Campmoss Property Company Limited

Directors' report and financial statements

Registered number 2090479

30 September 2012

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Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2012

Principal activities and business review

The company's principal activity is that of property investment and development

The results for the year are shown on page 4

Proposed dividend

The directors do not recommend the payment of a dividend in respect of the year ended 30 September 2012 (2011 £nil)

Supplier payment terms

It is the company's policy to negotiate terms with its suppliers and to ensure that they know the terms on which payments will take place when the business is agreed It is our policy to abide by these terms In most instances this requires payment within 30 days of the date of invoice The number of days' purchases outstanding at the year end was nil (2011 5)

Directors

The directors who held office during the year were as follows

E R Goodwin
J R Wollenberg

Provision of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, as far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each 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 auditor is aware of that information

Auditor

Pursuant to Section 487 of The Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

D A Whitaker
Secretary

Registered Office·
3 Assembly Square
Britannia Quay
Cardiff Bay
CF10 4AX

21 November 2012

Statement of directors' responsibilities in respect of the directors' report and financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and 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, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff Bay
CF10 4AX
United Kingdom

Independent auditor's report to the members of Campmoss Property Company Limited

We have audited the financial statements of Campmoss Property Company Limited for the year ended 30 September 2012 set out on pages 4 to 16 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor

As explained more fully in the directors' responsibilities statement set out on page 2, 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 web-site 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 30 September 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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

- 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

Virginia J Stevens

Virginia J Stevens (Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants

4th December 2012

Profit and loss account
for the year ended 30 September 2012

	Note	**2012**	2011
		£	£
Turnover	*1*	**1,887,072**	1,807,287
Cost of sales		**(741,400)**	(607,173)
Gross profit		**1,145,672**	1,200 114
Administrative expenses		**(139,196)**	(149,313)
Other operating income		-	5,448
Operating profit		**1,006,476**	1,056,249
Loss on sale of investment properties		-	(7,079)
Interest receivable and similar income	*2*	**254**	8
Interest payable and similar charges	*3*	**(444,404)**	(472,138)
Profit on ordinary activities before taxation	*4*	**562,326**	577,040
Tax on profit on ordinary activities	*5*	**(35,545)**	(102,464)
Profit on ordinary activities after taxation being profit for the financial year	*16*	**526,781**	474,576
Retained profit brought forward		**12,545,559**	13,120,137
Profit for the financial year		**526,781**	474,576
Transfer from Investment Property Revaluation Reserve on realisation		-	(1,049,154)
Retained profit carried forward		**13,072,340**	12,545,559

The above results relate entirely to continuing activities

There is no difference between the company's result as reported and the historical cost result in either year

Statement of total recognised gains and losses
for the year ended 30 September 2012

	2012	2011
	£	£
Profit for the financial year	**526,781**	474,576
Unrealised (deficit)/gain on revaluation of investment properties (see note 6)	**(2,964,000)**	3,088
Total recognised gains and losses since last annual report	**(2,437,219)**	477,664

Balance sheet
at 30 September 2012

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets					
Investment properties	6		15,200,000		17,710,000
Other fixed assets	7		337		1,393
Investments	8		4		4
			15,200,341		17,711,397
Current assets					
Debtors	9	4,449,079		4,346,750	
Cash at bank and in hand		329,873		642,656	
		4,778,952		4,989,406	
Creditors: amounts falling due within one year	10	(9,238,822)		(3,806,025)	
Net current (liabilities)/assets			(4,459,870)		1,183,381
Total assets less current liabilities			10,740,471		18,894,778
Creditors: amounts falling due after more than one year	11		-		(5,784,690)
Provisions for liabilities and charges	12		(636,298)		(568,696)
Net assets			10,104,173		12,541,392
Capital and reserves					
Called up share capital	14		1,050,000		1,050,000
Investment property revaluation reserve	15		(4,018,167)		(1,054,167)
Profit and loss account			13,072,340		12,545,559
Shareholders' funds - equity	16		10,104,173		12,541,392

These financial statements were approved by the board of directors on 21 November 2012 and were signed on its behalf by

S R Wollenberg
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules, modified by the revaluation of investment properties, and in accordance with applicable accounting standards and with the Companies Act 2006 except as noted below under investment properties

The basis is consistent with the financial statements for the year ended 30 September 2011

Under Section 383 of the Companies Act 2006 the directors have not prepared group financial statements on the grounds that the group headed by the company qualifies as a small group Consequently these financial statements present information about the company as an individual company, not as a group

