

Emlor Property Limited

Directors' Report and Financial Statements

For the year ended 31 May 2009

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EMLOR PROPERTY LIMITED

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Directors and advisors

Directors

S J McCarthy
C J McCarthy
D Marlow

Company secretary and registered office

N A Lawrence
Millstream House
Parkside
Ringwood
Hampshire
BH24 3SG

Company registration number

03824405

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Savannah House
3 Ocean Way, Ocean Village
Southampton
Hampshire
SO14 3TJ

Directors' report for the year ended 31 May 2009

The directors present their report together with the audited financial statements of the Company for the year ended 31 May 2009

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

Principal activities

The principal activity of the Company is to hold investment properties and collect rental income

Business review and future developments

The Company traded satisfactorily during the year. Due to the certainty of the rental income it is considered that the level of trading will continue for the foreseeable future

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year. No dividend has been paid on the ordinary shares during the year (2008: £Nil)

Principal risks and uncertainties

The management of the business do not consider there to be any significant risks or uncertainties affecting the Company

Key performance indicators

The directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company

Directors

The following directors have held office during the year and up to the date of signing the financial statements

S J McCarthy
C J McCarthy
D Marlow

Disclosure of information to auditors

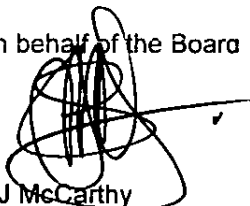
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Directors' report for the year ended 31 May 2009 (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

On behalf of the Board

A handwritten signature in black ink, appearing to be 'S J McCarthy', written over a circular stamp or seal.

S J McCarthy
Director

23 November 2009

Statement of directors' responsibilities

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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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 auditors' report to the members of Emlor Property Limited

We have audited the financial statements of Emlor Property Limited for the year ended 31 May 2009 which comprise of the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 May 2009 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 matter prescribed by the Companies Act 2006

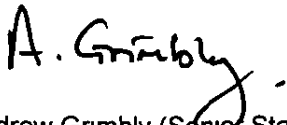
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditors' report to the members of Emlor Property Limited
(continued)**

Matters on which we are required to report by exception

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



Andrew Grimbly (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

27 November 2009

Profit and Loss Account

For the year ended 31 May 2009

	Note	2009 £	2008 £
Turnover		630,217	435,362
Gross profit		630,217	435,362
Administrative expenses		(85,823)	(13,659)
Operating profit	2	544,394	421,703
Interest receivable	4	17,904	-
Interest payable and similar charges	5	(551,094)	(275,547)
Profit on ordinary activities before taxation		11,204	146,156
Taxation on profit from ordinary activities	6	31,951	(40,357)
Profit for the financial year		43,155	105,799

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account, accordingly no statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

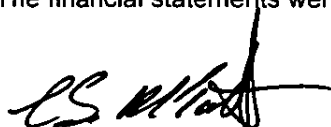
EMLOR PROPERTY LIMITED

Balance Sheet

As at 31 May 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Investment properties	7		9,400,398		8,844,067
Current assets					
Stocks	8	717,348		1,098,679	
Debtors	9	124,003		685,566	
Cash at bank and in hand		1,217,892		7,279	
		<u>2,059,243</u>		<u>1,791,524</u>	
Creditors: amounts falling due within one year	10	<u>(9,170,974)</u>		<u>(8,565,079)</u>	
Net current liabilities			<u>(7,111,731)</u>		<u>(6,773,555)</u>
Total assets less current liabilities			<u>2,288,667</u>		<u>2,070,512</u>
Net assets			<u>2,288,667</u>		<u>2,070,512</u>
Capital and reserves					
Called up share capital	11	1,115,002		1,115,002	
Conversion option		-		826,641	
Revaluation reserve		175,000		-	
Profit and loss account		998,665		128,869	
		<u>998,665</u>		<u>128,869</u>	
Total equity shareholders' funds			<u>2,288,667</u>		<u>2,070,512</u>

The financial statements were approved and signed on behalf of the Board on 23 November 2009



C J McCarthy
Director

The notes on pages 10 to 14 form part of these financial statements

Reconciliation of Movements in Shareholders' Funds
for the year ended 31 May 2009

	Share Capital	Conversion Option	Revaluation Reserve	Profit and Loss Account	Total
	£	£	£	£	£
As at 1 June 2007	2	-	-	23,070	23,072
Profit after tax for the year	-	-	-	105,799	105,799
Issued share capital	1,115,000	826,641	-	-	1,941,641
As at 1 June 2008	1,115,002	826,641	-	128,869	2,070,512
Profit after tax for the year	-	-	-	43,155	43,155
Conversion of loan note	-	(826,641)	-	826,641	-
Surplus on investment property revaluations	-	-	175,000	-	175,000
As at 31 May 2009	1,115,002	-	175,000	998,665	2,288,667

Notes

1 Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention. The following principal accounting policies have been applied:

Turnover

Turnover represents the value of ground rental income, not necessarily invoiced, to clients during the year (net of discounts) excluding value added tax.

Investment Properties

These represent reversionary interests and are valued as follows:

Investment properties are stated at cost or valuation less depreciation.

In accordance with Statement of Standard Accounting Practice 19, investment properties will normally be re-valued annually and the aggregate surplus or deficit transferred to a revaluation reserve; no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run. Although the Companies Act 1985 would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation 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.

