

RINCHAM LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

COMPANY NUMBER - 1416339

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RINCHAM LIMITED (REGISTERED NUMBER : 1416339)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

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RINCHAM LIMITED

COMPANY INFORMATION

DIRECTORS:	Blisworth Management Limited Roade One Management Limited
SECRETARY:	London Registrars Plc
REGISTERED OFFICE:	4 th Floor Haines House 21 John Street London WC1N 2BP
REGISTERED NUMBER:	1416339 (England and Wales)
INDEPENDENT AUDITORS:	Harold Sharp Statutory Auditors and Chartered Accountants Holland House 1-5 Oakfield Sale Cheshire M33 6TT

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2010

Principal activities

The company is permitted

- 1) to purchase or otherwise acquire, hold and deal in any insurance policies, or annuity contracts (but the company does not purchase or acquire or hold or deal in policies on human lives or life annuity contracts)
- 2) to carry on capital redemption business

the company is not an insurance company and does not carry on any form of insurance business

The company issues two kinds of contract

- A a contract under the terms of which, the company undertakes to provide at the end of a lengthy fixed period a fund which does not have a guaranteed minimum value. These contracts have no obligation to provide a minimum value at the end of the contract period. These contracts are referred to as "A contracts",
- B a contract under the terms of which the company undertakes to provide at the end of the contract period a guaranteed minimum value. Typical of such contracts is an obligation to provide at the end of a contract period (often 80 years) a fund having a guaranteed minimum value at the end of the 80 year period of an amount equal to seven times the value of the initial premium. These kinds of contract, in the absence of any variation of the terms of the particular guarantee, impose substantial financial obligations upon the company towards each of its contract-holders. These contracts are referred to as "B contracts"

Principal risks and uncertainties

The company could be exposed to financial risks if the market value of the investment properties does not meet any guaranteed minimum value required by any outstanding contracts issued in the course of the capital redemption business. The market in commercial property remains illiquid and accurate valuations are difficult to assess with any certainty. For the purposes of these accounts the directors have maintained the accounting policy adopted in 2009 when valuing the assets. The directors believe this is consistent with the long term nature of the capital redemption fund although not giving a marked to market assessment.

Liquidity in the Credit Market remains very low and although the directors have secured long term funding for the property assets, until the Credit Market returns to normality there is a refinancing risk. The present facility expires in 2013. The directors are of the opinion that this timescale should be sufficient for Credit Markets to return to normality.

Business performance

The profit after taxation for the financial year amounted to £459. The directors do not recommend the payment of a dividend and the loss for the year has been transferred to reserves.

DIRECTORS' REPORT - continued

Directors

The directors who held office during the year and who had no beneficial interest in the shares of the company during the year or to date were

Blisworth Management Limited
Roade One Management Limited

Statement of directors' responsibilities

The directors are responsible for preparing the director's 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 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,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Creditors

The company has a policy of paying its creditors promptly once the directors are satisfied that the service has been performed.

Auditors

Harold Sharp have expressed their willingness to continue in office as auditors of the company and a resolution for their re-appointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

ROADE ONE MANAGEMENT LIMITED
DIRECTOR

Date 19/7/10.

Roade One Management Ltd

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RINCHAM LIMITED

We have audited the financial statements of Rincham Limited for the year ended 31 March 2010 on pages five to thirteen. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page three, 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 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.

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.

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 March 2010 and of its profit 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 year for which the financial statements are prepared is consistent with the financial statements.

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:

- 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 required for our audit.

Harold Sharp
Christopher Wrighton (Senior Statutory Auditor)
for and on behalf of Harold Sharp
Statutory Auditors and Chartered Accountants
Holland House
1-5 Oakfield
Sale
Cheshire
M33 6TT

Date *30 July 2010*

RINCHAM LIMITED (REGISTERED NUMBER : 1416339)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010**

	Note	2010 £	2009 £
Income		403,109	394,349
Administrative expenses	2	(402,650)	(403,200)
		<hr/>	<hr/>
Net operating profit / (loss)		459	(8,851)
		<hr/>	<hr/>
Profit / (Loss) on ordinary activities before taxation		459	(8,851)
Taxation	3	-	-
		<hr/>	<hr/>
Profit / (Loss) for the financial year	13	459	(8,851)
		<hr/>	<hr/>

All the operations in the period were continuing (and there were no acquisitions in either period)

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented

RINCHAM LIMITED (REGISTERED NUMBER : 1416339)

BALANCE SHEET AT 31 MARCH 2010

	Note	2010 £	2009 £
Fixed Assets			
Tangible fixed assets	4	99,250,000	99,250,000
Current assets			
Debtors	5	1,919,185	1,727,688
Bank and cash balances		744,973	265,350
		<u>2,664,158</u>	<u>1,993,038</u>
Creditors: Amounts falling due within one year	6	<u>(1,956,769)</u>	<u>(1,715,373)</u>
Net current assets		<u>707,389</u>	<u>277,665</u>
Total assets less current liabilities		<u>99,957,389</u>	<u>99,527,665</u>
Creditors: Amounts falling due after more than one year	7	<u>(80,216,181)</u>	<u>(80,216,181)</u>
Capital redemption fund	8	<u>(19,752,359)</u>	<u>(19,323,094)</u>
Net liabilities		<u>(11,151)</u>	<u>(11,610)</u>
Capital and reserves			
Called up share capital	9	9,252	9,252
Profit and loss account	13	<u>(20,403)</u>	<u>(20,862)</u>
Shareholders' funds	14	<u>(11,151)</u>	<u>(11,610)</u>

