

## **RV Property Holdings Limited**

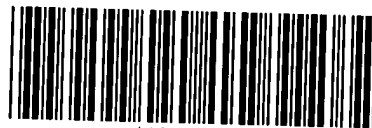
Report and Financial Statements

Year Ended

31 March 2020

Company Number 04116336

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# **RV Property Holdings Limited**

## **Report and financial statement for the year ended 31 March 2020**

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### **Directors**

W Bax  
S D Burgess  
O Russell  
Z Rocholl  
T Seddon  
H Trivedi

### **Secretary and registered office**

A Langley, 3<sup>rd</sup> Floor, 123 Victoria Street, London, SW1E 6RA

### **Company number**

04116336

### **Auditor**

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

## **RV Property Holdings Limited**

### **Strategic report for the year ended 31 March 2020**

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#### **Analysis of development, performance and business review**

The year to March 2020 started in much the same way as the previous year, with the property market very much affected by the wider economic uncertainties caused by the ongoing Brexit discussions. To that extent, the outcome of the December 2019 general election saw a small surge in interest for available property units, but also a general increase in transactional activity within the Retirement Villages Group. However, this positivity did not last long, as the year ended with the impact of the Corona virus, which along with the lockdown instructions to the UK public also put an end to all non-essential transactions across the wider property market.

RV Property Holdings Limited has felt the effect of these macro conditions with below budget assignment fees, and resales of owned properties.

Rental income from the external care home providers depends on their ability to generate a profit from the care homes across the Retirement Villages Group. The income for the year to March 2020 of £570k was calculated on the base rent formula within the lease agreement with the providers, which was below budget of £711k.

Trading performance was improved by an increase in property rental income which achieved £370k in the year against a budget of £270k. Going forward there will be a greater focus on increasing rental income, rather than looking for revenue solely from the sale of existing or additional stock units.

#### **Key performance indicators**

There were 2 stock resales in the year against a budget of 8, giving actual income of £529k (Budget £2,423k). Assignment fee income was received on 36 properties against a budget of 49. Income was £1,243k (Budget: £2,056k)

The results for the year have been reduced by decreases to the fair value of Investment Property assets. There are several sub-categories making up this value, including assignment fee assets, where the decrease in the fair value was £418k. The other category to show a decrease was the fair value attributed to the care home which was lower by £3,370k predominantly due to the closure of the care home at Mayford Grange (£785k) and reduced expectations of EBITDA in future years at Thamesfield (£2,426k).

## RV Property Holdings Limited

**Strategic report (continued)  
for the year ended 31 March 2020**

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### **Principal risks and uncertainties**

The directors consider the following to be the principal risks and uncertainties facing the business.

#### *Standards of safety and care*

A failure to manage the health and safety of our residents, employees, contractors and visitors to the villages could lead to proceedings against the company and resultant reputational damage. High general health and safety standards are maintained by an annual cycle of audits and monthly board reporting, backed up by clear procedures and staff training.

Many of the historical risks associated with the provision of care to vulnerable individuals have been greatly reduced as a result of the service agreement with HC-One following the acquisition of the Retirement Villages Group on 29<sup>th</sup> September 2017.

#### *The housing market and property sales*

The company earns income from assignment fees received on the re-sale of apartments and the sale of new units and is thus exposed to price changes and liquidity variations in the housing market. Because of the nature of the company's product and its customers, the directors believe it is less exposed to these risks than most others in the general housing market.

#### *Liquidity*

On 29<sup>th</sup> September 2017 the Retirement Villages Group was sold to the AXA group and as part of the acquisition all loans and swaps were redeemed in full.

From time to time the company requires funds to repurchase residential properties within RV Property Holdings Limited, which it obtains from group undertakings if it has insufficient resources of its own. It is assumed that such funding will continue to be available as required on normal commercial terms.

### **On behalf of the board**

DocuSigned by:

*Hetal Trivedi*

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**H Trivedi**

**Director**

Date 17th December 2020

## **RV Property Holdings Limited**

### **Report of the directors for the year ended 31 March 2020**

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#### **Results and principal activities**

The company owns 9 property subsidiaries which all traded throughout the year to 31 March 2020. The company did not trade during the preceding financial year.

