

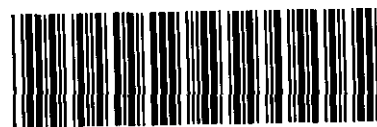
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Peverel Scotland Limited

Report and Financial Statements

31 December 2006

THURSDAY



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COMPANIES HOUSE

Peverel Scotland Limited

Registered No. 3829468

DIRECTORS

N G Bannister FIRPM

K C Rutherford FIRPM

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

Peveler Scotland Limited

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 £33,983 (2005: £102,983). The directors do not recommend the payment of a dividend (2005: £nil), leaving a profit of £33,983 to be transferred to reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be that of estate management. The company has traded satisfactorily during the year. 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
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 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.

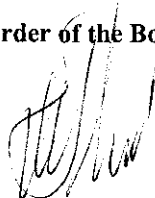
AUDITORS

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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

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.

REPORT OF THE INDEPENDENT AUDITORS

To the Shareholders of Peverel Scotland Limited

We have audited the company's financial statements (the "financial statements") of Peverel Scotland 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.

REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)

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 Scotland Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2006

	<i>Notes</i>	<i>2006</i> £	<i>2005</i> £
TURNOVER	2	1,246,148	1,250,965
Administrative expenses		(1,195,446)	(1,103,875)
OPERATING PROFIT	3	50,702	147,090
Tax on profit on ordinary activities	6	(16,719)	(44,107)
RETAINED PROFIT FOR THE YEAR	13	33,983	102,983

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2006


There are no recognised gains or losses other than the profit attributable to shareholders for the year ended 31 December 2006 of £33,983 (2005: £102,983).

Peverel Scotland Limited

BALANCE SHEET at 31 December 2006

	<i>Notes</i>	<i>2006</i> £	<i>2005</i> £
FIXED ASSETS			
Tangible assets	7	8,530	22,739
		<u>8,530</u>	<u>22,739</u>
CURRENT ASSETS			
Debtors	8	320,985	409,874
Cash at bank and in hand		628,612	95,871
		<u>949,597</u>	<u>505,745</u>
CREDITORS: amounts falling due within one year	10	<u>(594,079)</u>	<u>(198,419)</u>
NET CURRENT ASSETS		<u>355,518</u>	<u>307,326</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>364,048</u>	<u>330,065</u>
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account	13	364,047	330,064
		<u>364,048</u>	<u>330,065</u>
SHAREHOLDERS' FUNDS - equity interests	13	<u>364,048</u>	<u>330,065</u>

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


N G Bannister
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2006

1. 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.

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:

Plant and equipment	-	evenly over five years
Computer Hardware	-	evenly over five years
Computer Software	-	evenly over three years

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

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 exception:

- 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.

Operating leases

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 in to the scheme in respect of the period.

Peverel Scotland Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2006

2. TURNOVER

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

No developments under management are owned by any group companies.

3. OPERATING PROFIT

This is stated after charging:	2006	2005
	£	£
Depreciation	15,058	15,441
Operating lease rentals - plant and equipment	55,803	57,245
- other	33,162	32,569

The auditors are remunerated by a fellow subsidiary undertaking, Peverel Limited. The total audit fee for the UK group, of which Peverel Scotland Limited is a member, amounted to £98,500 (2005: £95,000).

4. DIRECTORS' EMOLUMENTS

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 £685,652 (2005 restated: £702,113). The directors are unable to quantify the allocation of these amounts between individual companies within the group.

5. STAFF COSTS

	2006	2005
	£	£
Wages and salaries	1,388,565	1,263,017
Social security costs	61,092	101,024
Other pension costs	68,093	9,952
	1,517,750	1,373,993

The payroll costs of house staff, included in the above table, are recharged to the developments under management and are not a direct cost to the company. These amounted to £885,324 in the year ended 31 December 2006 (2005: £795,448).

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

	2006	2005
	No.	No.
Office and management	25	22
House managers and reliefs	76	68
	101	90

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2006

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2006	2005
	£	£
<i>Current tax</i>		
UK Corporation tax on profits for the year	18,766	46,915
<i>Total current tax</i>	18,766	46,915
<i>Deferred taxation</i>		
Origination and reversal of timing differences	(2,047)	(2,808)
Deferred Tax	(2,047)	(2,808)
Tax on profit on ordinary activities	16,719	44,107

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

(b) Factors affecting current tax charge

The tax assessed on the profit of ordinary activities for the year is higher 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	50,702	147,090
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2005: 30%)	15,211	44,127
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,508	1,366
Decelerated capital allowances	2,047	1,422
Total current tax	18,766	46,915

Peverel Scotland Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2006

7. TANGIBLE FIXED ASSETS

	<i>Plant and Equipment £</i>
Cost:	
At 1 January 2006	86,187
Additions	849
At 31 December 2006	87,036
Depreciation:	
At 1 January 2006	63,448
Provided during the year	15,058
At 31 December 2006	78,506
Net book value at 31 December 2006	8,530
Net book value at 31 December 2005	22,739

8. DEBTORS

	<i>2006 £</i>	<i>2005 £</i>
Trade debtors	21,971	266,527
Amounts due from fellow subsidiary undertaking	-	71,222
Deferred taxation (note 11)	4,855	2,808
Prepayments and accrued income	78,770	68,945
Other debtors	215,389	372
	320,985	409,874

9. CLIENT MONIES

	<i>2006 £</i>	<i>2005 £</i>
Residents' net cash balances held in trust accounts	1,794,242	(251,107)
Cash balances held in joint accounts	86	-

These balances are not reflected in the balance sheet.

Peverel Scotland Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2006

10. CREDITORS: amounts falling due within one year

	2006 £	2005 £
Trade creditors	75,829	19,041
Other creditors	9,750	4,500
Corporation tax	7,643	23,621
Other taxes and social security	27,887	22,413
Amounts due to ultimate parent undertaking	351,493	-
Accruals and deferred income	121,477	128,844
	<u>594,079</u>	<u>198,419</u>

11. DEFERRED TAXATION

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

	2006 £	2005 £
Decelerated capital allowances	(4,855)	(2,808)
Deferred tax asset (note 8)	<u>(4,855)</u>	<u>(2,808)</u>

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

	2006 £	2005 £
At 1 January 2006	(2,808)	-
Provided during the year	(2,047)	-
Deferred tax credit to profit and loss account	-	(2,808)
At 31 December 2006	<u>(4,855)</u>	<u>(2,808)</u>

12. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2006 No.	2005 No.	2006 £	2005 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2006

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total share- holders' funds £</i>
As at 1 January 2005	1	227,081	227,082
Profit for the year	-	102,983	102,983
At 31 December 2005	1	330,064	330,065
Profit for the year	-	33,983	33,983
At 31 December 2006	1	364,047	364,048

14. FINANCIAL COMMITMENTS

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>
	<i>2006</i>	<i>2005</i>	<i>2006</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire:			
Within one year	-	-	8,865
In two to five years	45,830	-	30,716
In more than five years	-	45,830	-
	45,830	45,830	39,581

15. 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 £16,758,416 (2005: £10,294,053).

The company has given unlimited guarantees on the bank overdrafts of various UK related parties. At 31 December 2006 the amount outstanding under these guarantees was £365,764 (2005: £1,878,813).

16. 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.