Cash flow statement

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

Taxation

The charge for taxation is based on the profit 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 provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit is uncertain. Any assets or liabilities have not been discounted.

Related party transactions

Being a wholly owned subsidiary of Churchill Retirement (Group) Limited, the Company has taken advantage under Financial Reporting Standard 8 of the exemption not to disclose related party transactions with other Group companies.

Financial instruments. Intercompany loan note and conversion option

The intercompany loan note issued was initially recorded based on the designation of the instrument as liabilities or equity, as considered by management.

Financial liabilities and equity instruments are classified 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. A financial liability is a contractual obligation to deliver cash or another financial asset to a third party.

Notes (continued)

2 Operating profit

	2009 £	2008 £
Auditors' remuneration		
- Audit of these financial statements	2,625	-
- Other services relating to taxation	1,200	-
	<u>3,825</u>	<u>-</u>

In previous periods amounts paid to the Company's auditor in respect of services to the Company, have been borne by the parent undertaking and are disclosed in their consolidated financial statements which are publicly available

3 Employees and directors emoluments

The Company has no employees, other than the directors

The directors did not receive any emoluments in respect of their services to the Company because their services to the Company were merely incidental to their services to the Group as a whole

4 Interest receivable

	2009 £	2008 £
Corporation tax interest	80	-
Other interest received	17,824	-
	<u>17,904</u>	<u>-</u>

5 Interest payable

	2009 £	2008 £
Other loan interest payable	551,094	275,547
	<u>551,094</u>	<u>275,547</u>

Notes (continued)

6 Taxation on profit on ordinary activities

	2009 £	2008 £
Current taxation		
UK corporation tax at 28% (2008 29.7%)	-	43,710
Adjustment in respect of previous periods	(31,951)	(3,353)
	<u>(31,951)</u>	<u>(3,353)</u>
Tax (credit)/charge on profit on ordinary activities	<u>(31,951)</u>	<u>40,357</u>

Factors affecting the tax charge for the year

During the period, the standard rate of corporation tax was 28% (2008 blended rate of 30% and 28% which resulted in a group corporation tax rate for the period of 29.7%) The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before taxation	11,204	146,156
	<u>11,204</u>	<u>146,156</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2008 29.7%)	3,137	43,408
Effects of		
Non deductible expenses	-	302
Group relief claimed	(3,137)	-
Adjustment to tax charge in respect of previous period	(31,951)	(3,353)
	<u>(31,951)</u>	<u>(3,353)</u>
Current tax (credit)/charge	<u>(31,951)</u>	<u>40,357</u>

Notes (continued)

7 Fixed assets

Investment properties

	Freehold reversionary interests £
At 1 June 2008	8,844,067
Additions at cost	381,331
Revaluation	175,000
	<hr/>
At 31 May 2009	9,400,398
	<hr/>

Freehold reversionary interests in sold units are valued at the year end by the directors on an open market value basis

Following a review of investment properties within the Company, the directors' have identified property which required revaluation. This revaluation has been recognised in full in the current year.

8 Stocks

	2009 £	2008 £
Finished stock	717,348	1,098,679
	<hr/>	<hr/>

9 Debtors

	2009 £	2008 £
Trade debtors	105,353	221,067
Amounts owed by fellow group companies	18,648	464,497
Other debtors	2	2
	<hr/>	<hr/>
	124,003	685,566
	<hr/>	<hr/>

Amounts owed from fellow group companies are unsecured, interest bearing at Bank of England base rate plus 0.95% and have no fixed date of repayment.

Notes (continued)

10 Creditors: amounts falling due within one year

	2009 £	2008 £
Amounts owed to Group companies	83,493	-
Taxation and social security	-	40,357
Other creditors	144	
Accruals	87,337	75,816
Other loans	9,000,000	8,448,906
	<u>9,170,974</u>	<u>8,565,079</u>

Amounts due to the other group companies are unsecured, interest bearing at Bank of England base rate plus 0.95% and have no fixed date of repayment

Other loans represent amounts payable to Churchill Retirement (Group) Limited. In the year ended 31 May 2008, a loan note was issued to Churchill Retirement (Group) Limited. This was redeemed in the year to 31 May 2009 and replaced with a loan bearing interest at LIBOR plus 1.75%. The loan is unsecured and has no fixed date of repayment.

11 Called up share capital

	Authorised			
	2009 Number	2009 £	2008 Number	2008 £
Ordinary shares of £1 each	1,216,000	1,216,000	1,216,000	1,216,000
Irredeemable preference shares of £0.01 each	10,000,000	100,000	10,000,000	100,000
	<u>11,216,000</u>	<u>1,316,000</u>	<u>11,216,000</u>	<u>1,316,000</u>
	Allotted, called up and fully paid			
	2009 Number	2009 £	2008 Number	2008 £
Ordinary shares of £1 each	1,115,002	1,115,002	1,115,002	1,115,002
	<u>1,115,002</u>	<u>1,115,002</u>	<u>1,115,002</u>	<u>1,115,002</u>

12 Parent Company

At both 31 May 2009 and 31 May 2008 the Company was a wholly owned subsidiary of Churchill Retirement (Group) Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of these consolidated financial statements may be obtained from the registered office of Churchill Retirement (Group) Limited at Millstream House, Parkside, Ringwood, Hampshire, BH24 3SG.