Ownership of the freehold interest in 9 retirement villages along with the benefits associated with it, was transferred to RV Property Holdings Limited on 28<sup>th</sup> March 2019. RV Property Holdings Limited will continue to consent to the assignment of leases, or repurchase leases for the purpose of granting new leases or offering rental agreements for the properties on the estates. RV Property Holdings Limited has allowed the rights to future income from ground rent only to remain with those villages.

The results of the company are detailed in the strategic report and in the statement of comprehensive income as set out on page 10.

#### **Directors**

The directors of the company during the year and up to the date of this report were:

W Bax	(appointed 1 April 2019)
N Donaldson	(resigned 31 May 2020)
S D Burgess	
A Ovey	(resigned 25 July 2019)
O Russell	(appointed 30 May 2020)
Z Rocholl	(appointed 30 May 2020)
T Seddon	(appointed 30 May 2020)
H Trivedi	(appointed 2 November 2020)

#### **Events during the year**

The company has had its first full trading year following the transfer of 100% of the shares of the following companies on 28 March 2019:

Avonpark Village (Care Homes) Limited  
Blagdon Village Limited  
Cedars Village Limited  
Castle Village Limited  
Gittisham Care Limited  
Mayford Park Limited  
Minstrels Healthcare Limited  
The Priory Village Limited  
Thamesfield Limited

As at the same date the fair value of Investment Property assets of each of these companies were transferred to RV Property Holdings Limited. The amount transferred represented the fair value of assignment fee, care home (where applicable) & stock assets from the total Investment Property figure, but excluded the fair value placed on ground rents, which remains as an Investment property on the balance sheet of each company.

## RV Property Holdings Limited

### Report of the directors (continued) for the year ended 31 March 2020

#### Event Fees in Retirement Properties

In September 2009, the OFT (now the Competition and Markets Authority, or CMA) launched a formal investigation into transfer fees (Event Fees) in the retirement housing sector. For the purposes of this note an Event Fee shall be taken to encompass the assignment fee that is part of all Retirement Villages residential property leases. The directors of the Retirement Villages Group considered the outcome of the investigation in 2013 did not provide sufficient clarity in connection with this matter.

In 2014 the Law Commission was asked to consider this issue and in March 2017 published its final report which recommended an outline code of practice in relation to Event Fees in Retirement Properties. The Retirement Villages Group has been supportive of the Law Commission process and is fully compliant with all its final recommendations.

In March 2019 the government provided a full response saying it would implement Law Commission's recommendations, with the exception of two issues which they would explore in further detail. One issue related to a potential database for prospective buyers and the other on succession rights for spouses. While it is unclear how long this might take, neither issue materially changes the government's position relating to Event Fees.

The directors of Retirement Villages Group consider its treatment and reporting of assignment fees within resident property leases are consistent with both the Law Commission's final report and any anticipated legislation on this issue.

#### Auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

#### COVID-19 and Going concern

During the financial year ending 31 March 2020, the company made a loss of £2,602,618 and had net current liabilities of £62,140,681. Until such time as the company is able to generate sufficient revenues and cash to repay the balances due to its fellow group undertakings and creditors, it is reliant on the support of Retirement Villages Group Limited to continue to make existing balances available and provide additional funding to finance any shortfall of the ongoing operating costs of the company.

The Directors have also considered the general economic uncertainties that have arisen due to the COVID-19 global pandemic. Retirement Villages Group Limited has indicated its commitment to provide the necessary level of financial support to enable the company to weather the impact of COVID-19 and satisfy its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date of approving these financial statements. As the company is reliant on the support of Retirement Villages Group Limited, management has made enquiries and have considered it appropriate to also refer to the group financial statements which set out the wider group implications of the pandemic and the group's assessment of its basis of preparing its financial statements as a going concern. It is on that basis that the directors have determined that the company should prepare its financial statements as a going concern.

#### Approval

On behalf of the Board

DocuSigned by:

Hetal Trivedi

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**H Trivedi**  
**Director**

Date 17th December 2020

## **RV Property Holdings Limited**

### **Statement of directors' responsibilities**

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#### **Directors' responsibilities**

The directors are responsible for preparing the strategic report, 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 company 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 that 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; and
- 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.

