

# **McCarthy & Stone Investment Properties (Holdings) Limited**

## **Annual Report and Accounts**

**31 August 2007**



**Registration number 5086062**

**McCarthy & Stone Investment Properties (Holdings) Limited**  
**Directors and Officers**

**DIRECTORS**

T L Green (appointed 1/10/07)  
McCarthy & Stone (Group Services) Limited  
McCarthy & Stone Corporate Services Limited

**SECRETARY**

McCarthy & Stone (Group Services) Limited

**REGISTERED OFFICE**

Homelife House  
26-32 Oxford Road  
Bournemouth  
Dorset

**INDEPENDENT AUDITORS**

Deloitte & Touche LLP, Chartered Accountants & Registered Auditors  
Crawley, United Kingdom

**BANKERS**

HBOS plc

**SOLICITORS**

Travers Smith  
DLA Piper

## **McCarthy & Stone Investment Properties (Holdings) Limited**

### **Directors' Report**

The directors present their annual report and accounts for the year ended 31 August 2007

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

#### **Principal activity**

The company acts as an intermediate holding company

#### **Directors**

A list of the present directors is shown on page 1. All directors served throughout the year with the exception of T L Green who was appointed on 01/10/07

The company carries appropriate insurance cover in respect of possible legal action being taken by third parties against its directors and senior employees

#### **Independent auditors**

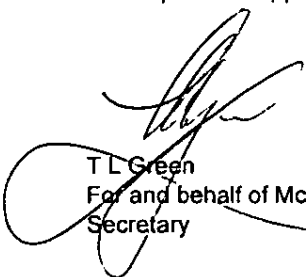
Each of the persons/directors at the date of approval of this report confirms that

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- The director has taken all the steps that ought to have been taken as a director in order to make itself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors. A resolution to re-appoint Deloitte & Touche LLP as auditors will be put to the members at the Annual General Meeting

This report was approved by the board on 13.11.07



T L Green  
For and behalf of McCarthy & Stone (Group Services) Limited  
Secretary

## **McCarthy & Stone Investment Properties (Holdings) Limited**

### **Statement of Directors' Responsibilities in Respect of the Accounts**

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **McCarthy & Stone Investment Properties (Holdings) Limited**

### **Independent Auditors' Report**

#### **To The Members of McCarthy & Stone Investment Properties (Holdings) Limited**

We have audited the financial statements of McCarthy & Stone Investment Properties (Holdings) Limited for the year ended 31 August 2007 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of Directors and Auditors**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**McCarthy & Stone Investment Properties (Holdings) Limited**  
**Independent Auditors' Report (continued)**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 August 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*Deloitte & Touche LLP*

Deloitte & Touche LLP, Chartered Accountants & Registered Auditors  
Crawley, United Kingdom

*20 May 2008*

**McCarthy & Stone Investment Properties (Holdings) Limited**  
**Profit and Loss Account**  
**for the year ended 31 August 2007**

	<b>Notes</b>	<b>2007 £</b>	<b>2006 £</b>
Administrative expenses		(623,989)	(1,175)
<b>Operating loss</b>		<u>(623,989)</u>	<u>(1,175)</u>
Profit on the disposal of fixed asset investments	3	2,658,235	10,443
Income from shares in group undertakings		<u>33,931</u>	<u>14,725</u>
<b>Profit on ordinary activities before taxation</b>		2,068,177	23,993
Tax credit/(charge) on profit on ordinary activities	2	207,533	(113,667)
<b>Retained profit/(loss) for the financial year</b>	7	<u>2,275,710</u>	<u>(89,674)</u>

**Statement of total recognised gains and losses**

The company has no recognised gains or losses other than the profit for the above financial periods. Accordingly no statement of total recognised gains and losses is presented, a reconciliation of movements in shareholders funds and movements on reserves is given at note 8 to the accounts.

**Continuing operations**

All of the company's activities are continuing in the current and preceding financial year.

**McCarthy & Stone Investment Properties (Holdings) Limited**  
**Balance Sheet**  
**as at 31 August 2007**

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Investments	3	<u>10</u>	<u>18</u>
<b>Current assets</b>			
Debtors	4	35,339,904	748,134
Cash at bank and in hand		82	82
<b>Creditors, amounts falling due within one year</b>	5	(32,652,400)	(336,348)
<b>Net current assets</b>		<u>2,687,586</u>	<u>411,868</u>
<b>Total assets less current liabilities</b>		<u>2,687,596</u>	<u>411,886</u>
<b>Capital and reserves</b>			
Called up share capital	6	100	100
Profit and loss account	7	2,687,496	411,786
<b>Shareholders' funds</b>	8	<u>2,687,596</u>	<u>411,886</u>



H P S Phillips  
For and behalf of McCarthy & Stone Corporate Services Limited  
Director

Approved by the board on

15 May 2007



**McCarthy & Stone Investment Properties (Holdings) Limited**  
**Notes to the Accounts**  
**at 31 August 2007**

**1 Accounting policies**

The following accounting policies have been used in dealing with items which are considered material in relation to the company accounts. They have been applied consistently throughout the year and the preceding year.

The company is exempt from preparing group accounts under S228 of the Companies Act as it itself is a wholly owned subsidiary. The accounts therefore present information about the company only.

**Basis of Accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

**Employees**

During the current and preceding financial year the company had no employees.

