

Castle Village Limited

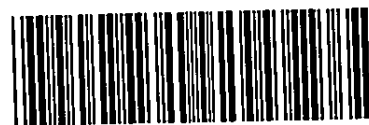
Report and Financial Statements

Year Ended

31 March 2011

Company Number 03870595

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Castle Village Limited

**Report and financial statements
for the year ended 31 March 2011**

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Directors

J M Gooding
C J Hayton

Secretary and registered office

C J Hayton, 57 Church Street, Epsom, Surrey, KT17 4PX

Company number

03870595

Auditors

BDO LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

Castle Village Limited

Report of the directors for the year ended 31 March 2011

The directors present their report together with the audited financial statements for the year ended 31 March 2011

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the year

Principal activities, review of business and future developments

The company owns the freehold interest in an estate of residential units at Castle Village, Berkhamsted which was developed by the company and is occupied by retired persons, under lease agreements. Certain services are provided to the residents and the company consents to the assignment of leases or repurchases the leases and grants new leases for the properties on the estate. The company expects to continue to own and benefit from its freehold interest.

OFT investigation

In September 2009, the OFT launched a formal investigation into transfer fees in the retirement housing sector which included some retirement village operators as well as Retirement Villages Limited ("RVL"). The OFT were concerned that the fee provisions might lack transparency or otherwise be unfair.

RVL has always regarded its contract terms as lawful and fully enforceable and has made strong representations to the OFT in those terms. In June 2010 the OFT decided to put its investigation into RVL on hold while continuing to investigate certain other operators in the retirement housing sector. The most recent public statement from the OFT in December 2010 confirmed that it is still unable to predict the outcome of its investigation or to predict a date for its conclusion.

Directors

The directors of the company during the year were

J M Gooding
C J Hayton
N F Welby (resigned 31 March 2011)

Directors' responsibilities

The directors are responsible for preparing the annual 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.

Castle Village Limited

Report of the directors for the year ended 31 March 2011 (*continued*)

Directors' responsibilities (*continued*)

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.

Auditors

All of the current 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 purposes 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 LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



C J Hayton
Director

Date 19 December 2011

Castle Village Limited

Independent auditor's report

TO THE MEMBERS OF CASTLE VILLAGE LIMITED

We have audited the financial statements of Castle Village Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 March 2011 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 matters 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.

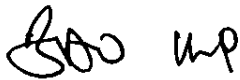
Castle Village Limited

Independent auditor's report (*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



James Roberts (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Epsom
United Kingdom

Date 19 December 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Castle Village Limited

Profit and loss account for the year ended 31 March 2011

	Note	2011 £	2010 £
Turnover	2	333,300	568,192
Cost of sales		19,475	21,000
Gross profit		313,825	547,192
Selling costs		23,369	81,739
Administrative expenses		22,695	42,083
		267,761	423,370
Other operating income		51,810	47,145
Operating profit	3	319,571	470,515
Other interest receivable and similar income		64	-
Profit on ordinary activities before taxation		319,635	470,515
Taxation on profit on ordinary activities	4	1,522	(72,771)
Profit on ordinary activities after taxation		321,157	397,744

All amounts relate to continuing activities

There was no difference between the historical cost profit and the figures shown in the profit and loss account

The notes on pages 8 to 13 form part of these financial statements

Castle Village Limited

Statement of total recognised gains and losses for the year ended 31 March 2011

	Note	2011 £	2010 £
Statement of total recognised gains and losses			
Profit for the financial year		321,157	397,744
Unrealised deficit on revaluation of properties	11	(1,338,000)	-
		<hr/>	<hr/>
Total recognised gains and losses for the financial year		(1,016,843)	397,744
		<hr/>	<hr/>