# **RV Property Holdings Limited**

## **Independent auditor's report**

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### **Independent auditor's report to the members of RV Property Holdings Limited**

#### **Opinion**

We have audited the financial statements of RV Property Holdings Limited (the 'company') for the year ended 31 March 2020 which comprise the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## **RV Property Holdings Limited**

### **Independent auditor's report (*continued*)**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Report of the directors have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Report of the directors.

We have nothing to report in respect of the following matters in relation to which 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.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

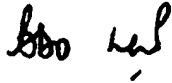
## **RV Property Holdings Limited**

### **Independent auditor's report (*continued*)**

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#### **Use of our report**

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.



**John Everingham** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick  
United Kingdom

Date: 18 December 2020

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

## RV Property Holdings Limited

### Statement of comprehensive income for the year ended 31 March 2020

	Note	2020 £	2019 £
<b>Turnover</b>	3	2,726,246	-
Cost of sales		(600,027)	-
<b>Gross profit</b>		2,126,219	-
Administrative expenses		(1,276,902)	-
Fair value movement on investment property		(3,788,191)	-
<b>Loss on ordinary activities before taxation</b>	4	(2,938,874)	-
Taxation on loss on ordinary activities	7	336,256	-
<b>Loss and total comprehensive loss for the financial year</b>		(2,602,618)	-

All amounts relate to continuing activities.

The notes on pages 13 to 23 form part of these financial statements.

## RV Property Holdings Limited

### Balance sheet at 31 March 2020

<b>Company number 04116336</b>	<b>Note</b>	<b>2020 £</b>	<b>2020 £</b>	<b>2019 £</b>	<b>2019 £</b>
<b>Fixed assets</b>					
Fixed asset investments	8	9,490,053		9,490,053	
Tangible assets	9	54,510,516		55,140,972	
			64,000,569		64,631,025
<b>Current assets</b>					
Stocks	10	7,785,790		2,913,974	
Debtors	11	120,929		68,147	
Cash at bank and in hand		196,098		443	
		8,102,817		2,982,564	
<b>Creditors: amounts falling due within one year</b>	12	(70,243,498)		(62,534,223)	
<b>Net current liabilities</b>			(62,140,681)		(59,551,659)
<b>Total assets less current liabilities</b>			1,859,888		5,079,366
<b>Provisions for liabilities</b>	13		(4,472,802)		(5,089,662)
<b>Total net liabilities</b>			(2,612,914)		(10,296)
<b>Capital and reserves</b>					
Called up share capital	14		1,000		1,000
Investment property reserve			(3,392,875)		-
Profit and loss account			778,961		(11,296)
			(2,612,914)		(10,296)

The financial statements were approved by the Board of Directors and authorised for issue on 17 December 2020.

DocuSigned by:

*Hetal Trivedi*

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**H Trivedi**

**Director**

The notes on pages 13 to 23 form part of these financial statements.

## RV Property Holdings Limited

### Statement of changes in equity For the year ended 31 March 2020

	Share capital £	Investment property reserve £	Profit and loss account £	Total equity £
<b>1 April 2019</b>	1,000	-	(11,296)	(10,296)
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(2,602,618)	(2,602,618)
Transfer		(3,392,875)	3,392,875	-
<b>Total comprehensive loss for the year</b>	<u>-</u>	<u>(3,392,875)</u>	<u>790,257</u>	<u>(2,602,618)</u>
<b>Total contributions by and distributions to owners</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>31 March 2020</b>	<u>1,000</u>	<u>(3,392,875)</u>	<u>778,961</u>	<u>(2,612,914)</u>

	Share capital £	Investment property reserve £	Profit and loss account £	Total equity £
<b>1 April 2018</b>	1,000	-	(11,296)	(10,296)
<b>Comprehensive income for the year</b>				
Result for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total contributions by and distributions to owners</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>31 March 2019</b>	<u>1,000</u>	<u>-</u>	<u>(11,296)</u>	<u>(10,296)</u>

The notes on pages 13 to 23 form part of these financial statements.

