



RETIREMENT VILLAGES (CASTLE) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003

GERALD EDELMAN
CHARTERED ACCOUNTANTS

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RETIREMENT VILLAGES (CASTLE) LIMITED

COMPANY INFORMATION

Directors	A.F.L. Amhurst R.A. Brown P.J. Rand
Secretary	P.J. Rand
Company number	4116336
Registered office	Elmbridge Road Cranleigh Surrey GU6 8TR
Auditors	Gerald Edelman 25 Harley Street London W1G 9BR

RETIREMENT VILLAGES (CASTLE) LIMITED

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RETIREMENT VILLAGES (CASTLE) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2003

The directors present their report and financial statements for the year ended 30 September 2003.

Principal activities and review of the business

The principal activity of the company during the year was that of a retirement village.

Directors

The following directors have held office since 1 October 2002:

A.F.L. Amhurst
R.A. Brown
P.J. Rand

The ultimate holding company is Retirement Villages Plc. The interests of the directors in the shares of the ultimate holding company are shown in its Report of the Directors.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Gerald Edelman be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

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 period. 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.

On behalf of the board



P.J. Rand

Director

2 December 2003

RETIREMENT VILLAGES (CASTLE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RETIREMENT VILLAGES (CASTLE) LIMITED

We have audited the financial statements of Retirement Villages (Castle) Limited on pages 3 to 7 for the year ended 30 September 2003. These financial statements have been prepared under the historical cost convention and 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 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 the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom 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 the company's affairs as at 30 September 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Gerald Edelman

2 December 2003

Chartered Accountants
Registered Auditor

25 Harley Street
London
W1G 9BR

RETIREMENT VILLAGES (CASTLE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	407,285	2,137
Cost of sales		(381,177)	(200)
Gross profit		<u>26,108</u>	<u>1,937</u>
Selling costs		(9,232)	(991)
Administrative expenses		(10,654)	(10,282)
Operating profit/(loss)	3	<u>6,222</u>	<u>(9,336)</u>
Other interest receivable and similar income		38	-
Interest payable and similar charges	4	(14,431)	(8,914)
Loss on ordinary activities before taxation		<u>(8,171)</u>	<u>(18,250)</u>
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	10	<u>(8,171)</u>	<u>(18,250)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

RETIREMENT VILLAGES (CASTLE) LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2003

	Notes	2003 £	£	2002 £	£
Current assets					
Stocks	6	280,775		390,500	
Debtors	7	33,972		1,753	
Cash at bank and in hand		8,192		15,739	
		<u>322,939</u>		<u>407,992</u>	
Creditors: amounts falling due within one year	8	<u>(348,360)</u>		<u>(425,242)</u>	
Total assets less current liabilities			<u>(25,421)</u>		<u>(17,250)</u>
Capital and reserves					
Called up share capital	9		1,000		1,000
Profit and loss account	10		<u>(26,421)</u>		<u>(18,250)</u>
Shareholders' funds - equity interests	11		<u>(25,421)</u>		<u>(17,250)</u>

The financial statements were approved by the Board on 2 December 2003



P.J. Rand
Director

RETIREMENT VILLAGES (CASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Stock

Stock is valued at the lower of cost and net realisable value.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit/(loss)	2003	2002
	£	£

Operating profit/(loss) is stated after charging:

Auditors' remuneration	1,998	2,000
	<u> </u>	<u> </u>

4 Interest payable	2003	2002
	£	£

On bank loans and overdrafts	14,431	8,914
	<u> </u>	<u> </u>

5 Taxation

There is no provision for UK corporation tax due to tax losses incurred during the year subject to agreement with Inland Revenue.

6 Stocks	2003	2002
	£	£

Stock of properties	280,775	390,500
	<u> </u>	<u> </u>

RETIREMENT VILLAGES (CASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

7 Debtors	2003 £	2002 £
Trade debtors	200	-
Amounts owed by group undertaking	33,772	1,753
	<u>33,972</u>	<u>1,753</u>

8 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	236,000	342,999
Trade creditors	360	37
Amounts owed to group undertakings	110,000	76,781
Accruals and deferred income	2,000	5,425
	<u>348,360</u>	<u>425,242</u>

The bank loan is secured by first legal mortgages over the lease/contract agreements for each individual buy back property.

9 Share capital	2003 £	2002 £
Authorised		
1,000 Ordinary shares of £ 1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £ 1 each	<u>1,000</u>	<u>1,000</u>

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 2002	(18,250)
Retained loss for the year	<u>(8,171)</u>
Balance at 30 September 2003	<u>(26,421)</u>

RETIREMENT VILLAGES (CASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

11 Reconciliation of movements in shareholders' funds	2003 £	2002 £
Loss for the financial year	(8,171)	(18,250)
Opening shareholders' funds	(17,250)	1,000
	<hr/>	<hr/>
Closing shareholders' funds	(25,421)	(17,250)
	<hr/>	<hr/>

12 Control

The parent company is Retirement Villages Developments Limited and the ultimate parent company is Retirement Villages Plc. Both companies are registered in England and Wales. Retirement Villages Plc prepares consolidated financial statements and copies can be obtained from its registered office at Marquis House, 67-68 Jermyn Street, London, SW1Y 6NY.

13 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.