EMOLUMENTS

The auditors are remunerated by a fellow subsidiary undertaking, Peverel Limited. The total audit fee for the UK group, of which Renaissance Securities Limited is a member, amounted to £87,500 (2003: £72,500).

The directors were paid by a fellow subsidiary undertaking, Peverel Limited, of which they are also directors. The directors' remuneration for the UK group amounted to £474,318 (2003: £500,288). 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. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2004	2003
	£	£
<i>Current tax</i>		
UK Corporation tax	3,801	4,053
Adjustments in respect of previous years	-	(3,236)
Total current tax	<u>3,801</u>	<u>817</u>

(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%. The differences are reconciled below:

	2004	2003
	£	£
Profit on ordinary activities before tax	<u>12,670</u>	<u>13,509</u>
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2003: 30%)	3,801	4,053
Adjustments in respect of previous years	-	(3,236)
Current tax charge	<u>3,801</u>	<u>817</u>

Renaissance Securities Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

5. FIXED ASSET INVESTMENTS

	<i>Freehold and leasehold reversionary interests £</i>
Valuation at 1 January 2004 and 31 December 2004	106,700

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 2003 and 31 December 2004	52,806
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6. DEBTORS

	<i>2004 £</i>	<i>2003 £</i>
Amounts due from fellow subsidiary undertaking	134,292	126,499

7. CREDITORS: amounts falling due within one year

	<i>2004 £</i>	<i>2003 £</i>
Other creditors	-	1,000
Corporation tax	3,801	4,053
Accruals and deferred income	176	-
	3,977	5,053

8. 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 accounts amounts to £16,168.

9. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2004 No.</i>	<i>2003 No.</i>	<i>2004 £</i>	<i>2003 £</i>
Ordinary shares of £1 each	1,000	1,000	2	2

Renaissance Securities Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2004

10. 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 2003	2	53,894	161,558	215,454
Profit for the year	-	-	12,692	12,692
At 31 December 2003	2	53,894	174,250	228,146
Profit for the year	-	-	8,869	8,869
At 31 December 2004	2	53,894	183,119	237,015

11. CONTINGENT LIABILITIES

The company has given unlimited guarantees on the bank overdrafts and loans of various UK group undertakings. At 31 December 2004 the amount outstanding under these guarantees was £23,488,886 (2003: £21,577,972).

12. 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.