

Elmbridge Village Limited

Report and Financial Statements

Year Ended

31 March 2012

Company Number 1483278

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Elmbridge Village Limited

Report and financial statements
for the year ended 31 March 2012

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Directors

J M Gooding
D Miller

Secretary and registered office

D Miller, 28 Church Street, Epsom, Surrey, KT17 4QB

Company number

1483278

Auditors

BDO LLP, 2nd Floor, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Elmbridge Village Limited

Report of the directors for the year ended 31 March 2012

The directors present their report together with the audited financial statements for the year ended 31 March 2012

Results

The profit and loss account is set out on page 5 and shows the profit for the year

Principal activities

The company owns the freehold interest in an estate of residential units at Elmbridge Village, Cranleigh which was developed by the company and is occupied by retired persons, under lease agreements. Certain services are provided to the residents and the company consents to the assignment of leases or repurchases the leases and grants new leases for the properties on the estate. The company expects to continue to own and benefit from its freehold interest.

OFT investigation

In September 2009, the OFT launched a formal investigation into transfer fees in the retirement housing sector which included some retirement village operators as well as Retirement Villages Limited. A fuller reference to this inquiry is set out in the group accounts of Retirement Villages Group Limited.

On the basis of advice previously received, the directors continue to hold the opinion that it is appropriate to value investment properties with reference to assignment fee income streams as well as to ground rents.

Directors

The directors of the company during the year were

J M Gooding
C J Hayton (resigned 20 January 2012)
D Miller (appointed 29 February 2012)

Directors' responsibilities

The directors are responsible for preparing the annual 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

Elmbridge Village Limited

Report of the directors for the year ended 31 March 2012 (continued)

Directors' responsibilities (continued)

- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this directors' report advantage has been taken of the small companies' exemption.

On behalf of the board



D Miller
Director

Date 11 December 2012

Elmbridge Village Limited

Independent auditor's report

TO THE SHAREHOLDERS OF ELMBRIDGE VILLAGE LIMITED

We have audited the financial statements of Elmbridge Village Limited for the year ended 31 March 2012 which comprise the profit and loss account, 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).

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 auditor's 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 statement of directors' responsibilities, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2012 and of its loss for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters 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.

Elmbridge Village Limited

Independent auditor's report (*continued*)

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
- the directors were not entitled to prepare the financial statements and directors' report in accordance with the small companies' regime



*James Roberts (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom*

Date

11 December 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Elmbridge Village Limited

Profit and loss account for the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	2	1,981,950	2,014,450
Cost of sales		(714,236)	(636,460)
Gross profit		1,267,714	1,377,990
Distribution costs		72,389	75,563
Administrative expenses		56,926	38,735
		1,138,399	1,263,692
Other operating income		86,505	99,655
Operating profit	3	1,224,904	1,363,347
Other interest receivable and similar income		-	-
Profit on ordinary activities before taxation		1,224,904	1,363,347
Taxation (charge)/credit on profit on ordinary activities	4	(1,585,194)	384
(Loss)/profit on ordinary activities after taxation		(360,290)	1,363,731

All amounts relate to continuing activities

The notes on pages 8 to 15 form part of these financial statements

Elmbridge Village Limited

Statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 31 March 2012

	Note	2012 £	2011 £
Statement of total recognised gains and losses			
(Loss)/profit for the financial year		(360,290)	1,363,731
Unrealised deficit on revaluation of properties	11	-	(1,809,000)
Deferred taxation on transfer of realisation		(142,487)	(99,931)
		<hr/>	<hr/>
Total recognised losses for the financial year		(502,777)	(545,200)
		<hr/>	<hr/>
Note of historical cost profits and losses			
Reported profit on ordinary activities before taxation		1,224,904	1,363,347
Realisation of property revaluation gains during the year		183,730	233,173
		<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation		1,408,634	1,596,520
		<hr/>	<hr/>
Historical cost (loss)/profit for the year after taxation		(176,560)	1,596,520
		<hr/>	<hr/>

