

Elmbridge Village Limited

Report and Financial Statements

Year Ended

31 March 2016

Company Number 01483278

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Elmbridge Village Limited

Report and financial statements for the year ended 31 March 2016

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Directors

N Welby
N Donaldson
S D Burgess
D Phillips
W Crawford

Secretary and registered office

S Rees, 1st Floor Brunswick House, Regent Park, 299 Kingston Road, Leatherhead, Surrey, KT22 7LU

Company number

01483278

Auditors

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

Elmbridge Village Limited

Report of the directors for the year ended 31 March 2016

Principal activity

The company owns the freehold interest in an estate of residential units at Elmbridge Village, Surrey 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.

Results and Dividends

The statement of comprehensive income is set out on page 5 and shows the result for the year. Dividends of £8,150,000 were paid to the ordinary shareholders on 31 March 2016 (2015 - £Nil).

Directors

The directors of the company throughout the year were:

N Welby
S D Burgess
N Donaldson
D Phillips
W Crawford
J Puckering (resigned 31 March 2016)

OFT Investigation

In September 2009, the OFT (now the Competition and Markets Authority, or CMA) 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 enquiry can be found in the financial statements of Retirement Villages Group Limited for the year ended 31 March 2016.

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, while taking into account the negative impact on sentiment caused by the OFT's activities.

Auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

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

Approval

On behalf of the Board



Neil Donaldson

Director

Date 14th Dec 2016

Elmbridge Village Limited

Statement of director's responsibilities

Directors' responsibilities

The directors are responsible for preparing the directors' 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 company 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 that 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 accounting 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 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.

Elmbridge Village Limited

Independent auditor's report

Independent auditor's report to the members of Elmbridge Village Limited

We have audited the financial statements of Elmbridge Village Limited for the year ended 31 March 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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), including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland.

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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of its profit 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 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.

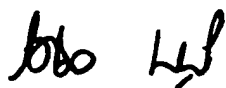
Elmbridge Village Limited

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 and to the exemption from the requirement to prepare a strategic report.



John Everingham (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

Date

16 December 2016

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

Elmbridge Village Limited

Statement of comprehensive income for the year ended 31 March 2016

	Note	2016 £	2015 £
Turnover	3	1,045,512	1,091,865
Cost of sales		(83,310)	(159,085)
Gross profit		962,202	932,780
Administrative expenses		(157,236)	(92,572)
Profit on ordinary activities before taxation	4	804,966	840,208
Taxation credit on profit on ordinary activities	5	97,900	-
Profit and total comprehensive income for the financial year		902,866	840,208

All amounts relate to continuing activities.

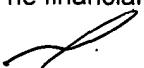
The notes on pages 8 to 16 form part of these financial statements.

Elmbridge Village Limited

Balance sheet at 31 March 2016

Company number 1483278	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	6		6,151,232		6,194,982
Current assets					
Stocks	7	6,420,130		2,897,130	
Debtors	8	167,327		8,366,257	
Cash at bank and in hand		438,757		32,654	
		<u>7,026,214</u>		<u>11,296,041</u>	
Creditors: amounts falling due within one year	9	(5,340,324)		(2,255,117)	
Net current assets			1,685,890		9,040,924
Total assets less current liabilities			7,837,122		15,235,906
Provisions for liabilities	10		(1,542,329)		(1,693,979)
Total net assets			6,294,793		13,541,927
Capital and reserves					
Called up share capital	11	10,000		10,000	
Revaluation reserve		540,069		540,069	
Investment property reserve		5,395,000		5,395,000	
Profit and loss account		349,724		7,596,858	
			<u>6,294,793</u>		<u>13,541,927</u>

The financial statements were approved by the board of directors and authorised for issue on 14th Dec 2016