# RV Property Holdings Limited

## Notes forming part of the financial statements for the year ended 31 March 2020

### 1 Accounting policies

RV Property Holdings Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the Report of the directors.

#### *Basis of preparation*

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

#### *Going concern*

During the financial year ending 31 March 2020, the company made a loss of £2,602,618 and had net current liabilities of £62,140,681. Until such time as the company is able to generate sufficient revenues and cash to repay the balances due to its fellow group undertakings and creditors, it is reliant on the support of Retirement Villages Group Limited to continue to make existing balances available and provide additional funding to finance any shortfall of the ongoing operating costs of the company.

The Directors have also considered the general economic uncertainties that have arisen due to the COVID-19 global pandemic. Retirement Villages Group Limited has indicated its commitment to provide the necessary level of financial support to enable the company to weather the impact of COVID-19 and satisfy its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date of approving these financial statements. As the company is reliant on the support of Retirement Villages Group Limited, management has made enquiries and have considered it appropriate to also refer to the group financial statements which set out the wider group implications of the pandemic and the group's assessment of its basis of preparing its financial statements as a going concern. It is on that basis that the directors have determined that the company should prepare its financial statements as a going concern.

#### *FRS 102 reduced disclosure exemptions*

In preparing the separate financial statements of the company, advantage has been taken of the following disclosure exemptions available in FRS 102 to subsidiary undertakings where the parent undertaking prepares publicly available consolidated accounts:

- No cash flow statement has been presented for the company;
- Disclosures in respect of the company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole in the parent undertakings group accounts;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the company as their remuneration is included in the totals for the group as a whole; and
- Under FRS 102 the company is also not required to disclose details of transactions entered into with fellow group members.

#### *Consolidated financial statements*

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent. These financial statements therefore present information about the company as an individual undertaking and not about its group.

## **RV Property Holdings Limited**

### **Notes forming part of the financial statements for the year ended 31 March 2020 (continued)**

#### **1 Accounting policies (continued)**

##### *Revenue*

Revenue represents amounts receivable for property sales, rental income from property (including care services), assignment fees from the resale of properties and other income. Property sales and assignment fees are recognised on legal completion. Rental income from operating leases is credited to the Statement of comprehensive income on a straight line basis over the term of the relevant lease. Other income is recognised when receipt is reasonably certain.

##### *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are stated at historical cost or revalued cost at the date of transition to FRS 102 less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

##### *Depreciation*

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Fixtures, fittings and vehicles     -    3 - 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

##### *Investment properties*

Investment property is carried at fair value determined annually by the directors with reference to the most recent external valuation and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

##### *Impairment of fixed assets*

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

## RV Property Holdings Limited

### Notes forming part of the financial statements for the year ended 31 March 2020 (*continued*)

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#### 1 Accounting policies (*continued*)

##### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provisions for impairments.

##### *Stocks*

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

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

##### *Reserves*

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.
- Investment property reserve represents the fair value adjustments net of deferred tax of the annual adjustment of investment property to fair value.

##### *Financial assets*

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.



## **RV Property Holdings Limited**

### **Notes forming part of the financial statements for the year ended 31 March 2020 (continued)**

#### **1 Accounting policies (continued)**

##### *Financial liabilities 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. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

#### **2 Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the directors have made the following judgements:

Investment properties are revalued to fair value annually, by the directors with reference to the latest external valuation performed in March 2020 by CBRE Limited, using a discounted cash flow method, taking into account the quality of different income streams and their attractiveness to a potential acquirer. Key inputs into the valuations were:

- Assignment fee income based upon the most recent sales values achieved.
- Discount rate of 7.2%.
- Stock property at market value per property.
- Care home valuation inputs for rental incomes based on future EBITDA expectations, and yields from 6.1% to 11.0% per village.
- Since the valuation date, the outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11<sup>th</sup> of March has impacted global financial markets. Given the unknown future impact that COVID-19 might have on the real estate market, CBRE Limited have recommended that the valuation of this property is kept under frequent review.

Determine whether there are any indicators of impairment of the carrying value of stock. Professional judgement is applied in determining whether the carrying value of stock is in excess of the net realisable value. Factors taken into consideration in reaching such a decision include the development potential, planning prospects and prevailing market conditions.

