

RV Property Holdings Limited

Report and Financial Statements

Year Ended

31 March 2021

Company Number 04116336



RV Property Holdings Limited

Report and financial statement for the year ended 31 March 2021

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Directors

W Bax
Z Rocholl
T Seddon
H Trivedi

Secretary and registered office

A Langley, 3rd 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 2021

Analysis of development, performance and business review

The year to March 2021 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 2021 of £676k was calculated on the base rent formula within the lease agreement with the providers, which was above prior year of £570k.

Trading performance was further improved by an increase in property rental income which achieved £535k in the year against prior year of £370k. 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 giving actual income of £1,220k (2020: £529k). Assignment fee income was received on 40 properties with income of £1,683k (2020: £1,242k)

The results for the year have been reduced by a £1,671k decrease in the fair value of Investment Property assets. There are several sub-categories making up this value, including assignment fee assets and the fair value attributed to the care home which was lower predominantly due to reduced expectations of EBITDA in future years at Thamesfield and Avonpark.

RV Property Holdings Limited

Strategic report (*continued*)
for the year ended 31 March 2021

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 September 2017 by AXA Investment Managers – Real Assets.

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

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 confirmed in writing 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 4th March 2022

RV Property Holdings Limited

Report of the directors for the year ended 31 March 2021

Results and principal activities

The company owns 9 property subsidiaries which all traded throughout the year to 31 March 2021. 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 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	
S D Burgess	(resigned 11 December 2020)
N Donaldson	(resigned 31 May 2020)
Z Rocholl	(appointed 30 May 2020)
O Russell	(appointed 30 May 2020 and resigned 10 December 2020)
T Seddon	(appointed 30 May 2020)
H Trivedi	(appointed 2 November 2020)

Events during the year

The company has had its second 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 2021

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 2021, the company made a loss of £299,699 and had net current liabilities of £63,827,671. 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 4 March 2022

RV Property Holdings Limited

Statement of directors' responsibilities

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RV PROPERTY HOLDINGS LIMITED

Opinion on the 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 2021 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.

We have audited the financial statements of RV Property Holdings Limited ("the Company") for the year ended 31 March 2021 which comprise the statement of comprehensive income, 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

RV Property Holdings Limited

Independent auditor's report (*continued*)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

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

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 or the Directors' report.

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.

RV Property Holdings Limited

Independent auditor's report (*continued*)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company.
- We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS 102 and the Companies Act 2006) and tax related legislation (the Finance Act). We tested the Company's compliance with these laws and regulations through our audit procedures over the financial statements and the related tax balances;
- We designed audit procedures that specifically address the fraud risk due to the improper revenue recognition. Through our tailored procedures, we were able to mitigate the fraud risk by focusing on where management may feel pressure to achieve expected results;
- Enquiries with management as to whether there were known or suspected instances of non-compliance with laws and regulations or fraud; and
- Identifying and testing unusual journal entries.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

DocuSigned by:

Michael Philp

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Michael Philp (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick

Date: 10 March 2022

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 2021

	Note	2021 £	2020 £
Turnover	3	4,150,200	2,726,246
Cost of sales		(1,246,610)	(600,027)
Gross profit		2,903,590	2,126,219
Administrative expenses		(1,729,793)	(1,276,902)
Fair value movement on investment property	9	(1,670,502)	(3,788,191)
Loss on ordinary activities before taxation	4	(496,705)	(2,938,874)
Taxation on loss on ordinary activities	7	197,006	336,256
Loss and total comprehensive loss for the financial year		(299,699)	(2,602,618)

All amounts relate to continuing activities.

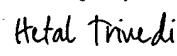
The notes on pages 13 to 24 form part of these financial statements.

RV Property Holdings Limited

Balance sheet at 31 March 2021

Company number 04116336	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Fixed asset investments	8	9,490,053		9,490,053	
Tangible assets	9	55,511,093		54,510,516	
			65,001,146		64,000,569
Current assets					
Stocks	10	10,275,598		7,785,790	
Debtors	11	544,208		120,929	
Cash at bank and in hand		601,206		196,098	
		11,421,012		8,102,817	
Creditors: amounts falling due within one year	12	(75,248,683)		(70,243,498)	
Net current liabilities			(63,827,671)		(62,140,681)
Total assets less current liabilities			1,173,475		1,859,888
Provisions for liabilities	13		(4,086,088)		(4,472,802)
Total net liabilities			(2,912,613)		(2,612,914)
Capital and reserves					
Called up share capital	14		1,000		1,000
Investment property reserve			(4,719,332)		(3,392,875)
Profit and loss account			1,805,719		778,961
			(2,912,613)		(2,612,914)

The financial statements were approved by the Board of Directors and authorised for issue on

DocuSigned by:

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 H Trivedi

Director

4 March 2022

The notes on pages 13 to 24 form part of these financial statements.