N Donaldson
Director

The notes on pages 8 to 16 form part of these financial statements

Elmbridge Village Limited

Statement of changes in equity For the year ended 31 March 2016

	Share capital £	Revaluation reserve £	Investment property reserve £	Profit and loss account £	Total equity £
1 April 2015	10,000	540,069	5,395,000	7,596,858	13,541,927
Comprehensive income for the year					
Profit for the year	-	-	-	902,866	902,866
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	902,866	902,866
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Contributions by and distributions to owners					
Dividends	-	-	-	(8,150,000)	(8,150,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	-	(8,150,000)	(8,150,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2016	10,000	540,069	5,395,000	349,724	6,294,793
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	Share capital £	Revaluation reserve £	Investment property reserve £	Profit and loss account £	Total equity £
1 April 2014	10,000	540,069	5,395,000	6,756,650	12,701,719
Comprehensive income for the year					
Profit for the year	-	-	-	840,208	840,208
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	840,208	840,208
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Contributions by and distributions to owners					
Dividends	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2015	10,000	540,069	5,395,000	7,596,858	13,541,927
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 8 to 16 form part of these financial statements.

Elmbridge Village Limited

Notes forming part of the financial statements for the year ended 31 March 2016

1 Accounting policies

Elmbridge Village Limited is a private company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the directors report.

Basis of preparation

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. These financial statements are the first financial statements prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 14.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

FRS 102 reduced disclosure exemptions

In preparing the separate financial statements of the company, advantage has been taken of the following disclosure exemptions available in FRS 102 to subsidiary undertakings where the parent undertaking prepares publicly available consolidated accounts:

- No cash flow statement has been presented for the company;
- Disclosures in respect of the company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole in the parent undertakings group accounts;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the company as their remuneration is included in the totals for the group as a whole; and
- Under FRS 102 the company is also not required to disclose details of transactions entered into with fellow group members.

The following principal accounting policies have been applied:

Revenue

Revenue represents amounts receivable for the proceeds from the sale of leases and assignment fees from the resale of properties and ground rental income. Property sales and assignment fees are recognised on legal completion.

Elmbridge Village Limited

Notes forming part of the financial statements (continued) for the year ended 31 March 2016

1 Accounting policies (continued)

Investment properties

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

Lease assets

The company sells properties under historic old leases, which obliges the company to repurchase a 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 normal course of business.

The granting of the lease is not recognised as a sale as most of the risks and rewards are borne by the company. The company has decided it will treat such properties as leased fixed assets and will create a provision for their repurchase. The properties will be held at a value equivalent to the provision for repurchase of the lease.

Provisions

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

Provision is also made in respect of liabilities arising from requirements to refurbish properties where an obligation exists at the balance sheet date

Stocks and work in progress

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

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Elmbridge Village Limited

Notes forming part of the financial statements (continued) for the year ended 31 March 2016

1 Accounting policies (continued)

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.
- Investment property reserve represents the gross fair value adjustments of the annual adjustment of investment property to fair value. The deferred taxation component has been accounted for in the profit and loss account.
- Revaluation reserve represents the revaluation of lease assets to an amount equal to the repurchase provision.

Elmbridge Village Limited

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Investment properties are professionally valued annually using a discounted cash flow method, taking into account the quality of different income streams and their attractiveness to a potential acquirer. Key inputs into the valuations were:

- Assignment fee and ground rental income based upon the most recent sales values achieved
- Discount rate of 9%
- Taking account of the concerns of the Law Commission review (as referred to in the directors' report) the valuation has been discounted by 50%.

3 Analysis of Turnover

	2016 £	2015 £
Analysis by class of business:		
Property assignment fees	947,120	980,195
Rents receivable	98,392	111,670
	<u>1,045,512</u>	<u>1,091,865</u>

Turnover arises solely within the United Kingdom.

4 Profit on ordinary activities

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 2016 (*continued*)

5 Taxation on profit on ordinary activities

	2016 £	2015 £
<i>UK Corporation tax</i>		
UK corporation tax on surplus of the year	-	-
UK corporation tax on prior years	10,000	-
	<hr/>	<hr/>
Total current tax	10,000	-
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(107,900)	-
	<hr/>	<hr/>
Taxation on ordinary activities	(97,900)	-
	<hr/>	<hr/>

The tax assessed for the year is different from the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	804,966	840,208
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 21%)	160,993	176,444
Effect of:		
Group relief	(160,993)	(176,444)
Prior year under provision	10,000	-
Tax rate change	(107,900)	-
	<hr/>	<hr/>
Current tax charge for the year	(97,900)	-
	<hr/>	<hr/>

The aggregate current and deferred tax relating to items recognised in other comprehensive income is £nil (2015 - £Nil).

