

# **McCarthy & Stone Financial Services Limited**

## **ANNUAL REPORT & FINANCIAL STATEMENTS**

**For the year ended 31 August 2013**



**Company registration number: 07798214**

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## DIRECTORS AND ADVISORS

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### Directors

A V Crossley-Mintern

N W Maddock

M J Elliott

(appointed 2 November 2012)

### Secretary

J Davies

### Registered Office

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

### Independent Auditors

Deloitte LLP  
Mountbatten House  
1 Grosvenor Square  
Southampton  
SO15 2BZ

### 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 year ended 31 August 2013. 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.

### **Results and Dividends**

The loss on ordinary activities after taxation for the year amounted to £170,190 (5 October 2011 to 31 August 2012: £195,776). No dividend has been proposed or paid in either the current or prior period.

### **Directors**

A list of the present Directors of the Company is reported on page 3. All Directors listed served throughout the year ended 31 August 2013, with the exception of M J Elliott being appointed on 2 November 2012.

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 are 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.

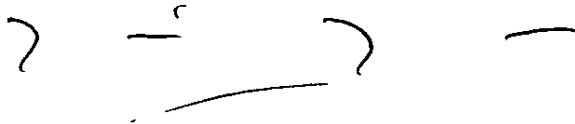
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

## DIRECTORS' REPORT (CONTINUED)

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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

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  
19 December 2013

## 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 2013 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 year ended 31 August 2013 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 2013 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.

### **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



Gregory Culshaw ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Southampton, United Kingdom

19 December 2013



## PROFIT AND LOSS ACCOUNT

For the year ended 31 August 2013

			Period from 5 October 2011 to 31 August 2012
	<i>Notes</i>	2013 £	2012 £
Turnover		39,946	14,269
Administrative expenses		(222,649)	(268,849)
<b>Operating Loss</b>	<b>2</b>	<b>(182,703)</b>	<b>(254,580)</b>
Net interest payable	4	(41,271)	(4,349)
<b>Loss on Ordinary Activities before Taxation</b>		<b>(223,974)</b>	<b>(258,929)</b>
Taxation credit	5	53,784	63,153
<b>Loss for the Financial Year</b>		<b>(170,190)</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

McCarthy & Stone Financial Services Limited

## BALANCE SHEET

As at 31 August 2013


	Notes	2013 £	2012 £
<b>Current Assets</b>			
Debtors amounts due within one year	6	522,949	29,131
Debtors amounts due after one year	7	-	36,234
Cash		79,981	110,770
		602,930	176,135
<b>Creditors: amounts falling due within one year</b>	8	(366)	(38,992)
<b>Net Current Assets</b>		602,564	137,143
<b>Creditors: amounts falling due after one year</b>	9	(285,529)	(332,918)
<b>Net Liabilities</b>		317,035	(195,775)
<b>Capital and Reserves</b>			
Called up share capital	10	4	1
Share premium account	11	682,997	-
Profit and loss account	11	(365,966)	(195,776)
<b>Shareholders' Funds/(Deficit)</b>		317,035	(195,775)

Company registration number 07798214

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

Approved by the Board and authorised for issue on 19 December 2013

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 current year and prior 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 equity and intercompany balances. The Group is headed by McCarthy & Stone Limited which is funded by equity and 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 year the Company had 2 (5 October 2011 to 31 August 2012) 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

	2013	Period from 5 October 2011 to 31 August 2012
	£	£
<b>Staff costs during the year (excluding Directors)</b>		
Wages and salaries	37,518	102,496

### 3. Auditors' remuneration

Auditors' remuneration of £1,785 (5 October 2011 to 31 August 2012 £1,700) is borne by a fellow Group company

### 4. Net interest payable

	2013	Period from 5 October 2011 to 31 August 2012
	£	£
Interest payable to other group undertakings	(41,836)	(4,585)
Bank interest receivable	566	236
<b>Net interest payable</b>	<b>(41,271)</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

	2013	Period from 5 October 2011 to 31 August 2012
	£	£
Current tax		
UK corporation tax on profits in the period	(52,059)	(26,919)
Adjustment in respect of previous periods	(37,959)	-
Deferred taxation arising from taxable losses	-	(36,234)
Adjustment in respect of previous periods	36,234	-
<b>Tax on loss on ordinary activities</b>	<b>(53,784)</b>	<b>(63,153)</b>

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

	2013	Period from 5 October 2011 to 31 August 2012
	£	£
Loss on ordinary activities before tax	(223,974)	(258,929)
Anticipated tax credit based on loss before tax at 23.58% (2012: 25.16%)	(52,815)	(65,147)
<i>Effects of</i>		
Expenses not deductible for tax purposes	756	243
Tax losses carried forward	-	37,985
Adjustments in respect of prior years	(37,959)	-
<b>Current tax credit for the period</b>	<b>(90,018)</b>	<b>(26,919)</b>

#### c. Deferred taxation movements

	2013	Period from 5 October 2011 to 31 August 2012
	£	£
Deferred taxation at 1 September	36,234	-
Charge for the period	-	36,234
Adjustment in respect of prior years	(36,234)	-
<b>At 31 August</b>	<b>-</b>	<b>36,234</b>

The UK corporation tax rate decreased from 24% to 23% from 1 April 2013. The Finance Act 2013, which provides for further reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS

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

	2013 £	2012 £
Accrued income	-	4,184
Other debtors and prepayments	101,233	-
Amounts owed by group undertakings	421,716	24,947
<b>Debtors: amounts due within one year</b>	<b>522,949</b>	<b>29,131</b>

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

	2013 £'000	2012 £'000
Deferred tax asset	-	36,234
	-	<b>36,234</b>

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

	2013 £	2012 £
Other creditors	366	38,992
<b>Creditors: amounts falling due within one year</b>	<b>366</b>	<b>38,992</b>

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

	2013 £	2012 £
Loan payable to group undertaking	285,529	332,918
<b>Creditors: amounts falling due after one year</b>	<b>285,529</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 £41,836 for the year (2012 £4,585)

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Share capital

	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 2012	1	1
As at 31 August 2013	4	4

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

	Called up share capital £ 2013	Share Premium £ 2013	Profit and loss account £ 2013	Total £ 2013	Total £ 2012
As at 1 September	1	-	(195,776)	(195,775)	1
Shares issued	3	682,997	-	683,000	-
Loss for the financial year	-	-	(170,190)	(170,190)	(195,776)
As at 31 August	4	682,997	(365,966)	317,035	(195,775)

### 12. Related parties

The Company has taken advantage 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

McCarthy & Stone Limited, which is registered in England and Wales, is considered to be the Company's ultimate parent undertaking and controlling party. Mandarin 1 Limited was the ultimate parent undertaking and controlling party prior to its liquidation on 28 August 2013. The accounts of McCarthy & Stone Limited can be obtained from the registered office

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

The smallest and largest Group in which this Company's accounts are consolidated is McCarthy & Stone Limited