The notes on pages 8 to 15 form part of these financial statements

Elmbridge Village Limited

Balance sheet at 31 March 2012

Company number 1483278	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	5		6,049,856		6,671,551
Current assets					
Stocks	6	682,020		439,876	
Debtors	7	8,380,963		7,902,051	
Cash at bank and in hand		43,826		384,595	
		9,106,809		8,726,522	
Creditors' amounts falling due Within one year	8	2,902,557		2,008,738	
Net current assets			6,204,252		6,717,784
Total assets less current liabilities			12,254,108		13,389,335
Provisions for liabilities	9		678,479		1,310,929
			11,575,629		12,078,406
Capital and reserves					
Called up share capital	10		10,000		10,000
Revaluation reserve	11		6,105,877		6,432,094
Profit and loss account	11		5,459,752		5,636,312
Shareholders' funds	12		11,575,629		12,078,406

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

The financial statements were approved by the board of directors and authorised for issue on 11 December 2012

D Miller
Director



The notes on pages 8 to 15 form part of these financial statements

Elmbridge Village Limited

Notes forming part of the financial statements for the year ended 31 March 2012

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible assets

The following principal accounting policies have been applied

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 2006

Turnover

Turnover represents the proceeds from the sale of leases on properties and assignment fees from the resale of properties

Sales of properties are recognised on legal completion

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and leased properties, evenly over their expected useful lives. It is calculated at the following rates

Fixtures and fittings	-	20% on a straight line basis
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Investment properties

The freeholds of retirement villages are regarded as investment properties. In accordance with SSAP 19 'Accounting for investment properties', investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 2006 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all direct expenditure, an appropriate proportion of attributable overheads and a proportion of interest capitalised on borrowings drawn to finance development work.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Elmbridge Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (continued)

1 Accounting policies (continued)

Deferred tax balances are not discounted

Leased assets

Leased fixed assets are held at valuations equivalent to their respective repurchase prices. These valuations are less than the market value which would be ascribed to the underlying assets if they were available for resale. The directors consider that their current unavailability for resale diminishes their value and that the repurchase price of the respective lease is therefore the most appropriate valuation to reflect in the financial statements.

Property sales

The company sells properties under two main types of lease. The first type ('old lease'), which is now only sold in respect of garages, obliges the company to repurchase the property at the price at which it was last sold or a proportion thereof, either on vacation of the property by the purchaser or on receiving three months' notice. When a property is repurchased by the company in accordance with its obligation under the lease, title to the property will revert to the company and the property will become available for resale in the company's financial statements.

Under Financial Reporting Standard 5 "Reporting the substance of transactions", the granting of an old lease is not recognised as a sale as most of the risks and rewards are borne by the company. The company has decided to treat such properties as leased fixed assets and to create a provision for their repurchase. The properties are held at a value equivalent to the provision for repurchase of the lease.

The second type of lease ('new lease') transfers all the risks and rewards of ownership to the lessee. Grants of such leases are treated as sales, with the attributable income and costs of sales being taken to the profit and loss account.

Provisions

Provision is made in full for the requirement to repurchase properties leased under 'old leases' at their original sale price, at the point the obligation arises and is released on the repurchase of the property.

2 Turnover

Turnover arises solely within the United Kingdom.

3 Operating profit

	2012	2011
	£	£
This is arrived at after charging		
Depreciation of tangible fixed assets	1,248	1,497

Auditor's fees were paid by RV Services Limited, another group undertaking, in the year and the preceding period. The directors received no emoluments in respect of their services to the company. The company has no employees other than the directors.

Elmbridge Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (*continued*)

4 Taxation on profit on ordinary activities

	2012 £	2011 £
<i>UK Corporation tax</i>		
Payment for group relief	1,585,295	-
	<hr/>	<hr/>
<i>Total current tax</i>	1,585,295	-
	<hr/>	<hr/>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	(101)	(384)
	<hr/>	<hr/>
Taxation on surplus on ordinary activities	1,585,194	(384)
	<hr/>	<hr/>

The tax assessed for the year is higher (2011 – lower) than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	1,224,904	1,363,347
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26% (2011 - 28%)	318,475	381,736
Effect of		
- Transfer pricing adjustment	-	(77,813)
- Capital allowances less than depreciation	169	211
- Adjustment to tax charge in respect of previous periods	-	-
- Payment for group relief	1,585,295	-
- Group relief	(318,644)	(304,134)
	<hr/>	<hr/>
Current tax charge for the year	1,585,295	-
	<hr/>	<hr/>