##### *Other key sources of estimation uncertainty*

- *Tangible fixed assets (see note 9)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

## RV Property Holdings Limited

### Notes forming part of the financial statements for the year ended 31 March 2020 (continued)

#### 3 Analysis of Turnover

	2020 £	2019 £
Analysis by class of business:		
Property – Assignment fees	1,242,959	-
Property - Resales	529,000	-
Property – Rental Income Care Property	570,254	-
Rent receivable and ground rents	370,671	-
Other income	13,362	-
	<hr/> 2,726,246 <hr/>	<hr/> - <hr/>

Turnover arises solely within the United Kingdom.

#### 4 Loss on ordinary activities before taxation

	2020 £	2019 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	125,922	-
Hire of plant and machinery – operating leases	26,300	-
	<hr/> 152,222 <hr/>	<hr/> - <hr/>

Auditor's fees were paid by RV Services Limited, another group undertaking, in the year and the prior year.

#### 5 Employees

Staff costs (including directors) consist of:

	2020 £	2019 £
Wages and salaries	369,041	-
Social security costs	64,272	-
Other pension costs	22,327	-
	<hr/> 455,640 <hr/>	<hr/> - <hr/>

The average number of employees (including directors) during the year was 10 (2019 – nil).

#### 6 Directors' remuneration

	2020 £	2019 £
Directors' emoluments	146,850	-
Company pension contributions to defined contribution schemes	11,845	-
	<hr/> 158,695 <hr/>	<hr/> - <hr/>

The total amount payable to the highest paid director in respect of emoluments was £146,850 (2019 - £nil). Company pension contributions of £11,845 (2019 - £nil) were made to a defined contribution scheme on their behalf. Pension contributions were made on behalf of no other directors (2019 – nil).

## RV Property Holdings Limited

### Notes forming part of the financial statements for the year ended 31 March 2020 *(continued)*

#### 7 Taxation on loss on ordinary activities

	2020 £	2019 £
<i>UK Corporation tax</i>		
UK corporation tax for the year	51,704	-
	<hr/>	<hr/>
Total current tax	51,704	-
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(387,960)	-
	<hr/>	<hr/>
Taxation on ordinary activities	(336,256)	-
	<hr/>	<hr/>

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

	2020 £	2019 £
Loss on ordinary activities before tax	(2,938,874)	-
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19 % (2019 - 19%)	(558,386)	-
Effect of:		
Other timing differences/differences in tax rates	324,749	-
Group relief claimed	(102,619)	-
	<hr/>	<hr/>
Tax credit for the year	(336,256)	-
	<hr/>	<hr/>

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a charge of £nil (2019 - £Nil).

## RV Property Holdings Limited

**Notes forming part of the financial statements  
for the year ended 31 March 2020 (continued)**

### 8 Fixed asset investments

	Shares in group Undertakings £
<i>Cost or valuation</i>	
At 1 April 2019 and at 31 March 2020	<b>9,490,053</b>

*Subsidiary undertakings, associated undertakings and other investments*

The principal undertakings of the company are as follows:

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
Avonpark Village (Care Homes) Limited	England and Wales	Ordinary	100%	Retirement village
Blagdon Village Limited	England and Wales	Ordinary	100%	Retirement village
Castle Village Limited	England and Wales	Ordinary	100%	Retirement village
Cedars Village Limited	England and Wales	Ordinary	100%	Retirement village
Gittisham Care Limited	England and Wales	Ordinary	100%	Retirement village
Mayford Park Limited	England and Wales	Ordinary	100%	Retirement village
Minstrels Healthcare Limited	England and Wales	Ordinary	100%	Retirement village
The Priory Village Limited	England and Wales	Ordinary	100%	Retirement village
Thamesfield Limited	England and Wales	Ordinary	100%	Retirement village

The registered address of the above companies is 3<sup>rd</sup> Floor, 123 Victoria Street, London, SW1E 6RA.

