

**Grainger Retirement Housing No 1 (2007)  
Limited**

**Financial statements**

**30 September 2011**

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# **Grainger Retirement Housing No 1 (2007) Limited**

## **Financial statements**

**Year ended 30 September 2011**

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# **Grainger Retirement Housing No 1 (2007) Limited**

## **Officers and professional advisers**

<b>The board of directors</b>	Andrew R Cunningham Peter Q P Couch Paul Barber Nick P On Nicholas M F Jopling Mark Greenwood
<b>Company secretary</b>	Michael P Windle
<b>Registered office</b>	Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE
<b>Auditor</b>	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditor 89 Sandyford Road Newcastle Upon Tyne NE1 8HW
<b>Bankers</b>	Barclays Bank Plc Barclays House 71 Grey Street Newcastle Upon Tyne NE99 1JP
<b>Solicitors</b>	Dickinson Dees LLP St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE99 1SB

# **Grainger Retirement Housing No 1 (2007) Limited**

## **The directors' report**

**Year ended 30 September 2011**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2011

### **Principal activities**

The principal activity of the company during the year was property investment

### **Directors**

The directors who served the company during the year were as follows

Andrew R Cunningham  
Peter Q P Couch  
Paul Barber  
Nick P On  
Nicholas M F Jopling  
Mark Greenwood

Nicholas M F Jopling was appointed as a director on 7 December 2010

Mark Greenwood was appointed as a director on 7 December 2010

### **Directors' responsibilities**

The directors are responsible for preparing the 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

# Grainger Retirement Housing No 1 (2007) Limited

The directors' report *(continued)*

Year ended 30 September 2011

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

## **Auditor**

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

## **Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed by order of the directors



Michael P Windle  
Company Secretary

Approved by the directors on 22 June 2012

# **Grainger Retirement Housing No 1 (2007) Limited**

## **Independent auditor's report to the shareholders of Grainger Retirement Housing No 1 (2007) Limited**

**Year ended 30 September 2011**

We have audited the financial statements of Grainger Retirement Housing No 1 (2007) Limited for the year ended 30 September 2011, which comprise the Profit and Loss Account, the Statement of Total Recognised gains and Losses, the Note of Historical Cost Profits and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as applicable to financial statements prepared in accordance with the small companies regime of the Companies Act 2006.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out in the directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2011 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 Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **Grainger Retirement Housing No 1 (2007) Limited**

**Independent auditor's report to the shareholders of  
Grainger Retirement Housing No 1 (2007) Limited *(continued)***

**Year ended 30 September 2011**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare financial statements and the directors' report in accordance with the small company regime.



**Mark Menton (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle Upon Tyne**

22 June 2012

# Grainger Retirement Housing No 1 (2007) Limited

## Profit and loss account

Year ended 30 September 2011

	Note	2011 £	2010 £
<b>Turnover</b>	<b>2</b>	<b>2,817,109</b>	3,116,913
Cost of sales		<u>(662,071)</u>	<u>(534,953)</u>
<b>Gross profit</b>		<b>2,155,038</b>	2,581,960
<b>Operating profit</b>	<b>3</b>	<b>2,155,038</b>	2,581,960
(Loss)/profit on disposal of fixed assets	<b>4</b>	<b>(3,358)</b>	45,290
Interest payable and similar charges		<b>(2,249,247)</b>	(2,102,625)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(97,567)</b>	524,625
Tax on (loss)/profit on ordinary activities	<b>5</b>	<b>26,343</b>	(146,895)
<b>(Loss)/profit for the financial year</b>		<b><u>(71,224)</u></b>	<b><u>377,730</u></b>

All of the activities of the company are classed as continuing

The notes on pages 9 to 13 form part of these financial statements



# Grainger Retirement Housing No 1 (2007) Limited

## Statement of total recognised gains and losses

Year ended 30 September 2011

	2011 £	2010 £
(Loss)/Profit for the financial year attributable to the shareholders	(71,224)	377,730
Unrealised loss on revaluation of certain fixed assets	(2,868,680)	(2,110,928)
Total gains and losses recognised since the last annual report	<u>(2,939,904)</u>	<u>(1,733,198)</u>

### Note of historical cost profits and losses

	2011 £	2010 £
Reported (loss)/profit on ordinary activities before taxation	(97,567)	524,625
Realisation of gains recognised in previous periods	(108,537)	248,123
Historical cost (loss)/profit on ordinary activities before taxation	<u>(206,104)</u>	<u>772,748</u>
Historical cost (loss)/profit for the year after taxation	<u>(179,761)</u>	<u>625,853</u>

The notes on pages 9 to 13 form part of these financial statements.

