

Castle Village Limited

Report and Financial Statements

Year Ended

31 March 2014

Company Number 03870595



Castle Village Limited

Report and financial statements for the year ended 31 March 2014

Contents

Page:

1	Report of the directors
3	Independent auditor's report
5	Profit and loss account
6	Statement of total recognised gains and losses
7	Balance sheet
8	Notes forming part of the financial statements

Directors

Nigel Welby
Neil Donaldson
Sarah Burgess

Secretary and registered office

David Miller, 1st Floor Brunswick House, Regent Park, 299 Kingston Rd, Leatherhead, Surrey, KT22 7LU

Company number

03870595

Auditors

BDO LLP, 2nd Floor, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Castle Village Limited

Report of the directors for the year ended 31 March 2014

The directors present their report together with the audited financial statements for the year ended 31 March 2014.

Results and dividends

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

Principal activity

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 (now the Competition and Markets Authority, or CMA) launched a formal investigation into transfer fees in the retirement housing sector which included some retirement village operators as well as Retirement Villages Limited. A fuller reference to this enquiry can be found in the financial statements of Retirement Villages Group Limited for the year ended 31 March 2014.

On the basis of advice previously received, the directors continue to hold the opinion that it is appropriate to value investment properties with reference to assignment fee income streams as well as to ground rents, while taking into account the negative impact on sentiment caused by the OFT's activities.

Directors

The directors of the company during the year and since the year end were:

N Welby	
D Miller	(resigned 4 July 2014)
S D Burgess	
N Donaldson	(appointed 30 June 2014)

Castle Village Limited

Report of the directors for the year ended 31 March 2014 (continued)

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.

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;
- 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.

In preparing this directors' report advantage has been taken of the small companies' exemption.

On behalf of the board

N Donaldson
Director



Date 18th Dec 2014

Castle Village Limited

Independent auditor's report

TO THE SHAREHOLDERS OF CASTLE VILLAGE LIMITED

We have audited the financial statements of Castle Village Limited for the year ended 31 March 2014 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2014 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.

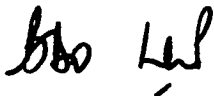
Castle Village Limited

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.
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



John Everingham (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

Date 22 December 2014

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 2014

	Note	2014 £	2013 £
Turnover	2	352,500	630,100
Cost of sales		(45,780)	(75,480)
Gross profit		306,720	554,620
Selling costs		(33,420)	(68,052)
Administrative expenses		(10,989)	(19,471)
		262,311	467,097
Other operating income		57,614	57,915
Operating profit	3	319,925	525,012
Other interest receivable and similar income		-	-
Profit on ordinary activities before taxation		319,925	525,012
Taxation on profit on ordinary activities	4	(449)	-
Profit on ordinary activities after taxation		319,476	525,012

All amounts relate to continuing activities.

The notes on pages 8 to 14 form part of these financial statements

Castle Village Limited

Statement of total recognised gains and losses for the year ended 31 March 2014

	Note	2014 £	2013 £
Statement of total recognised gains and losses			
Profit for the financial year		319,476	525,012
Unrealised deficit on revaluation of properties	11	-	(1,116,000)
		<hr/>	<hr/>
Total recognised losses for the financial year		319,476	(590,988)
		<hr/>	<hr/>

The notes on pages 8 to 14 form part of these financial statements

Castle Village Limited

Balance sheet at 31 March 2014

Company number 03870595	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	5		3,487,000		3,492,250
Current assets					
Stocks	6	176,660		173,250	
Debtors	7	2,328,091		2,079,505	
Cash at bank and in hand		59,703		58,242	
		<u>2,564,454</u>		<u>2,310,997</u>	
Creditors: amounts falling due within one year	8	<u>335,952</u>		<u>401,971</u>	
Net current assets			<u>2,228,502</u>		<u>1,909,026</u>
Total assets less current liabilities			<u>5,715,502</u>		<u>5,401,276</u>
Provisions for liabilities	9		<u>798,000</u>		<u>803,250</u>
			<u>4,917,502</u>		<u>4,598,026</u>
Capital and reserves					
Called up share capital	10		1		1
Revaluation reserve	11		2,730,999		2,730,999
Profit and loss account	11		2,186,502		1,867,026
Shareholders' funds	12		<u>4,917,502</u>		<u>4,598,026</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 18th DEC 2014

N Donaldson
Director



The notes on pages 8 to 14 form part of these financial statements

Castle Village Limited

Notes forming part of the financial statements for the year ended 31 March 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets.