## RV Property Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2020 *(continued)*

### 9 Tangible fixed assets

	Investment properties £	Leasehold properties £	Fixtures, fittings and vehicles £	Total £
<i>Cost or valuation</i>				
At 1 April 2019	53,072,002	1,840,960	631,162	55,544,124
Additions	4,010,193	-	184,166	4,194,359
Transfers to stock	(681,802)	(228,900)	-	(910,702)
Revaluation	(3,788,191)	-	-	(3,788,191)
Disposals	-	-	(174,597)	(174,597)
At 31 March 2020	52,612,202	1,612,060	640,731	54,864,993
<i>Depreciation</i>				
At 1 April 2019	-	-	403,152	403,152
Provided in year	-	-	125,922	125,922
Disposals	-	-	(174,597)	(174,597)
At 31 March 2020	-	-	354,477	354,477
<i>Net book value</i>				
At 31 March 2020	52,612,202	1,612,060	286,254	54,510,516
<i>Net book value</i>				
At 31 March 2019	53,072,002	1,840,960	228,010	55,140,972

Investment property includes freehold land and buildings, rented units and assignment fees.

If investment property had been accounted for under the historic cost accounting rules, the property would have been measured as follows:

	2020 £	2019 £
Historic cost	23,974,932	20,346,541
Accumulated depreciation and impairments	(3,412,203)	(2,901,518)
	20,562,729	17,445,023

Included in Investment property is assignment fees which has no historic cost.

The company's investment properties and buildings were valued in March 2020 at fair value, determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. Details on the assumptions made and the key sources of estimation uncertainty are given in note 2.

## RV Property Holdings Limited

### Notes forming part of the financial statements for the year ended 31 March 2020 *(continued)*

#### 10 Stocks

	2020 £	2019 £
Stock held for resale	7,785,790	2,913,974
	<u>7,785,790</u>	<u>2,913,974</u>

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

#### 11 Debtors

	2020 £	2019 £
Trade debtors	3,685	-
Corporation tax	13,296	-
Other debtors	103,948	68,147
	<u>120,929</u>	<u>68,147</u>

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

#### 12 Creditors: amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	69,812,893	62,307,445
Trade creditors	113,649	-
Accruals and deferred income	222,527	221,116
Other creditors	94,429	5,662
	<u>70,243,498</u>	<u>62,534,223</u>

## RV Property Holdings Limited

Notes forming part of the financial statements  
for the year ended 31 March 2020 (*continued*)

### 13 Provision for liabilities

	Repurchase provision £	Deferred taxation £	Total £
<i>Cost or valuation</i>			
At 1 April 2019	1,833,460	3,256,202	5,089,662
Credited to profit and loss account	-	(387,960)	(387,960)
Transfers	(228,900)	-	(228,900)
	<u>1,604,560</u>	<u>2,868,242</u>	<u>4,472,802</u>
At 31 March 2020	1,604,560	2,868,242	4,472,802

Deferred taxation comprises

	Accelerated capital allowances 2020 £	Investment property revaluations 2020 £	Total 2020 £
Deferred tax liability	176,126	2,692,116	2,868,242
	<u>176,126</u>	<u>2,692,116</u>	<u>2,868,242</u>
	Accelerated capital allowances 2019 £	Investment property revaluations 2019 £	Total 2019 £
Deferred tax liability	168,770	3,087,432	3,256,202
	<u>168,770</u>	<u>3,087,432</u>	<u>3,256,202</u>

### 14 Share capital

	2020 £	2019 £
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

## RV Property Holdings Limited

### Notes forming part of the financial statements for the year ended 31 March 2020 *(continued)*

#### 15 Immediate and ultimate parent company

The immediate undertaking of the company is Retirement Villages Group Limited, a company incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Retirement Villages Group Limited.

The ultimate parent undertaking at the year end is AXA SA.

The consolidated accounts are available to the public and may be obtained from 3<sup>rd</sup> Floor, 123 Victoria Street, London, SW1E 6RA.

#### 16 Commitments under operating leases

The group leases out the investment properties under non-cancellable operating leases for the following future minimum lease receipts. There are no contingent rents.

	2020 £	2019 £
Not later than 1 year	644,084	665,404
Later than 1 year and not later than 5 years	2,734,670	2,797,384
Later than 5 years	15,534,306	16,245,108
	<hr/>	<hr/>
Total	18,913,060	19,707,896
	<hr/>	<hr/>