Going concern

The financial statements have been prepared on a going concern basis The company is profitable and cash generative and has net assets of £10 1m Net current liabilities of £4 5m at 30 September 2012 includes £5 8m of bank loans that have been refinanced since the year end Since the year end the company has signed a three year loan facility of £11 25m at 3% over 3 month Libor with Barclays Bank This facility has been used to repay the two loans falling due within the next financial year and a development loan in the company's wholly owned subsidiary Campmoss Property (Tangley Place) Ltd in respect of its new care home development at Tangley Place, Worplesdon now completed and let

Accordingly, the directors believe that the company has sufficient financial resources to enable it to continue to trade and to complete the current maintenance and development programme and to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook and, accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

Investment properties

Design, construction and management expenses together with interest incurred in respect of investment properties in the course of development are capitalised until the building is effectively completed and available for letting along with the costs directly attributable to the initial letting of newly developed properties Thereafter they are charged to the profit and loss account Whilst under development such properties are classified as assets in the course of construction and any accumulated revaluation surpluses or deficits are transferred from the investment property revaluation reserve to a separate revaluation reserve These properties are also revalued at the year end and surpluses or deficits transferred to that revaluation reserve

When completed, these properties are transferred to investment properties and accumulated revaluation surpluses or deficits transferred to the investment property revaluation reserve

In accordance with Statement of Standard Accounting Practice No 19

- investment properties are revalued annually by the directors and surpluses or deficits are transferred to a revaluation reserve unless a deficit on an individual property is considered permanent In this case the deficit is charged to the profit and loss account and any subsequent reversal is credited to the profit and loss account in the period in which it arises

- no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years unexpired

Notes *(continued)*

1 Accounting policies (continued)

Investment properties (continued)

This treatment as regards certain of the company's investment properties may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

Depreciation

Provision is made for depreciation on other tangible fixed assets so as to write off their cost less the estimated residual value on a straight-line basis over their expected useful lives as follows

Fixtures and fittings - 4 years

Taxation

Provision is made for corporation tax payable at current rates on profits as adjusted for tax purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 – *Deferred Tax*

Deferred tax assets are recognised to the extent that they are regarded as recoverable They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Turnover

Turnover consists of rental income earned from properties held for investment purposes together with the proceeds from the sale of development properties Rental income is recognised in the profit and loss account on a straight line basis over the total lease period or, if the lease contains breaks, to the first break Payments due on early terminations of lease agreements are recognised in the profit and loss account of the period in which the termination payment becomes unconditional

Proceeds from the sale of investment properties are not included in turnover, but in profit or loss on sale of investment property The profit or loss on disposal is calculated with reference to the carrying amount in the balance sheet and on realisation the associated revaluation surplus or deficit is transferred to revenue reserves Purchases and sales of investment properties are accounted for when exchanged contracts become unconditional

Cash flow statement

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement as the group it heads qualifies as a small group

Related party transactions

The company has taken advantage of the exemption granted under Financial Reporting Standard 8, from the requirement to disclose transactions with entities that are part of the group headed by the company on the grounds that 100% of the voting rights are controlled within the group

Notes *(continued)*

2 Interest receivable and similar income

This comprises wholly bank interest receivable

3 Interest payable and similar charges

	2012	2011
	£	£
Paid to The Cardiff Property plc (see note 17)	**50,342**	55,741
On bank loans	**394,062**	416,397
	444,404	472,138

4 Profit on ordinary activities before taxation

	2012	2011
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - audit of these financial statements	**9,300**	8,400
- other services relating to taxation	**3,700**	5,875
Depreciation of tangible fixed assets	**1,056**	1,354
Management fees	**462,488**	464,500

Each director received fees of £50,000, totalling £100,000 (2011 £100,000) The company had one other employee at 30 September 2012 (2011 1) The payroll costs of this person were £34,261 (2011 £34,052)

Notes *(continued)*

5 Tax on profit on ordinary activities

	2012	2011
	£	£
Current tax		
UK corporation tax on profit for the year at 25% (2011 28%)	-	167,643
Adjustment relating to prior years	(32,657)	1,965
	(32,657)	169,608
Deferred tax		
Origination and reversal of timing differences	68,202	(67,144)
Adjustment relating to prior years	-	-
	68,202	(67,144)
Tax on profit on ordinary activities	35,545	102,464