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.

Investment properties

Investment properties comprise freehold interests in land and buildings held for the rental, assignment fee and other income they generate. 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.

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.

Castle Village Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (*continued*)

1 Accounting policies (*continued*)

Leased assets

Leased fixed assets are held at costs equivalent to their respective repurchase price. These costs 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 used for 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.

2 Turnover

Turnover arises solely within the United Kingdom.

Castle Village Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (*continued*)

3 Operating profit

	2014 £	2013 £
This is arrived at after including:		
Rents receivable	57,614	57,915

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

	2014 £	2013 £
<i>UK Corporation tax</i>		
Current tax charge	-	-
<i>Deferred taxation</i>		
Origination and reversal of timing differences	449	-
Taxation on surplus on ordinary activities	449	-

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

	2014 £	2013 £
Profit on ordinary activities before tax	319,925	525,012
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23 % (2013 - 24%)	73,583	126,003
Effect of:		
Group relief claimed	(73,404)	(125,776)
Capital allowances less than depreciation	(179)	(227)
Current tax charge for the year	-	-

Castle Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2014 (*continued*)

5 Tangible fixed assets

	Investment properties	Leased properties	Total
<i>Cost or valuation</i>			
At 1 April 2013	2,689,000	803,250	3,492,250
Disposals	-	(5,250)	(5,250)
	<hr/>	<hr/>	<hr/>
At 31 March 2014	2,689,000	798,000	3,487,000
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 April 2013	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2014	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2014	2,689,000	798,000	3,487,000
	<hr/>	<hr/>	<hr/>
At 31 March 2013	2,689,000	803,250	3,492,250
	<hr/>	<hr/>	<hr/>

The group's investment properties were revalued by the directors at open market value after taking into account a recent independent professional valuation carried out in November 2012. Valuations are carried out by reference to the income generated by properties using discounted cash flow techniques, taking into account the quality of the different income streams and their attractiveness to a potential acquirer.

These resulting revaluation adjustments have been taken to the revaluation reserve where they are considered to be temporary and taken to the profit and loss account where they are considered to be permanent in nature.

The historical cost of investment properties is:

	2014 £	2013 £
Cost	992,250	997,500
	<hr/>	<hr/>

6 Stocks

	2014 £	2013 £
Stocks held for resale	176,660	173,250
	<hr/>	<hr/>

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 2014 (*continued*)

7 Debtors

	2014 £	2013 £
Amounts owed by group undertakings	2,327,277	2,075,202
Other debtors	-	3,040
Deferred taxation	814	1,263
	<u>2,328,091</u>	<u>2,079,505</u>

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

8 Creditors: amounts falling due within one year

	2014 £	2013 £
Amounts due to group undertakings	333,253	400,481
Trade creditors	1,329	188
Other creditors	1,370	1,302
	<u>335,952</u>	<u>401,971</u>

All amounts shown under creditors are unsecured.

9 Provisions for liabilities

	Repurchase provision £
At 1 April 2013	803,250
Released on repurchase of leased properties during the year	(5,250)
	<u>798,000</u>
At 31 March 2014	

The repurchase provision represents the obligation of the company to repurchase properties sold under old leases at the price at which they were bought by the purchaser upon the terms described in note 1.

Castle Village Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (*continued*)

10 Share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	1	1
	<hr/>	<hr/>

11 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2013	2,730,999	1,867,026
Profit in year	-	319,476
	<hr/>	<hr/>
At 31 March 2014	2,730,999	2,186,502
	<hr/>	<hr/>

12 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the year	319,476	525,012
Unrealised deficit on revaluation of properties	-	(1,116,000)
	<hr/>	<hr/>
Net increase/(reduction) in shareholders' funds	319,476	(590,988)
	<hr/>	<hr/>
Opening shareholders' funds	4,598,026	5,189,014
	<hr/>	<hr/>
Closing shareholders' funds	4,917,502	4,598,026
	<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 Group 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.

Castle Village Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (*continued*)

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 Group Limited, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from 1st Floor Brunswick House, Regent Park, 297-299 Kingston Rd, Leatherhead, Surrey, KT22 7LU.

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.