The financial statements on pages 5 to 13 were approved by the director on
and signed on its behalf by

19/7/10

Blisworth Management Ltd

BLISWORTH MANAGEMENT LIMITED
DIRECTOR

RINCHAM LIMITED (REGISTERED NUMBER : 1416339)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2010**

	Note	2010 £	2010 £	2009 £	2009 £
Net cash inflow/(outflow) from operating activities	10		479,623		(151,562)
			<u> </u>		<u> </u>
Taxation					
UK corporation tax refunded/(paid)			-		-
			<u> </u>		<u> </u>
Capital expenditure and financial investment					
Sale of tangible fixed assets			-		1,497,599
			<u> </u>		<u> </u>
Contract loans advanced			-		(562,915)
Repayment to contract holders			-		(367,085)
			<u> </u>		<u> </u>
Cash inflow/(outflow) before use of liquid resources and financing			479,623		416,037
Financing					
Bank loan			-		-
Capital element of bank loan			-	(1,083,919)	
			<u> </u>	<u> </u>	(1,083,819)
			<u> </u>		<u> </u>
Increase/(decrease) in cash	11		479,623		(667,782)
			<u> </u>		<u> </u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

1 ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared under the historical cost basis of accounting, as modified by the revaluation of land and buildings and are in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Tangible fixed assets/investment properties

Properties held by the capital redemption fund are stated in the balance sheet at valuation. The aggregate surplus arising on revaluation is transferred to the capital redemption fund.

Capital redemption fund

The capital redemption fund is not a collective fund and is not managed in a collective manner; consequently each contract individually represents the value of the each capital redemption contract. Contract loans are accounted for within debtors. Bank loans secured on the properties are accounted for as financial liabilities.

The company is required for the purposes of carrying on its capital redemption business to establish a capital redemption fund into which shall be paid all assets which are received by the company as consideration for the effecting of contracts with the persons paying such monies, which provide for the payment of a sum or sums at some future time or on the happening of some event other than death being more than five years from the date thereof.

The capital redemption fund shall be credited with all income and all profits and gains from the application of such monies paid to it as consideration as aforesaid and from all monies representing the same and all accumulations of income and gains referable to the said business, and shall be debited with all liabilities of the fund in respect of capital redemption contracts together with all losses and charges and expenses of management incurred by the company in connection with the management and administration of the said business, provided that in the case of such charges and expenses the same shall have been approved by the actuary of the company as being properly chargeable to the capital redemption fund in accordance with the terms of the capital redemption contracts.

The liabilities of the company in respect of capital redemption contracts shall be discharged (insofar as is possible) from the capital redemption fund but the company shall not for any reason be or be deemed to be an actual or constructive trustee of any of the monies or assets held for the account of the capital redemption fund or of any of its powers or functions of management of its capital redemption fund or of any of the monies or assets belonging thereto.

No shareholder of the company shall be entitled to participate in the profits of the capital redemption business of the company until such time as the liabilities of the company referable to the capital redemption fund have been satisfied in full otherwise than as a result of a transfer in respect of so much of the aggregate annual management charges of the company in relation to the management and administration of the capital redemption fund as may be sanctioned by the terms of the capital redemption contracts and of any commissions or charges accruing to it from third parties with whom any monies or assets belonging to the capital redemption fund may have been invested.

NOTES TO THE FINANCIAL STATEMENTS - continued

Rental income

Rental income represents rents receivable from tenants net of VAT, who occupy the properties held by the capital redemption fund

Deferred taxation

Deferred taxation balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred taxation balances are not discounted.

2	ADMINISTRATIVE EXPENSES	2010	2009
		£	£
	Administrative expenses	402,650	403,200
	Administrative expenses are stated after charging		
	Auditors' remuneration for audit	2,500	3,000
	Directors' fees	400,000	400,000

Directors fees are payable to the corporate directors. There are no other employees of the company and the corporate directors do not have any associated pension costs. Each corporate director was paid £200,000.

Audit and accountancy fees of £15,000 (2009 £17,000) payable to the company's auditors have been charged to the Capital Redemption Fund.

3	TAXATION	2010	2009
		£	£
	United Kingdom corporation tax	-	-

4	TANGIBLE FIXED ASSETS	Investment Properties
	At 1 April 2009 and at 31 March 2010	99,250,000

The investment properties were revalued on 21 September 2006 by C B Richard Ellis Limited, Chartered surveyors at open market value. The valuations were undertaken in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual. The directors have adopted this valuation for the purposes of these financial statements.