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2011 higher) than the standard rate of corporation tax in the UK of 25% (2011 28%) The differences are explained below

	2012	2011
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	562,326	577,040
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2011 28%)	140,581	161,571
Effects of		
Difference between capital allowances and depreciation	(122,932)	-
Group relief received without charge	(17,650)	-
Other timing differences	-	(12,480
Effect of tax rate change	-	(6,408)
Adjustments relating to prior years	(32,657)	1,965
Current tax (credit)/charge for the year	(32,657)	169,608

Factors that may affect future tax charges

No provision has been made for deferred tax on surpluses recognised on revaluing property to its market value Such tax would become payable only if the property were sold The total amount unprovided for at 23% is £nil (2011 £nil) At present it is not envisaged that any tax will become payable in respect of revalued investment properties in the foreseeable future

On 21 March 2012 the Chancellor announced the reduction in the corporation tax rate from 26% to 24% with effect from 1 April 2012 This change reduced the corporation tax rate to 25% for the year to 30 September 2012 In addition, the Chancellor announced a reduction in the corporation tax rate by 1% per annum to 22% by 1 April 2014

However, only the reduction to 23% from 1 April 2013 had been enacted by 30 September 2012 and therefore has been used in the calculation of the deferred taxes (see note 17) The overall effect of the additional reduction from 23 per cent to 22 per cent, if applied to the deferred tax balance at 30 September 2012, would be to further reduce the net deferred tax liability by £27,000

Notes *(contınued)*

6 Investment propertıes

	Freehold propertıes £
At 1 October 2011	17,710,000
Addıtıons	454,000
Dısposals	-
Transfer to group company	-
Revaluatıon deficıt durıng the year	(2,964,000)
At 30 September 2012	**15,200,000**

The cumulatıve amount of ınterest capıtalısed wıthın ınvestment propertıes at 30 September 2012 was £936,520 (2011 £936,520)

At 30 September 2012 propertıes were ıncluded at dırectors' valuatıon on the basıs of open market value

The hıstorıcal cost of ınvestment property at 30 September 2012 was £19,218,167 (2011 £18,764,167)

7 Other fixed assets

	Fıxtures and fittıngs £
Cost	
At begınnıng of year and end of year	17,038
Depreciatıon	
At begınnıng of year	15,645
Charge for the year	1,056
At end of year	16,701
Net book value	
At 30 September 2012	**337**
At 30 September 2011	1,393

8 Investments

Thıs represents ınvestments ın wholly owned subsıdıarıes ıncorporated ın England and Wales as follows

Campmoss Property Developments Lımıted - 2 ordınary shares of £1 each (2011 2 ordınary shares of £1 each)

Campmoss Property Developments Lımıted's aggregate capıtal and reserves as at 30 September 2012 amounted to £649,426 (2011 £451,992) Durıng the year ıt made a profit of £197,434 (2011 £328,309)

Campmoss Property (Tangley Place) Lımıted – 2 ordınary shares of £1 each (2011 2 ordınary shares of £1 each)

Campmoss Property (Tangley Place) Lımıted's aggregate capıtal and reserves as at 30 September 2012 amounted to a surplus of £2,306,584 (2011 deficıt £2,574) Durıng the year ıt made a loss of £20,260 (2011 £2,576)

Notes *(continued)*

9 Debtors

	2012 £	2011 £
Trade debtors	**165,755**	56,002
Amounts owed by subsidiary undertaking	**3,913,208**	3,897,228
Amount owed by related party	**12,731**	10,750
Other taxes	**5,339**	-
Fidelity deposits held	**189,114**	359,343
Prepayments and accrued income	**156,032**	15,927
Deferred tax asset (see note 13)	**6,900**	7,500
	4,449,079	4,346,750

The above deferred tax asset is anticipated to be recovered after more than one year

10 Creditors: amounts falling due within one year

	2012 £	2011 £
Other loans (see note 11)	**5,784,690**	279,731
Trade creditors	**8,764**	22,657
Amounts owed to The Cardiff Property plc (see note 17)	**2,023,631**	2,096,607
Amount owed to related parties	**149,911**	91,544
Corporation tax	**-**	167,643
Other taxes and social security	**896**	35,722
Other creditors	**1,770**	-
Accruals and deferred income	**323,106**	189,981
Rents received in advance	**460,441**	467,555
Fidelity deposits due	**485,613**	454,585
	9,238,822	3,806,025