The notes on pages 8 to 13 form part of these financial statements

Castle Village Limited

Balance sheet at 31 March 2011

Company number 03870595	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	5		4,661,894		6,038,246
Current assets					
Stocks	6	120,750		93,617	
Debtors	7	1,449,302		1,151,389	
Cash at bank and in hand		22,359		2,803	
		<u>1,592,411</u>		<u>1,247,809</u>	
Creditors amounts falling due within one year	8	<u>18,803</u>		<u>2,210</u>	
Net current assets			1,573,608		1,245,599
Total assets less current liabilities			6,235,502		7,283,845
Provisions for liabilities	9		855,750		887,250
			<u>5,379,752</u>		<u>6,396,595</u>
Capital and reserves					
Called up share capital	10		1		1
Revaluation reserve	11		3,846,999		5,184,999
Profit and loss account	11		1,532,752		1,211,595
Shareholders' funds	12		<u>5,379,752</u>		<u>6,396,595</u>

The financial statements were approved by the board of directors and authorised for issue on

19 December
2011

C J Hayton
Director



The notes on pages 8 to 13 form part of these financial statements

Castle Village Limited

Notes forming part of the financial statements for the year ended 31 March 2011

1 Accounting policies

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

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 2006.

Turnover

Turnover represents the proceeds from the sale of leases on properties and assignment fees from the resale of properties.

Income from sales and assignments of leases is recognised on legal completion.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and leased properties, evenly over their expected useful lives. It is calculated at the following rates:

Fixtures and fitting - 20% on a straight line basis

Investment properties

In accordance with SSAP 19 'Accounting for investment properties', investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 2006 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Financial liability and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Castle Village Limited

Notes forming part of the financial statements for the year ended 31 March 2011 (*continued*)

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences
- Deferred tax balances are not discounted

Leased assets

Leased fixed assets are held at valuations equivalent to their respective repurchase price. These valuations are less than the market value which would be ascribed to the underlying assets if they were available for resale. The directors consider that their current unavailability for resale diminishes their value and that the repurchase price of the respective lease is therefore the most appropriate valuation to reflect in the financial statements.

Property sales

The company sells properties under two main types of lease. The first type ('old lease'), which is now only sold in respect of garages, obliges the company to repurchase the property at the price at which it was last sold or a proportion thereof, either on vacation of the property by the purchaser or on receiving three months notice. When a property is repurchased by the company in accordance with its obligation under the lease, title to the property will revert to the company and the property will become available for resale in the company's financial statements.

Under Financial Reporting Standard 5 "Reporting the substance of transactions", the granting of an old lease is not recognised as a sale as most of the risks and rewards are borne by the company. The company has decided to treat such properties as leased fixed assets and to create a provision for their repurchase. The properties are held at a value equivalent to the provision for repurchase of the lease.

The second type of lease ('new lease') transfers all the risks and rewards of ownership to the lessee. Grants of such leases are treated as sales, with the attributable income and costs of sales being taken to the profit and loss account.

Provisions

Provision is made in full for the requirement to repurchase properties leased under 'old leases' at their original sale price, at the point the obligation arises and is released on the repurchase of the property.

Provision is also made in respect of liabilities arising from requirements to refurbish properties where an obligation exists at the balance sheet date.

Castle Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

2 Turnover

Turnover arises solely within the United Kingdom

3 Operating profit

	2011 £	2010 £
This is arrived at after charging		
- Rents receivable	51,810	47,145
	<u> </u>	<u> </u>

Auditor's fees were paid by RV Services Limited, another group undertaking, in the year and the preceding period. The directors received no emoluments in respect of their services to the company. The company has no employees other than the directors.

4 Taxation on profit on ordinary activities

	2011 £	2010 £
<i>UK Corporation tax</i>		
Group relief	-	72,771
Deferred taxation		
Origination and reversal of timing differences	(1,522)	-
	<u> </u>	<u> </u>
Taxation on surplus on ordinary activities	(1,522)	72,771
	<u> </u>	<u> </u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below.