RV Property Holdings Limited

Statement of changes in equity For the year ended 31 March 2021

	Share capital £	Investment property reserve £	Profit and loss account £	Total equity £
1 April 2020	1,000	(3,392,875)	778,961	(2,612,914)
Comprehensive loss for the year				
Loss for the year	-	-	(299,699)	(299,699)
Transfer	-	(1,326,457)	1,326,457	-
Total comprehensive loss for the year	-	(1,326,457)	1,026,758	(299,699)
Total contributions by and distributions to owners	-	-	-	-
31 March 2021	1,000	(4,719,332)	1,805,719	(2,912,613)

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

The notes on pages 13 to 24 form part of these financial statements.

RV Property Holdings Limited

Notes forming part of the financial statements for the year ended 31 March 2021

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, and the requirements of the Companies Act 2006.

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 2021 the company made a loss of £299,699 and had net current liabilities of £63,827,671. 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 2021 (*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.

Lease assets

The company sells properties under historic old leases, which obliges the group to repurchase a 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 normal course of business.

The granting of the lease is not recognised as a sale as most of the risks and rewards are borne by the company. The company has decided it will treat such properties as leased fixed assets and will create a provision for their repurchase. The properties will be held at a value equivalent to the provision for repurchase of the lease.

Leased fixed assets are held at a cost equivalent to their respective repurchase prices. 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 cost to reflect in the financial statements.

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.

RV Property Holdings Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

1 Accounting policies (*continued*)

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.

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

RV Property Holdings Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

1 Accounting policies (*continued*)

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.

Financial assets

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

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.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs.

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 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 December 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.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 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.

RV Property Holdings Limited

Notes forming part of the financial statements *(continued)* for the year ended 31 March 2021

2 Judgements in applying accounting policies and key sources of estimation uncertainty *(continued)*

The directors have considered 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.

3 Analysis of turnover

	2021 £	2020 £
Analysis by class of business:		
Property – Assignment fees	1,682,571	1,242,959
Property – Resales	1,220,000	529,000
Property – Rental Income Care Property	676,099	570,254
Rent receivable and ground rents	535,060	370,671
Other income	36,470	13,362
	4,150,200	2,726,246

Turnover arises solely within the United Kingdom.

4 Loss on ordinary activities before taxation

	2021 £	2020 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	192,931	125,922
Hire of plant and machinery – operating leases	20,900	26,300
	213,831	152,222

Auditor's fees were paid by R.V. Services Limited, another group undertaking, in the year and the preceding year.

RV Property Holdings Limited

Notes forming part of the financial statements (*continued*) for the year ended 31 March 2021

5 Employees

Staff costs (including directors) consist of:

	2021 £	2020 £
Wages and salaries	598,225	369,041
Social security costs	81,844	64,272
Other pension costs	25,861	22,327
	<u>705,930</u>	<u>455,640</u>

The average number of employees (including directors) during the year was 14 (2020 – 10).

6 Directors' remuneration

	2021 £	2020 £
Directors' emoluments	116,902	146,850
Company pension contributions to defined contribution schemes	9,150	11,845
	<u>126,052</u>	<u>158,695</u>

The total amount payable to the highest paid director in respect of emoluments was £116,902 (2020 - £146,850). Company pension contributions of £9,150 (2020 - £11,845) were made to a defined contribution scheme on their behalf. Pension contributions were made on behalf of no other directors (2020 – Nil).

RV Property Holdings Limited

Notes forming part of the financial statements (*continued*) for the year ended 31 March 2021

7 Taxation on loss on ordinary activities

	2021 £	2020 £
<i>UK Corporation tax</i>		
UK corporation tax for the year	-	51,704
Amendments in respect of prior years	59,459	-
	<hr/>	<hr/>
Total current tax	59,459	51,704
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(256,465)	(387,960)
	<hr/>	<hr/>
Taxation on ordinary activities	(197,006)	(336,256)
	<hr/>	<hr/>

The tax assessed for the year is lower than (2020: higher than) from the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(496,705)	(2,938,874)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(94,374)	(558,386)
Effect of:		
Expenses not deductible for tax purposes	301,189	-
Depreciation in excess of capital allowances	45,379	-
Other timing differences/differences in tax rates	(256,465)	324,749
Group relief claimed	(252,194)	(102,619)
Amendments in respect of prior years	59,459	-
	<hr/>	<hr/>
Tax credit for the year	(197,006)	(336,256)
	<hr/>	<hr/>

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a charge of £Nil (2020 - £Nil).