Notes *(continued)*

11 Creditors: amounts falling due after more than one year

	2012 £	2011 £
Other loans	-	5,784,690

Loans are repayable as follows

	2012 £	2011 £
Within 1 year	**5,784,690**	279,731
1 - 2 years	-	5,784,690
2 - 5 years	-	-
	5,784,690	6,064,421

The other loans, from Norwich Union Mortgage Finance Limited, are secured by a first legal charge on certain freehold investment property

Interest is payable on the amounts outstanding, including amounts falling due within one year, at the following rates

	£
At 6 41%	2,149,545
At 7 05%	3,635,145
	5,784,690

Since the year end the company has put into place a three year loan facility of £11 25m at 3% over 3 month Libor with Barclays Bank This facility has been used to repay the two loans falling due within the next financial year and a development loan in its wholly owned subsidiary Campmoss Property (Tangley Place) Ltd in respect of its new care home development at Tangley Place, Worplesdon now completed and let

12 Provisions for liabilities and charges

	Deferred tax liability (see note 13) £
At beginning of year	568,696
Charged to profit and loss account in year	67,602
At end of year	**636,298**

Notes *(continued)*

13 Deferred taxation

Provision has been made for deferred taxation as follows

	2012 £	2011 £
Difference between accumulated depreciation and capital allowances	**636,298**	568,696
Other timing differences	**(6,900)**	(7,500)
Net deferred tax liability	**629,398**	561,196
Disclosed as		
Deferred tax asset (see note 9)	**(6,900)**	(7,500)
Deferred tax liability (see note 12)	**636,298**	568,696
Net deferred tax liability	**629,398**	561,196

The above deferred tax asset included within current assets relates to short term timing differences and is anticipated to be recoverable after more than one year

	2012 £	2011 £
At beginning of year	**561,196**	628,340
Charged/(credited) to profit and loss account in the year	**68,202**	(67,144)
At end of year	**629,398**	561,196

14 Share capital

	2012 £	2011 £
Authorised		
5,000,000 ordinary shares of £1 each	**5,000,000**	5,000,000
Allotted, called up and fully paid		
1,050,000 ordinary shares of £1 each	**1,050,000**	1,050,000

15 Investment property revaluation reserve

	£
At beginning of year	(1,054,167)
Revaluation surplus during the year	(2,964,000)
At end of year	**(4,018,167)**

Notes *(continued)*

16 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
At beginning of year	**12,541,392**	12,063,728
Profit for the financial year	**526,781**	474,576
(Deficit)/surplus on revaluation of investment properties	**(2,964,000)**	3,088
At end of year	**10,104,173**	12,541,392

Notes *(continued)*

17 Related party transactions

During the year the company entered into the following transactions with related parties

Party	Nature of transactions	Value		Balance due (to)/from related party at 30 September	
		2012	2011	**2012**	2011
		£	£	**£**	£
Deepwood Properties	Development work on assets under construction	-	59,241	-	(41,544)
	Maintenance and repairs to company properties	**693,736**	357,503	**(144,571)**	-
	Loan made by the company	-	10,750	**7,391**	10,750
	Management, consultancy fees and administration expenses charged to the company	**275,057**	282,433	**(87,500)**	(50,000)
The Cardiff Property plc	Loan received	-	-	**(2,000,000)**	(2,071,439)
	Loan repaid	**71,439**	600,000	-	-
	Loan interest charged to the company	**50,342**	55,741	**(12,466)**	(13,374)
	Management fees charged to the company	**246,738**	250,757	**(10,895)**	(11,794)
	Consultancy fees paid to J R Wollenberg, a director of The Cardiff Property plc	**50,000**	50,000	**(87,500)**	(50,000)

Construction, management and maintenance of the company's property portfolio is carried out by Deepwood Properties, a business of which Mr E R Goodwin, a director of the company and joint venture shareholder, is the sole proprietor Payments made are in accordance with costs incurred by prior agreement between the shareholders and are priced on an arm's length basis The loan made to Deepwood was to enable the purchase of a vehicle for use on the company's business

The Cardiff Property plc is a joint venture investor in the company and provides administration services Of the amounts due to that company at 30 September 2012, £2,000,000 (2011 £2,071,439) represents the outstanding balance on the revolving credit drawdown facility of £2,200,000 (2011 £2,200,000) provided to the company at an interest rate of base plus 2%

18 Commitments

There were no capital or other commitments at 30 September 2012 (2011 £nil)