

**McCarthy & Stone Investment Properties  
No.23 Limited**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the 14 month period ended 31 October 2019**



**Company registration number: 06496130**

CONTENTS

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Directors and Advisors .....	2
Directors’ Report .....	3
Statement of Directors’ Responsibilities .....	6
Profit and Loss Account .....	7
Balance Sheet .....	8
Statement of Changes in Equity .....	9
Notes to the Financial Statements .....	10

## **DIRECTORS AND ADVISORS**

For the 14 month period ended 31 October 2019

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### **Directors**

R C Baker

J M Tonkiss

### **Registered Office**

4<sup>th</sup> Floor

100 Holdenhurst Road

Bournemouth

Dorset

BH8 8AQ

### **Bankers**

HSBC Bank plc

70 Pall Mall

London

SW1Y 5EZ

## DIRECTORS' REPORT

For the 14 month period ended 31 October 2019

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The Directors of McCarthy & Stone Investment Properties No.23 Limited (the Company) (registered number 06496130) present their Annual Report and financial statements for the 14 month period ended 31 October 2019. This Directors' Report has been prepared in accordance with the special provisions applicable to companies entitled to the small companies' exemption. Accordingly, the Company is not required to include a Strategic Report.

### Principal activity

The Company's business is property investment. The Company owns four house manager flats within McCarthy & Stone developments which were revalued during the financial year. These assets are rented out to another entity within the Group.

### Results

The profit after taxation for the 14 month period ended 31 October 2019 amounted to £373,235 (12 months ended 31 August 2018: £993). A transaction to revalue the Company's four house manager flats occurred during the year. No dividend has been proposed or paid in either the current 14 month period or prior year.

### Ownership

The Company is a wholly-owned subsidiary of McCarthy & Stone Retirement Lifestyles Limited. The ultimate parent company, McCarthy & Stone plc, produces consolidated financial statements and is listed on London Stock Exchange. McCarthy & Stone plc and its subsidiaries are referred to as the Group.

There has been no change to the Company's issued share capital during the 14 month period.

### Directors and Directors' interests

The Directors of the Company during the 14 month period and up to the date of signing were:

Name	Date of appointment	Date of resignation
<i>Current Directors:</i>		
R C Baker	6 January 2017	-
J M Tonkiss	31 August 2018	-

No Director has any interest in the shares of the Company. There have been no changes in the Directors' interests in the share capital of the Company since 31 October 2019.

### Directors' insurance

The Group to which this Company belongs maintains Directors' and Officers' liability insurance for the Directors and Officers of all Group companies.

### Directors' conflicts of interest

Each of the Directors has a duty under the Companies Act 2006 to avoid a situation where he/she has, or could have a direct or indirect interest that conflicts with the interests of the Company. The Company's Articles of Association contains provisions for dealing with conflicts or potential conflicts. The procedures for dealing with conflicts of interest have operated effectively during the 14 month period under review and the Directors have concluded that there were no conflicts of interest during that time.

### Future Developments

The Company will continue to act as a property investment company for the foreseeable future.

## DIRECTORS' REPORT

For the 14 month period ended 31 October 2019

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### Post balance sheet events

Post balance sheet events have been disclosed in note 11.

### Employees

The Company had no employees during the current 14 month period or the previous year.

### Directors' indemnities

As permitted by the Company's Articles of Association, qualifying third party indemnity provisions for the benefit of its Directors have been in place throughout the year under which the Company has agreed to indemnify the Directors, to the extent permitted by law and by the Articles, against all liability arising in respect of any act or omission in the course of performing their duties.

### Change of financial year end

As part of the business transformation strategy announced on 25 September 2018, the Directors decided to change the Group's financial year end from 31 August to 31 October. McCarthy & Stone Investment Properties No. 23 Limited have also followed this change of financial year end. The comparative amounts presented in the financial statements are not directly comparable.

### Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. When making this assessment, the Directors have considered the results and future forecasts of the Group given the high level of intercompany transactions with the Company.

As a result of future economic uncertainty created by the recent Covid-19 pandemic, the Group has performed a detailed review of the business and its future plans and carefully considered its liquidity position. A number of cash optimisation measures have been put in place and detailed scenario modelling has been performed to assess the impact of a prolonged period of economic downturn and reduced sales as a result of the pandemic. The Group is satisfied that it can continue as a going concern for the foreseeable future and full details of this review are disclosed in the FY20 interim results released on 15<sup>th</sup> July 2020.

The company has access to McCarthy & Stone plc and the wider Group to provide financial support meeting liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities. Through a combination of transactions with other Group entities and intra-group financing where appropriate, the Directors believe that the Company has sufficient resources to continue as a going concern. They have accordingly continued to adopt the going concern basis in preparing the financial statements.

### Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intend to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by McCarthy & Stone Retirement Lifestyles Limited, as the immediate parent of the entity. They should be served by no later than 31 October 2020.

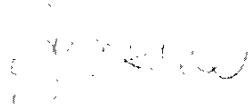
**McCarthy & Stone Investment Properties No.23 Limited**

## **DIRECTORS' REPORT**

For the 14 month period ended 31 October 2019

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Approved by the Board on 30 July 2020 and signed on its behalf by:



R C Baker  
Director

McCarthy and Stone Investment Properties No.23 Limited  
4<sup>th</sup> Floor  
100 Holdenhurst Road  
Bournemouth  
Dorset  
BH8 8AQ

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the 14 month period ended 31 October 2019

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### Statement of Directors' responsibilities in respect of the financial statements

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." 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 year.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records 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.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## PROFIT AND LOSS ACCOUNT

For the 14 month period ended 31 October 2019

	Notes	14 month period ended 31 October 2019 £	12 month period ended 31 August 2018 £
Administrative expenses		(1,000)	(1,000)
Other operating income	3	465,005	4,425
<b>Operating profit</b>	3	<b>464,005</b>	<b>3,425</b>
Interest payable and similar expenses	4	(3,221)	(2,199)
<b>Profit before taxation</b>		<b>460,784</b>	<b>1,226</b>
Taxation on profit	5	(87,549)	(233)
<b>Profit for the financial year</b>		<b>373,235</b>	<b>993</b>

All of the figures above relate to continuing operations.

There were no gains or losses other than those stated in the Profit and Loss Account above. Accordingly no Statement of Comprehensive Income is given.

The notes on pages 10 to 14 form part of these financial statements.



## BALANCE SHEET

As at 31 October 2019

	Notes	As at 31 October 2019 £	As at 31 August 2018 £
<b>Fixed assets</b>			
Investment properties	6	546,000	126,429
<b>Creditors: amounts due within one year</b>	7	(160,630)	(114,294)
<b>Net assets</b>		<b>385,370</b>	<b>12,135</b>
<b>Capital and reserves</b>			
Called up share capital	8	3	3
Profit and loss account		385,367	12,132
<b>Shareholders' funds</b>		<b>385,370</b>	<b>12,135</b>

For the year ended 31 October 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

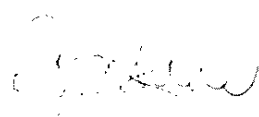
Directors' responsibilities:

- The members have not required the Company to obtain an audit of its financial statements for the period in question in accordance with section 476.
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 10 to 14 form part of these financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 July 2020 and were signed on its behalf by:



R C Baker  
Director

Company registration number: 06496130

## STATEMENT OF CHANGES IN EQUITY

For the 14 month period ended 31 October 2019

	Notes	Share capital £	Share premium £	Profit and loss account £	Total £
<b>Balance as at 1 September 2017</b>	<b>8</b>	<b>3</b>	<b>108,998</b>	<b>(97,859)</b>	<b>11,142</b>
Cancellation of share premium		-	(108,998)	108,998	-
Profit for the year		-	-	993	993
<b>Total comprehensive income for the year</b>		-	-	<b>993</b>	<b>993</b>
<b>Balance as at 31 August 2018</b>	<b>8</b>	<b>3</b>	-	<b>12,132</b>	<b>12,135</b>
Profit for the period		-	-	373,235	373,235
<b>Total comprehensive income for the period</b>		-	-	<b>373,235</b>	<b>373,235</b>
<b>Balance as at 31 October 2019</b>	<b>8</b>	<b>3</b>	-	<b>385,367</b>	<b>385,370</b>

The notes on pages 10 to 14 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the 14 month period ended 31 October 2019

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### 1. Accounting policies

The following accounting policies have been used in dealing with items that are considered material in the financial statements. They have been applied consistently throughout the current 14 month period and prior year.

McCarthy & Stone Investment Properties No.23 Limited (the Company) is a private company limited by shares and registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 2.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 paragraph 1.12 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its ultimate parent, McCarthy & Stone plc, which may be obtained at [www.mccarthyandstonegroup.co.uk](http://www.mccarthyandstonegroup.co.uk). Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

#### **Going concern**

The financial statements have been prepared on the going concern basis. For further details please refer to the Directors' Report on pages 3-5.

#### **Investment properties**

Investment properties comprises completed property that is held to earn rentals or for capital appreciation as house manager flats, rather than for sale in the ordinary course of business.

Investment properties are stated at fair value using a market approach, which has been supported by a RICS qualified valuation. Changes in the valuation are recognised in the profit and loss account within 'Other operating income'.

#### **Corporation tax**

Corporation tax comprises current tax. Current tax is based on taxable profits for the 14 month period.

Tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, tax is recognised in the Profit and Loss account.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 14 month period ended 31 October 2019

### 2. Critical accounting judgements and estimation uncertainty

There are no specific critical judgements or key assumptions the Company makes about the future, or other major sources of estimation uncertainty at the end of the reporting period, that are deemed to have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities at the year end and within the next financial year.

### 3. Operating profit

#### a. Other income

	14 month period ended 31 October 2019 £	12 month period ended 31 August 2018 £
Other income	45,434	4,425
Revaluation of investment properties	419,571	-
	<b>465,005</b>	<b>4,425</b>

#### b. Employees

The Company had no employees during the current 14 month period or prior year.

#### c. Auditor's remuneration

Due to exemption from audit by parent guarantee, no audit fees have been incurred during the 14 month period ended 31 October 2019 (12 month period ended 31 August 2018: £nil). Remuneration of the auditor is settled by McCarthy & Stone (Developments) Limited on behalf of all companies within the McCarthy & Stone plc Group and was not recharged in prior year. The total Group audit fee for the 14 month period ended 31 October 2019 was £0.4m (12 month period ended 31 August 2018: £0.2m).

#### d. Directors' remuneration

There was no Directors' remuneration during the current 14 month period or prior year. The Directors are paid by the other Group companies and the allocation to this Company is £nil (2018: £nil).

### 4. Interest payable and similar expenses

	14 month period ended 31 October 2019 £	12 month period ended 31 August 2018 £
Interest payable to fellow Group undertakings	3,221	2,199
	<b>3,221</b>	<b>2,199</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 14 month period ended 31 October 2019

### 5. Taxation on profit

#### a. Analysis of taxation on profit period

	14 month period ended 31 October 2019 £	12 month period ended 31 August 2018 £
Current tax: UK corporation tax on profit for the year	87,549	232
<b>Taxation on profit</b>	<b>87,549</b>	<b>232</b>

#### b. Factors affecting the tax charge for the period

	14 month period ended 31 October 2019 £	12 month period ended 31 August 2018 £
Profit before tax	460,784	1,226
Anticipated tax charge based on profit before tax at 19.00% (2018: 19.00%)	87,549	233
<b>Total tax charge for the year</b>	<b>87,549</b>	<b>233</b>

As at the balance sheet date, a reduction in the rate of corporation tax to 17% from 1 April 2020 was substantively enacted and this rate has been applied to the calculation of deferred tax balances. On 17 March 2020 a resolution was passed to reverse this rate reduction and maintain a corporation tax rate of 19%. The impact of this change in rate will be accounted for in future periods.