RV Property Holdings Limited

Notes forming part of the financial statements (*continued*)
for the year ended 31 March 2021

Factors that may affect future tax charges

A change in the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. This will increase the Company's future tax charge accordingly.

8 Fixed asset investments

	Shares in group Undertakings £
<i>Cost or valuation</i>	
At 1 April 2020 and at 31 March 2021	9,490,053

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 3rd Floor, 123 Victoria Street, London, SW1E 6RA.

RV Property Holdings Limited

Notes forming part of the financial statements (*continued*)
for the year ended 31 March 2021

9 Tangible fixed assets

	Investment properties £	Leasehold properties £	Fixtures, fittings and vehicles £	Total £
<i>Cost or valuation</i>				
At 1 April 2020	52,612,202	1,612,060	640,731	54,864,993
Additions	3,687,820	239,221	75,133	4,002,174
Transfers to stock	(955,219)	-	-	(955,219)
Revaluation	(1,670,502)	-	-	(1,670,502)
Disposals	-	(182,945)	(195,148)	(378,093)
At 31 March 2021	53,674,301	1,668,336	520,716	55,863,353
<i>Depreciation</i>				
At 1 April 2020	-	-	354,477	354,477
Provided in year	-	91,131	101,800	192,931
Disposals	-	-	(195,148)	(195,148)
At 31 March 2021	-	91,131	261,129	352,260
<i>Net book value</i>				
At 31 March 2021	53,674,301	1,577,205	259,587	55,511,093
<i>Net book value</i>				
At 31 March 2020	52,612,202	1,612,060	286,254	54,510,516

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:

	2021 £	2020 £
Historic cost	31,330,995	23,974,932
Accumulated depreciation and impairments	(4,410,518)	(3,412,203)
	26,920,477	20,562,729

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

Investment properties are revalued to fair value annually, by the directors with reference to the latest external valuation performed in December 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. 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 *(continued)*
for the year ended 31 March 2021

10 Stocks

	2021 £	2020 £
Stock held for resale	10,275,598	7,785,790
	<u>10,275,598</u>	<u>7,785,790</u>

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

11 Debtors

	2021 £	2020 £
Trade debtors	105,111	3,685
Corporation tax	-	13,296
Other debtors	439,097	103,948
	<u>544,208</u>	<u>120,929</u>

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

12 Creditors: amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	74,734,543	69,812,893
Trade creditors	131,508	113,649
Accruals and deferred income	330,263	222,527
Other creditors	52,369	94,429
	<u>75,248,683</u>	<u>70,243,498</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

RV Property Holdings Limited

Notes forming part of the financial statements *(continued)*
for the year ended 31 March 2021

13 Provision for liabilities

	Repurchase provision £	Deferred taxation £	Total £
<i>Cost or valuation</i>			
At 1 April 2020	1,604,560	2,868,242	4,472,802
Credited to Profit and Loss	-	(256,465)	(256,465)
Transfers	(130,249)	-	(130,249)
	<u>1,474,311</u>	<u>2,611,777</u>	<u>4,086,088</u>
At 31 March 2021			

The repurchase provision represents the obligation of the group 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.

Deferred taxation comprises

	Accelerated capital allowances 2021 £	Investment property revaluations 2021 £	Total 2021 £
Deferred tax liability	263,707	2,348,070	2,611,777
	<u>263,707</u>	<u>2,348,070</u>	<u>2,611,777</u>
	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>

14 Share capital

	2021 £	2020 £
<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>

The company's ordinary shares have attached to them full voting, dividend and capital distribution rights, including upon the winding up of the company. No rights of redemption are relevant.

RV Property Holdings Limited

Notes forming part of the financial statements *(continued)*
for the year ended 31 March 2021

15 Reserves

Share capital

The nominal value of the shares issued.

Profit and loss account

The cumulative profits or losses, net of dividends paid and other adjustments.

Investment property reserve

The fair value adjustments net of deferred tax of the annual adjustment of investment property to fair value.

16 Immediate and ultimate parent company

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

The smallest group in which the results of the company are consolidated is that headed by Retirement Villages Group Limited. The consolidated accounts are available to the public and may be obtained from 3rd Floor, 123 Victoria Street, London, SW1E 6RA or alternatively from Companies House.

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

17 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.

	2021 £	2020 £
Not later than 1 year	504,766	644,084
Later than 1 year and not later than 5 years	2,076,258	2,734,670
Later than 5 years	10,296,408	15,534,306
	<hr/>	<hr/>
Total	12,877,432	18,913,060
	<hr/>	<hr/>