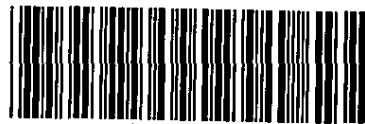


# **McCarthy & Stone Financial Services Limited**

## **ANNUAL REPORT & FINANCIAL STATEMENTS**

**For the period 05 October 2011 to 31 August 2012**

TUESDAY



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COMPANIES HOUSE

**Company registration number: 07798214**

## **CONTENTS**

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Directors and Advisors	3
Directors' Report	4
Statement of Directors' Responsibilities	6
Independent auditors' report to the members of McCarthy & Stone Financial Services Limited	7
Profit and Loss Account	9
Balance Sheet	10
Notes to the Financial Statements	11-15

## DIRECTORS AND ADVISORS

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### Directors

T L Green	(appointed 5 October 2011 and resigned 23 August 2012)
H P S Phillips	(appointed 5 October 2011 and resigned 31 August 2012)
A V Crossley-Mintern	(appointed 5 October 2011)
N W Maddock	(appointed 31 August 2012)
M J Elliott	(appointed 02 November 2012)

### Registered Office

Homelife House  
26-32 Oxford Road  
Bournemouth  
Dorset  
BH8 8EZ

### Independent Auditors

Deloitte LLP  
Crawley

### Bankers

The Bank of Scotland  
The Mound  
Edinburgh  
EH1 1YZ

### Solicitors

Freshfields Bruckhaus Deringer LLP  
65 Fleet Street  
London  
EC4Y 1HS

## **DIRECTORS' REPORT**

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The Directors present their report and financial statements for the period from 5 October 2011 to 31 August 2012. The Directors are in receipt of a letter of support from McCarthy & Stone Limited, to the extent that it will not seek repayment of the outstanding intercompany balances within 12 months of signing the statutory accounts of McCarthy & Stone Financial Services Limited. As such, and having considered the current uncertain economic environment the accounts have been prepared on a going concern basis. This Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 419(2) of the Companies Act 2006.

### **Principal Activity**

The principal activity of the company is the sale of financial services products, funerals plans, wills and powers of attorney. The company was incorporated on the 05 October 2011.

### **Results and Dividends**

The loss on ordinary activities after taxation for the period amounted to £195,776. No dividend has been proposed or paid in the period.

### **Future Developments**

During the first trading period, and with the back drop of an uncertain global economy, the business has experienced difficult trading conditions. The directors have reasonable intentions to support further new product developments in the coming years.

### **Directors**

A list of the present Directors of the Company is reported on page 3.

The directors T L Green and H P S Phillips were appointed on the 5 October 2011 and resigned on 23 August 2012 and 31 August 2012 respectively, with the directors A V Crossley-Mintern, N W Maddock and M J Elliott appointed on 5 October 2011, 31 August 2012 and 2 November 2012 respectively.

The Group to which this Company belongs carries appropriate insurance cover in respect of possible legal action being taken by third parties against its Directors.

### **Independent Auditors**

Each of the persons who is a Director at the date of approval of this report confirms that

- so far as each of the Directors 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 he ought to have taken as a Director to make himself 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 s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

## DIRECTORS' REPORT (CONTINUED)

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Approved by the Board of Directors and signed on behalf of the Board by



N W Maddock

Director

McCarthy & Stone Financial Services Limited

Homelife House

26-32 Oxford Road

Bournemouth BH8 8EZ

United Kingdom

12 December 2012

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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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). 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 the Company's affairs as at 31 August 2012 and of its loss for the period then ended. 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, 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 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCCARTHY & STONE FINANCIAL SERVICES LIMITED**

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We have audited the financial statements of McCarthy & Stone Financial Services Limited for the period ended 31 August 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein. 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).

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 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**

As explained more fully in the Directors' Responsibilities Statement, 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 (APB's) Ethical Standards for Auditors.

### **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 annual report 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 31 August 2012 and of its loss for the period 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.

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

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

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCCARTHY & STONE FINANCIAL SERVICES LIMITED (CONTINUED)**

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### **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 the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' report



Neil Harris (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Crawley, United Kingdom  
12 December 2012



## PROFIT AND LOSS ACCOUNT

For the period from the 5 October 2011 to 31 August 2012

	Notes	Period from 5 October 2011 to 31 August 2012 £
Turnover		14,269
Administrative expenses		(268,849)
<b>Operating Loss</b>	2	<b>(254,580)</b>
Net interest payable	4	(4,349)
<b>Loss on Ordinary Activities before Taxation</b>		<b>(258,929)</b>
Taxation credit	5	63,153
<b>Loss for the Financial Period</b>		<b>(195,776)</b>

The Company has no material gains or losses other than those included in the Profit and Loss Account above, and therefore no separate Statement of Total Recognised Gains and Losses has been presented

There is no material difference between the result as disclosed in the Profit and Loss Account and the result on an unmodified historical cost basis

All of the figures above relate to continuing operations

The notes on pages 11 to 15 form part of these financial statements

## BALANCE SHEET

As at 31 August 2012

	Notes	2012 £
<b>Current Assets</b>		
Debtors amounts due within one year	6	29,131
Debtors amounts due after one year	7	36,234
Cash		110,770
		176,135
<b>Creditors: amounts falling due within one year</b>	8	(38,992)
<b>Net Current Assets</b>		137,143
<b>Creditors: amounts falling due after one year</b>	9	(332,918)
<b>Net Liabilities</b>		(195,775)
<b>Capital and Reserves</b>		
Called up share capital	10	1
Profit and loss account	11	(195,776)
<b>Shareholders' Deficit</b>		(195,775)

Company registration number 07798214

Approved by the Board and authorised for issue on 12 December 2012

Signed on its behalf by



N W Maddock  
Director

The notes on pages 11 to 15 form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

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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 period.