Elmbridge Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 *(continued)*

5 Tangible fixed assets

	Leased Properties £	Fixtures & Fittings £	Investment Properties £	Total £
Cost or valuation				
At 1 April 2011	1,483,929	7,485	5,186,000	6,677,414
Transfers	(677,500)			(677,500)
Additions	57,053	-	-	57,053
	<u>863,482</u>	<u>7,485</u>	<u>5,186,000</u>	<u>6,056,967</u>
At 31 March 2012				
Depreciation				
At 1 April 2011	-	5,863	-	5,863
Provided for the year	-	1,248	-	1,248
	<u>-</u>	<u>7,111</u>	<u>-</u>	<u>7,111</u>
At 31 March 2012				
Net Book value				
At 31 March 2012	<u>863,482</u>	<u>374</u>	<u>5,186,000</u>	<u>6,049,856</u>
At 31 March 2011	<u>1,483,929</u>	<u>1,622</u>	<u>5,186,000</u>	<u>6,671,551</u>

The group's investment properties were valued by the directors after taking into account two recent independent professional valuations, one of which was at 31 March 2010 and the other June 2010. There was considered to be no material change in the value of the properties during the year.

The directors believe the book value of the leased properties is not less than their market value.

The historical cost of investment properties is

	2012 £	2011 £
Cost	<u>60,000</u>	<u>60,000</u>

Elmbridge Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 *(continued)*

6 Stocks

	2012 £	2011 £
Work in progress	150,020	83,376
Stocks held for resale	532,000	356,500
	682,020	439,876

There is no material difference between the replacement cost of stocks and the amounts stated above

7 Debtors

	2012 £	2011 £
Amounts owed by group undertakings	8,200,717	7,578,152
Deferred taxation	178,973	321,359
Other debtors	1,273	2,540
	8,380,963	7,902,051

All amounts shown under debtors fall due for payment within one year

	Deferred taxation £
At 1 April 2011	321,359
Charged to profit and loss account	101
Charged to profit and loss reserves	(142,487)
	178,973
At 31 March 2012	178,973

	2012 £	2011 £
<i>Deferred taxation</i>		
The amount of deferred tax provided for is as follows		
- Accelerated capital allowances	485	384
- Other timing differences	178,488	320,975
	178,973	321,359

Elmbridge Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (*continued*)

8 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	17,035	5,101
Amounts owed to group undertakings	2,860,729	1,984,246
Taxation and social security	18,813	-
Other creditors	5,980	19,391
	<u>2,902,557</u>	<u>2,008,738</u>

All amounts shown under creditors are unsecured

9 Provisions for liabilities

	Other provisions £
At 1 April 2011	1,310,929
Released on repurchase of leased properties during the year	(632,450)
	<u>678,479</u>
At 31 March 2012	<u>678,479</u>

The repurchase provision represents the obligation of the company to repurchase properties sold under old leases at the price at which they were bought by the purchaser upon the terms described in note 1

10 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i> 10,000 ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

Elmbridge Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 *(continued)*

11 Reserves

	Revaluation Reserve £	Profit and loss account £
At 1 April 2011	6,432,094	5,636,312
Profit for the year	-	(360,290)
Deficit on revaluation of property	-	-
Transfer on realisation	(326,217)	326,217
Deferred tax on transfer on realisation	-	(142,487)
	6,105,877	5,459,752
At 31 March 2012	6,105,877	5,459,752

12 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
(Loss)/profit for the year	(360,290)	1,363,731
Other net recognised gains and losses relating to the year		
- Unrealised deficit on revaluation of properties	-	(1,809,000)
- Deferred taxation on transfer on realisation	(142,487)	(99,931)
	(502,777)	(545,200)
Net deductions from shareholders' funds	(502,777)	(545,200)
Opening shareholders' funds	12,078,406	12,623,606
Closing shareholders' funds	11,575,629	12,078,406

13 Charges over assets

As part of a group borrowing arrangement, the company is part of an omnibus guarantee and set-off arrangement between the group's main bankers and Retirement Villages Limited. The bank has also been given a first legal charge over the company's freehold property.

14 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with members of the group headed by Retirement Villages Limited on the grounds that at 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

Elmbridge Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (*continued*)

15 Ultimate parent company and parent undertaking of larger group

The immediate parent undertaking is Retirement Villages Management Limited, a company incorporated in England and Wales

The largest group in which the results of the company are consolidated is that headed by Romac Investments Limited, incorporated in The Isle of Man. The smallest group in which they are consolidated is that headed by Retirement Villages Limited, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from 28 Church Street, Epsom, Surrey, KT17 4QB.

The ultimate parent undertaking is Romac Investments Limited, a company incorporated in the Isle of Man and no party is considered to have a controlling interest.