**Auditors' remuneration**

Auditors' remuneration of £1,000 (2006: £1,000) is borne by a fellow group company.

**Directors' remuneration**

There was no directors' remuneration during the period (2006: £nil).

**Investments**

Investments are recorded at cost. Provision is made against the carrying value of investments where the directors consider that there has been impairment in value.

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Cashflow statement**

No cashflow statement has been prepared for the company as it is itself a wholly owned subsidiary. A group consolidated cashflow statement is included in the accounts of the ultimate parent undertaking, Mother Topco Limited.

**McCarthy & Stone Investment Properties (Holdings) Limited**  
**Notes to the Accounts**  
**at 31 August 2007**

<b>2 Tax on profit on ordinary activities</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>

**a) Analysis of tax (credit)/ charge for the year**

Current tax (credit)/charge on income for the period	<u>(207,533)</u>	<u>113,667</u>
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**b) Factors affecting the tax (credit) for the year**

The differences between the total current tax shown above and the amounts calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

Profit on ordinary activities before tax	<u>2,068,177</u>	<u>23,993</u>
Tax on ordinary activities at standard UK corporation		
tax rate of 30% (2006 30%)	620,453	7,198
Effects of		
SDLT on internal FRI transfer	-	87,296
Non-taxable group income	(10,179)	(4,418)
Prior year tax provision adjustments	(372,873)	23,591
Chargeable gains transferred to fellow group undertaking	<u>(444,934)</u>	<u>-</u>
Current tax (credit)/ charge for the year	<u>(207,533)</u>	<u>113,667</u>

**3 Investments**

	<b>Investments in subsidiary undertakings</b>
	<b>£</b>
<b>Cost</b>	
At 1 September 2006	18
Disposals	(8)
At 31 August 2007	<u>10</u>

The profit on the disposal of fixed asset investments relates to the disposal for cash of the company's interests in the ordinary share capital of Fairhold Homes (No 14) Limited, Fairhold Homes (No 15) Limited, Fairhold Homes (No 16) Limited, Littonace (No 9) Limited, Littonace (No 10) Limited and Littonace (No 11) Limited

At 31 August, 2007 the company held 20% or more of the share capital of the following undertakings

<b>Company</b>	<b>Country of registration or incorporation</b>	<b>Principal Activity</b>	<b>Shares Held Class</b>	<b>%</b>
Priordrive Property Management No 9 Limited	UK	Property Investment	Ordinary	100
Littonace (No12) Limited	UK	Property Investment	Ordinary	100
McCarthy & Stone Investment Properties No 14 Limited	UK	Property Investment	Ordinary	100
Fairhold Homes (No 17) Limited	UK	Property Investment	Ordinary	100
McCarthy & Stone Investment Properties No 16 Limited	UK	Dormant	Ordinary	100
McCarthy & Stone Investment Properties No 17 Limited	UK	Dormant	Ordinary	100
McCarthy & Stone Investment Properties No 21 Limited	UK	Dormant	Ordinary	100
McCarthy & Stone Investment Properties No 22 Limited	UK	Dormant	Ordinary	100
McCarthy & Stone Rental Interests (No 1) Limited	UK	Dormant	Ordinary	100

**McCarthy & Stone Investment Properties (Holdings) Limited**  
**Notes to the Accounts**  
**at 31 August 2007**

<b>4 Debtors</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Amounts owed by fellow group undertakings and undertakings in which the company has a participating interest	<u>35,339,904</u>	<u>748,134</u>

<b>5 Creditors amounts falling due within one year</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Amounts owed to fellow group undertakings	<u>32,652,400</u>	<u>336,348</u>

<b>6 Share capital</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Authorised Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>No</b>	<b>No</b>	<b>£</b>	<b>£</b>
Allotted, called up and fully paid Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

<b>7 Profit and loss account</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
At 1 September	411,786	501,460
Retained profit/(loss) for the financial year	<u>2,275,710</u>	<u>(89,674)</u>
At 31 August	<u>2,687,496</u>	<u>411,786</u>

<b>8 Reconciliation of movements in shareholders' funds</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
At 1 September	411,886	501,560
Retained profit/(loss) for the financial year	<u>2,275,710</u>	<u>(89,674)</u>
At 31 August	<u>2,687,596</u>	<u>411,886</u>

**9 Ultimate Parent Undertaking controlling party**

Mother Bidco Ltd's offer for the entire share capital of McCarthy and Stone plc, the company's ultimate parent, became unconditional on 13 October 2006. McCarthy & Stone plc has been delisted from the London Stock Exchange. The directors now consider that McCarthy & Stone Group Ltd (formerly Mother Topco Limited and the ultimate parent undertaking of Mother Bidco Limited) is the ultimate controlling party.

At 31 August 2007, the company was a wholly owned subsidiary undertaking of McCarthy & Stone Group Ltd, which is registered in England and Wales. At 31 August 2007, the consolidated accounts of McCarthy & Stone Group Ltd were those of both the smallest and largest group of which the company is a member and for which group accounts were prepared. Copies of the group accounts can be obtained from the Company Secretary, Homelife House, 26-32 Oxford Road, Bournemouth.

**10 Related Parties**

The company has taken advantage, as a 100% subsidiary, of the exemption available under FRS 8 para 3(c) from disclosing transactions with members of the McCarthy & Stone Group.