# Grainger Retirement Housing No 1 (2007) Limited

## Balance sheet

30 September 2011

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	6	<u>52,915,408</u>	<u>56,434,232</u>
<b>Current assets</b>			
Debtors	7	<u>124,818</u>	<u>55,951</u>
Cash at bank		<u>516</u>	<u>—</u>
		<u>125,334</u>	<u>55,951</u>
<b>Creditors: Amounts falling due within one year</b>	8	<u>(76,233,133)</u>	<u>(76,742,670)</u>
<b>Net current liabilities</b>		<u>(76,107,799)</u>	<u>(76,686,719)</u>
<b>Total assets less current liabilities</b>		<u>(23,192,391)</u>	<u>(20,252,487)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	10	<u>1</u>	<u>1</u>
Revaluation reserve	11	<u>(23,706,077)</u>	<u>(20,930,819)</u>
Profit and loss account	12	<u>513,685</u>	<u>678,331</u>
<b>Deficit</b>	13	<u>(23,192,391)</u>	<u>(20,252,487)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 22 June 2012, and are signed on their behalf by

  
Mark Greenwood  
Director

Company Registration Number 06352305

The notes on pages 9 to 13 form part of these financial statements

# Grainger Retirement Housing No 1 (2007) Limited

## Notes to the financial statements

Year ended 30 September 2011

### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable UK accounting standards

The financial statements are prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, which have been applied consistently throughout the year

#### Going concern

Grainger plc has confirmed to the directors of the company that it will provide such financial support as shall enable the company to continue as a going concern for at least 12 months from the signing of these accounts

#### Cash flow statement

The company is a wholly owned subsidiary of Grainger plc and the cash flows of the company are included in the consolidated cash flow statement of Grainger plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised 1996) from preparing a cash flow statement

#### Turnover

Turnover comprises gross rentals and sundry other income, exclusive of VAT

#### Fixed assets

All fixed assets are initially recorded at cost

#### Investment properties

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Repairs are expensed to the profit and loss account as incurred. Improvement costs are capitalised. In accordance with SSAP 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, unless any diminution in value of an individual property is considered permanent, in which case the deficit is taken to the profit and loss account and (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 2006 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that to depreciate such properties would not give a true and fair view, but that a true and fair view is given by following SSAP 19 as described above. Full valuations are made by independent professionally qualified valuers every year. The basis of valuation is explained in the investment property note.

# Grainger Retirement Housing No 1 (2007) Limited

## Notes to the financial statements

Year ended 30 September 2011

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

#### Deferred taxation

Deferred tax is recognised in respect of 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

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

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

#### Deferred life tenancies

Where the company grants a lifetime lease on an investment property and receives from the lessee an upfront payment in respect of the grant of the lease, the upfront payment is treated as deferred rent in the balance sheet. This deferred rent is released to the profit and loss account on a straight line basis over the projected term of the lease. At each year end the projected term of the lease is revised on an actuarial basis and the remaining deferred rent is released to the profit and loss account on a straight line basis over this revised lease term

### 2 Turnover

The total turnover of the company has been derived from its principal activity wholly undertaken in the UK as defined in the directors' report

### 3 Operating profit

Operating profit is stated after charging

	2011	2010
	£	£
Auditor's fees	400	400

Audit fees are statutory audit fees only and are borne by another Group company

There are no persons holding service contracts with the company. None of the directors received any remuneration from the company during the year, or in the previous year

### 4 Loss/profit on disposal of fixed assets

	2011	2010
	£	£
(Loss)/profit on disposal of fixed assets	(3,358)	45,290

# Grainger Retirement Housing No 1 (2007) Limited

## Notes to the financial statements

Year ended 30 September 2011

### 5. Taxation on ordinary activities (a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
UK Corporation tax based on the results for the year at 27% (2010 - 28%)	(26,343)	146,895
Total current tax	<u>(26,343)</u>	<u>146,895</u>

There is no unprovided deferred tax liability or unrecognised deferred tax asset in these financial statements