### 6. Investment properties

	As at 31 October 2019 £	As at 31 August 2018 £
As at 1 September	126,429	126,429
Revaluation	419,571	-
<b>As at 31 October 2019 / 31 August 2018</b>	<b>546,000</b>	<b>126,429</b>

The fair value is based on an external valuation carried out by independent valuation consultants.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 14 month period ended 31 October 2019

### 7. Creditors: amounts falling due within one year

	As at 31 October 2019 £	As at 31 August 2018 £
Amounts owed to Group undertakings	63,089	114,294
Deferred income	13,263	-
	<b>76,352</b>	<b>114,294</b>

Balances owed to McCarthy & Stone Retirement Lifestyles Limited incur an interest rate charge of 2.2% (2018: 2.2%). Balances owed to other Group undertakings are repayable on demand.

### 8. Share capital

	Authorised No.	Authorised £	Allotted, called up & fully paid No.	Allotted, called up & fully paid £
<b>Equity share capital</b>				
Ordinary shares of £1 each				
As at 31 August 2018	1,000	1,000	3	3
<b>As at 31 October 2019</b>	<b>1,000</b>	<b>1,000</b>	<b>3</b>	<b>3</b>

### 9. Related parties

The Company has taken advantage of the exemption available under FRS 102, section 33.1A, not to disclose transactions with wholly-owned members of the Group headed by McCarthy & Stone plc.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 14 month period ended 31 October 2019

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### 10. Ultimate parent undertaking and controlling party

McCarthy & Stone plc, which is registered in England and Wales, is considered to be the Company's ultimate parent undertaking and controlling party. The financial statements of McCarthy & Stone plc can be obtained from the registered office:

4<sup>th</sup> Floor  
100 Holdenhurst Road  
Bournemouth  
Dorset  
BH8 8AQ

The smallest and largest Group in which this Company's financial statements are consolidated is McCarthy & Stone plc.

### 11. Post balance sheet events

#### Coronavirus

The outbreak of the COVID-19 pandemic in March 2020 has had a large impact on the McCarthy & Stone Group. Closure of sales offices and sites under construction from mid-March, typically one of our busiest sales and construction seasons, resulted in a significant decrease in our sales volumes and caused disruption to build activities in the first half of FY20.

The Covid-19 pandemic continues to impact on our people, business model, business performance and the economic environment in which we operate and has led the Group to invoke a number of business continuity procedures to manage the immediate impact of the pandemic and maximize liquidity. The Group has also undertaken a detailed review of the future plans for the business with detailed scenario modelling to ensure the business can adapt to government guidelines and continue to operate through a period of economic downturn and uncertainty.

#### Borrowings

On 2 June 2020, the Group secured access to the HM Treasury and Bank of England Covid Corporate Financing Facility ('CCFF') and has put in place a £300m commercial paper programme under this scheme. The facility will be used to provide additional liquidity should it be required, however it remains currently undrawn.

On 7 July the Group secured a waiver of the interest cover banking covenant until April 2021 and a relaxation in this covenant test for October 2021.

This has ensured that the Group is well positioned to navigate through a period of downturn and continue investment in land and build to work towards future growth targets.

Whilst the pandemic has had a significant impact on the business there are no adjustments required to the FY19 financial statements of this entity. The detailed modelling carried out by the Group shows that the business can continue to operate for the foreseeable future and therefore the accounts of this entity have been prepared on a Going Concern basis. Management will continue to assess the impact of the pandemic and manage risks to the business as they arise.