Elmbridge Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2016 (*continued*)

6 Tangible fixed assets

	Investment properties £	Leasehold properties £	Total £
<i>Cost or valuation</i>			
At 1 April 2015	5,395,000	799,982	6,194,982
Transfer from stock	-	-	-
Disposals	-	(43,750)	(43,750)
	<hr/>	<hr/>	<hr/>
At 31 March 2016	5,395,000	756,232	6,151,232
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 April 2015	-	-	-
Provided for the year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2016	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2016	5,395,000	756,232	6,151,232
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2015	5,395,000	799,982	6,194,982
	<hr/>	<hr/>	<hr/>

Investment property

Investment property relates to assignment fees and ground rental income and as a result has no historic cost.

The investment properties were valued on 1 April 2014 at fair value, determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. Details on the assumptions made and the key sources of estimation uncertainty are given in note 2.

The directors consider there to be no significant change in the fair value since this date.

Elmbridge Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2016 (*continued*)

7 Stocks

	2016 £	2015 £
Property stock for resale	260,750	273,500
Work in progress	6,159,380	2,623,630
	<u>6,420,130</u>	<u>2,897,130</u>

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

8 Debtors

	2016 £	2015 £
Amounts owed by group undertakings	-	8,360,000
Other debtors and prepayments	167,327	6,257
	<u>167,327</u>	<u>8,366,257</u>

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

9 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	617,863	209,658
Amounts owed to group undertakings	4,687,060	2,012,379
Taxation and social security	2,592	18,680
Other creditors	32,809	14,400
	<u>5,340,324</u>	<u>2,255,117</u>

Elmbridge Village Limited

Notes forming part of the financial statements
for the year ended 31 March 2016 (*continued*)

10 Provision for liabilities

	Repurchase provision £	Deferred taxation £	Total £
<i>Cost or valuation</i>			
At 1 April 2015	614,979	1,079,000	1,693,979
Release of provision	(43,750)	(107,900)	(151,650)
	<u>571,229</u>	<u>971,100</u>	<u>1,542,329</u>
At 31 March 2016			

Deferred taxation comprises

	Investment property revaluations 2016 £
Deferred tax liability	<u>971,100</u>
	Investment property revaluations 2015 £
Deferred tax liability	<u>1,079,000</u>

11 Share capital

	Allotted, called up and fully paid 2016 £	2015 £
10,000 Ordinary shares of £1	<u>10,000</u>	<u>10,000</u>

12 Immediate and ultimate parent company

The immediate parent undertaking of the company 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 Group Limited, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from 1st Floor Brunswick House, Regent Park, 297-299 Kingston Rd, Leatherhead, Surrey, KT22 7LU.

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.

Elmbridge Village Limited

Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

13 Dividend

	2016 £	2015 £
Ordinary shares interim paid of £815 per share	8,150,000	-

14 First time adoption of FRS 102

	Note	Equity as at 1 April 2014 £	Profit for the Year ended 31 March 2015 £	Equity as at 31 March 2015 £
As previously stated under former UK GAAP		11,456,719	840,208	12,296,927
Transitional adjustments				
Revaluation of investment property to fair value	a	2,324,000	-	2,324,000
Deferred tax recognised on revaluation of investment property	b	(1,079,000)	-	(1,079,000)
As stated in accordance with FRS 102		12,701,719	840,208	13,541,927

Explanation of changes to previously reported profit and equity

- FRS 102 requires investment property to be carried at fair value with movements in fair value to be recognised in profit or loss for the period. Under previous UK GAAP these properties were carried at market value based upon a directors' valuation. External valuations have been obtained in order to determine the fair value at transition date resulting in adjustments to the value of these investment properties, which has resulted in an increase in equity.
- FRS 102 requires that deferred tax be recognised on revaluations of investment property. This was not required under previous UK GAAP unless there was a binding agreement to sell the revalued asset and the gains or losses expected to arise on sale had been recognised. This change has been retrospectively applied, leading to the recognition of additional deferred tax liabilities at the date of transition.