### (b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 27% (2010 - 28%)

	2011 £	2010 £
(Loss)/profit on ordinary activities before taxation	<u>(97,567)</u>	<u>524,625</u>
(Loss)/profit on ordinary activities by rate of tax	<u>(26,343)</u>	<u>146,895</u>
Total current tax (note 5(a))	<u>(26,343)</u>	<u>146,895</u>

### (c) Factors that may affect future tax charges

There are no factors that are expected to significantly affect the taxation charge in future years

### 6 Tangible fixed assets

	Freehold Property £
<b>Cost or valuation</b>	
At 1 October 2010	56,434,232
Additions	44,856
Disposals	(695,000)
Revaluation	<u>(2,868,680)</u>
<b>At 30 September 2011</b>	<b><u>52,915,408</u></b>
<b>Net book value</b>	
<b>At 30 September 2011</b>	<b><u>52,915,408</u></b>
At 30 September 2010	<u>56,434,232</u>

# Grainger Retirement Housing No 1 (2007) Limited

## Notes to the financial statements

Year ended 30 September 2011

### 6 Tangible fixed assets *(continued)*

The company's investment properties have been valued at their open market value at the balance sheet date by our in house Chartered Surveyors and the valuations were reviewed and approved by the directors. A structured sample of the in house valuations were reviewed by Allsop & Co, Chartered Surveyors, independent of the company. Based on the results of that review, Allsop & Co have concluded that they have a high degree of confidence in those valuations. These represent estimates of the open market value of the properties subject to the tenancies then existing. The historical cost of these properties is £76,621,485(2010 £77,364,051)

### 7 Debtors

	2011	2010
	£	£
Trade debtors	29,853	29,660
Amounts owed by group undertakings	94,965	26,291
	<u>124,818</u>	<u>55,951</u>

### 8 Creditors Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	–	2,798
Amounts owed to group undertakings	60,368,514	58,906,162
Other creditors	15,864,619	17,833,710
	<u>76,233,133</u>	<u>76,742,670</u>

Included within amounts owed to group undertakings is an unsecured loan with a year end balance of £60,368,514 (2010 £56,656,642). The loan bears interest at LIBOR plus margin plus costs, which averaged 3.78% in the year (2010 3.64%), and is repayable on demand but is not expected to be repaid within the next 12 months. All other amounts owed to group undertakings are unsecured, bear no interest, and are repayable on demand.

Included within other creditors are deferred life tenancies of £15,833,264 (2010 £17,833,694) which pertain to the investment properties.

### 9. Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard No 8 and has not disclosed transactions with companies that are part of the Grainger plc group.

### 10. Share capital

#### Authorised share capital

	2011	2010
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

# Grainger Retirement Housing No 1 (2007) Limited

## Notes to the financial statements

Year ended 30 September 2011

### 10 Share capital *(continued)*

Allotted, called up and fully paid

	2011		2010	
	No	£	No	£
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

### 11 Revaluation reserve

	2011 £	2010 £
Balance brought forward	(20,930,819)	(18,571,768)
Revaluation of fixed assets	(2,868,680)	(2,110,928)
Transfer from/(to) the Profit and Loss Account on realisation	<u>93,422</u>	<u>(248,123)</u>
Balance carried forward	<u>(23,706,077)</u>	<u>(20,930,819)</u>

### 12. Profit and loss account

	2011 £	2010 £
Balance brought forward	678,331	52,478
(Loss)/profit for the financial year	(71,224)	377,730
Transfer (to)/from revaluation reserve	<u>(93,422)</u>	<u>248,123</u>
Balance carried forward	<u>513,685</u>	<u>678,331</u>

### 13 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
(Loss)/Profit for the financial year	(71,224)	377,730
Other net recognised gains and losses	(2,868,680)	(2,110,928)
Transfer from revaluation reserve	(93,422)	248,123
Transfer to profit and loss account	<u>93,422</u>	<u>(248,123)</u>
Net reduction to shareholders' deficit	(2,939,904)	(1,733,198)
Opening shareholders' deficit	<u>(20,252,487)</u>	<u>(18,519,289)</u>
Closing shareholders' deficit	<u>(23,192,391)</u>	<u>(20,252,487)</u>

### 14. Ultimate parent undertaking and controlling party

The directors regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial statements may be obtained from The Secretary, Grainger plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

Grainger Retirement Housing Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.

Grainger plc has confirmed to the directors of the company that it will provide such financial support as shall enable the company to continue as a going concern for at least 12 months from the signing of these accounts.