	2011 £	2010 £
Profit on ordinary activities before tax	319,635	470,515
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2010 - 28%)	89,498	131,744
Effect of		
- Transfer pricing adjustment	(49,249)	(56,942)
- Credit received for group relief	(41,707)	(72,771)
- Group relief surrendered and paid for	-	72,771
- Capital allowances less than depreciation	1,458	64
- Unrelieved losses	-	(2,095)
	<u> </u>	<u> </u>
Current tax credit for the year	-	72,771
	<u> </u>	<u> </u>

Castle Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 *(continued)*

5 Tangible fixed assets

	Investment properties	Leased properties	Fixtures, fittings and Vehicles	Total
<i>Cost or valuation</i>				
At 1 April 2010	5,143,000	887,250	13,707	6,043,957
Revaluation	(1,338,000)	-	-	(1,338,000)
Transfers	-	(31,500)	-	(31,500)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2011	3,805,000	855,750	13,707	4,674,457
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Amortisation</i>				
At 1 April 2010	-	-	5,711	5,711
Provided for the year			6,852	6,852
Disposals				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2011	-	-	12,563	12,563
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 March 2011	3,805,000	855,750	1,144	4,661,894
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2010	5,143,000	887,250	7,996	6,038,246
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As described in the Directors' report the OFT has put its investigation into the group on hold while continuing to investigate certain other operators in the retirement housing sector. The directors are of the opinion that it is appropriate to continue to value investment properties with reference to assignment fee income streams that were valued in previous years, as well as to ground rents.

The historical cost of investment properties is

	2011 £	2010 £
Cost	997,500	997,500
	<u> </u>	<u> </u>

6 Stocks

	2011 £	2010 £
Work in progress	-	4,367
Stocks held for resale	120,750	89,250
	<u> </u>	<u> </u>
	120,750	93,617
	<u> </u>	<u> </u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

Castle Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

7 Debtors

	2011 £	2010 £
Amounts owed by group undertakings	1,333,382	1,036,991
Other debtors	10,226	10,226
Deferred taxation	105,694	104,172
	<u>1,449,302</u>	<u>1,151,389</u>

All amounts shown under debtors fall due for payment within one year

8 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	4,163	1,910
Other creditors and accruals	14,640	300
	<u>18,803</u>	<u>2,210</u>

All amounts shown under creditors are unsecured

9 Provisions for liabilities

	Repurchase Provision £
At 1 April 2010	887,250
Released on repurchase of leased properties during the year	(31,500)
	<u>855,750</u>

10 Share Capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	<u>1</u>	<u>1</u>

Castle Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

11 Reserves

	Revaluation Reserve £	Profit and loss accounts £
At 1 April 2010	5,184,999	1,211,595
Profit in year	(1,338,000)	321,157
	<hr/>	<hr/>
At 31 March 2011	3,846,999	1,532,752
	<hr/>	<hr/>

12 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the year	321,157	397,744
Other net recognised gains and losses relating to the year		
Unrealised deficit on revaluation of properties	(1,338,000)	-
	<hr/>	<hr/>
Net deductions from shareholders' funds	(1,016,843)	397,744
	<hr/>	<hr/>
Opening shareholders' funds	6,396,595	5,998,851
	<hr/>	<hr/>
Closing shareholders' funds	5,379,752	6,396,595
	<hr/>	<hr/>

13 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with members of the group headed by Retirement Villages Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

14 Ultimate parent company and parent undertaking of larger group

The immediate parent undertaking is Retirement Villages Management Limited, a company incorporated in England and Wales

The largest group in which the results of the company are consolidated is that headed by Romac Investments Limited, incorporated in The Isle of Man. The smallest group in which they are consolidated is that headed by Retirement Villages Limited, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from 57 Church Street, Epsom, Surrey, KT17 4PX

The ultimate parent undertaking is Romac Investments Limited, a company incorporated in the Isle of Man and no party is considered to have a controlling interest

Castle Village Limited

**Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)**

15 Charges over assets

As part of a group borrowing arrangement, the company is part of an omnibus guarantee and set-off arrangement between the group's main bankers and Retirement Villages Limited. The bank has also been given a first legal charge over the company's freehold property.