#### **Basis of accounting**

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

#### **Going Concern**

McCarthy & Stone Financial Services Limited was formed to offer tailored financial products from chosen partners to our existing owners of retirement properties and 3<sup>rd</sup> parties. McCarthy & Stone Financial Services Limited's finance is provided through intercompany balances. The Group is headed by McCarthy & Stone Limited which is funded by banking facilities. The Group has confirmed that it will not seek repayment of intercompany balances within 12 months of signing the statutory accounts of McCarthy & Stone Financial Services Limited. The Directors are in receipt of a letter of support from McCarthy & Stone Limited. The Directors are satisfied despite the current uncertain economic climate that the facilities and operations of the Group are sufficient to provide the assurances held within this letter. Thus, the accounts have been prepared on the going concern basis.

#### **Turnover**

Turnover represents commission earned on sales of financial services products occurring entirely within the United Kingdom. Income from sales is recognised in the profit and loss account on a receivables basis once the underlying contract has been completed and is no longer subject to reclaim.

#### **Corporation tax**

Corporation tax comprises current tax and deferred tax. Current tax is based on taxable profits for the period.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, and
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies (continued)

#### Corporation tax (continued)

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, income tax is recognised in the income statement

#### Cash flow statement

No Cash Flow Statement has been prepared for the Company as it is itself a wholly owned UK incorporated subsidiary. A Group consolidated Cash Flow Statement is included in the accounts of McCarthy & Stone Limited

### 2. Operating loss

#### a. Employees

During the current financial period the Company had 2 employees

#### b. Directors' remuneration

There was no Directors' remuneration during the period. The Directors are paid by the other Group companies and the allocation to this company is £nil

	Period from 5 October 2011 to 31 August 2012 £
<b>Staff costs during the year (excluding Directors)</b>	
Wages and salaries	102,496

### 3. Auditors' remuneration

Auditors' remuneration of £1,700 is borne by a fellow Group company

### 4. Net interest payable

	Period from 5 October 2011 to 31 August 2012 £
Interest payable to other group undertakings	(4,585)
Bank interest receivable	236
<b>Net interest payable</b>	<b>(4,349)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 5. Taxation on loss on ordinary activities

### a. Analysis of tax credit for the period

	Period from 5 October 2011 to 31 August 2012 £
Current tax UK corporation tax on loss for the period	(26,919)
Deferred taxation arising from taxable losses	(36,234)
<b>Tax on loss on ordinary activities</b>	<b>(63,153)</b>

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

	Period from 5 October 2011 to 31 August 2012 £
Loss on ordinary activities before tax	(258,929)
Anticipated tax credit based on loss before tax at 25 16%	(65,147)
<i>Effects of</i>	
Expenses not deductible for tax purposes	243
Tax losses carried forward	37,985
<b>Current tax credit for the period</b>	<b>(26,919)</b>

### c. Deferred taxation movements

	Period from 5 October 2011 to 31 August 2012 £
Deferred taxation at 5 October 2011	-
Charge for the period	36,234
<b>At 31 August 2012</b>	<b>36,234</b>

The UK corporation tax rate decreased from 26% to 24% from 1 April 2012. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014 and are expected to be enacted separately each year. For the year ended 31 August 2012, as the reduction in the statutory rate to 24% has been enacted, deferred tax has been recognised on the balance sheet at 24%.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Debtors: amounts falling due within one year

	2012 £
Accrued income	4,184
Amounts owed by group undertakings	24,947
<b>Debtors: amounts due within one year</b>	<b>29,131</b>

### 7. Debtors: amounts falling due after one year

	2012 £'000
Deferred tax asset	36,234
	36,234

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

	2012 £
Other creditors	38,992
<b>Creditors: amounts falling due within one year</b>	<b>38,992</b>

### 9. Creditors: amounts falling due after one year

	2012 £
Loan payable to group undertaking	332,918
<b>Creditors: amounts falling due after one year</b>	<b>332,918</b>

The loan from McCarthy & Stone (Developments) Limited to McCarthy & Stone Financial Services Limited has no repayment terms other than it is not due for repayment within 12 months from the balance sheet date

The interest for the year is calculated by applying an effective interest rate of 8 per cent to the liability component and amounted to £4,585 for the year

**NOTES TO THE FINANCIAL STATEMENTS****10. 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	1	1	1	1

**11. Combined reconciliation of shareholders' deficit and statement of movement on reserves**

	Called up share capital £	Profit and loss account - £	Total £
As at 05 October 2011	1	-	1
Loss for the financial year	-	(195,776)	(195,776)
<b>As at 31 August 2012</b>	<b>1</b>	<b>(195,776)</b>	<b>(195,775)</b>

**12. Related parties**

The Company has taken advantage, as a 100% subsidiary, of the exemption available under FRS 8 paragraph 3(c) from disclosing the transactions between members of the McCarthy & Stone Limited Group of companies

**13. Ultimate parent undertaking and controlling party**

Mandarin 1 Limited, which is registered in England and Wales, is considered to be the Company's ultimate parent undertaking and controlling party. The accounts of Mandarin 1 Limited can be obtained from its registered office

Homelife House  
26-32 Oxford Road  
Bournemouth  
Dorset  
BH8 8EZ

The smallest Group in which this Company's accounts are consolidated is McCarthy & Stone Ltd, and the largest Group in which this Company's accounts are consolidated is Mandarin 1 Ltd