The historical cost of the investment properties is £56,123,154 (2009 £56,123,154).

RINCHAM LIMITED (REGISTERED NUMBER · 1416339)**NOTES TO THE FINANCIAL STATEMENTS - continued**

5	DEBTORS	2010	2009
		£	£
	Agent's current accounts	903,333	570,770
	Other debtors	831,908	903,564
	Prepayments and accrued income	183,944	253,354
		<u>1,919,185</u>	<u>1,727,688</u>

All amounts shown under debtors fall due for payment within one year except for £183,944 (2009 £248,357) relating to unamortised lease incentives

The directors, in discussion with the bank, have agreed to accumulate a cash buffer to be held by the bank in order to provide a cushion for the servicing of the debt

6	CREDITORS	2010	2009
		£	£
	Amounts falling due within one year		
	Other taxation and social security	205,953	137,013
	Other creditors	307,585	198,039
	Accruals and deferred income	1,443,231	1,380,321
		<u>1,956,769</u>	<u>1,715,373</u>

7	CREDITORS	2010	2009
		£	£
	Amounts falling due after one year		
	Bank loans (secured)	80,216,181	80,216,181

At 31 March 2010 the bank loans of £80,216,181 were repayable at fixed rates of interest. The loans are due for repayment in 2013. The bank loans are secured by a first charge over the investment properties and therefore form part of the capital redemption fund.

RINCHAM LIMITED (REGISTERED NUMBER : 1416339)

NOTES TO THE FINANCIAL STATEMENTS - continued

8	CAPITAL REDEMPTION FUND	£
	Fund at 1 April 2009	19,323,094
	Income	
	Rental income received	5,754,148
	Bank interest receivable	10,640
	Other income	16,170
		<hr/>
		5,780,958
	Expenses	
	Professional fees	107,911
	Property expenses	23,575
	Contract charges	403,109
	Management and letting fees	56,042
	Interest payable	4,718,168
	Audit and accountancy	12,500
	Bank charges	30,388
		<hr/>
		5,351,693
	 Increase in capital redemption business fund in the year	 429,265
		<hr/> <hr/>
	Fund at 31 March 2010	19,752,359
		<hr/> <hr/>

The capital redemption fund is not a collective fund and is not managed in a collective manner consequently each contract individually represents the value of each capital redemption contract

9	SHARE CAPITAL	2010	2009
		£	£
	Allotted, called up and full paid		
	9,252 ordinary shares of £1 each	9,252	9,252
		<hr/>	<hr/>
10	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2010	2009
		£	£
	Operating profit/(loss) per profit and loss account	459	(8,851)
	(Increase)/decrease in debtors	(191,497)	(940,882)
	Increase in creditors	241,396	102,694
	(Decrease) in capital redemption fund	429,265	30,077
	Contract surrenders	-	367,085
	Contract loans advanced	-	562,915
	Profit on disposal of fixed assets	-	(264,600)
		<hr/>	<hr/>
	Net cash inflow/(outflow) from operating activities	479,623	(151,562)
		<hr/> <hr/>	<hr/> <hr/>

RINCHAM LIMITED (REGISTERED NUMBER : 1416339)

NOTES TO THE FINANCIAL STATEMENTS - continued

11

RECONCILIATION OF NET CASH
INFLOW TO MOVEMENT IN NET DEBT

2010
£

2009
£

Increase/(decrease) in cash in the year

479,623

(667,782)

Cashflow from change in
debt and lease financing

-

1,083,819

Change in net debt resulting from
cash flows

479,623

1,083,819

Movement in net debt in the year

479,623

416,037

Opening net debt

(79,950,831)

(80,366,868)

Closing net debt

(79,471,208)

(79,950,831)

12

ANALYSIS OF NET DEBT

At
1 April
2009

Cash
flow

other
non-cash
changes

At 31
March
2010

Cash in hand and at bank

265,350

479,623

-

744,973

Debt due after one year

(80,216,181)

-

-

(80,216,181)

Debt due within one year

-

-

-

-

(79,950,831)

479,623

-

(79,471,208)

13

RESERVES

Profit &
loss account

At 1 April 2009

(20,862)

Profit for the year

459

At 31 March 2010

(20,403)

14

RECONCILIATION OF MOVEMENTS
IN FUNDS

Shareholders
funds
£

Funds at 1 April 2009

(11,610)

Loss for the financial year

459

Funds at 31 March 2010

(11,151)

NOTES TO THE FINANCIAL STATEMENTS - continued

15 CONTINGENT LIABILITIES

One of the types of contracts issued in respect of the capital redemption business provides a guaranteed minimum value at the end of the contract period. As stated in the directors' report, these contracts impose substantial financial obligations upon the company towards each of the respective contract-holders. As the liability arises at the end of the contract period, which is 80 years from inception, the directors have not recognised any additional liabilities in respect of these contracts in the financial statements at 31 March 2010, as the liability at this time is considered to be remote.

16 ULTIMATE PARENT UNDERTAKING

At the balance sheet date the company's ultimate parent undertaking was Monarch Assurance Investments Limited, a company incorporated in England.