

Cedars Village Limited
Annual report and accounts
for the year ended 31 March 2007

Registered Number 02940626

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Cedars Village Limited

Annual report and accounts

for the year ended 31 March 2007

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Cedars Village Limited

Directors and advisers

Directors

J M Gooding

N F Welby

C H Meyler

C J Hayton

Secretary

C J Hayton

Registered office

57 Church Street

Epsom

Surrey

KT17 4PX

Auditors

PricewaterhouseCoopers LLP

First Point

Buckingham Gate

Gatwick RH6 0PP

Solicitors

Richard Pearlman & Co,

27 Phipp Street

London

EC2A 4NP

Registered number

2940626

Cedars Village Limited

Directors' report for the year ended 31 March 2007

The directors present their report and the audited financial statements of the company for the year ended 31 March 2007

Principal activities

The company owns the freehold interest in an estate of residential units 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 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.

Principal risks and uncertainties

The directors consider the following as the principal risks and uncertainties facing the business

The housing market and property sales

The company assists in the re-sale of existing properties on which it will normally receive an assignment fee. The company is thus exposed to price changes and liquidity variations in the house price market. Because of the nature of the company product and its customers, the directors believe the group is less exposed to these risks than most others in similar housing markets.

Results and dividends

The results for the period are set out on pages 6 and 7

During the year the company's investment properties were professionally valued at £6,638,000 and this valuation has been incorporated in the balance sheet. Further information relating to this valuation is set out in note 6 to the financial statements.

The directors do not recommend payment of an ordinary dividend (2006 nil). The profit for the year to be transferred to reserves is £803,766 (2006 £34,596).

Directors

The directors who held office during the period are given below

J M Gooding

N F Welby

C H Meyler

P J Rand (Resigned 26 April 2007)

C J Hayton (Appointed 26 April 2007)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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 the law the directors have elected to prepare the financial statements in accordance with United

Cedars Village Limited

Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and loss of the company for the period

In preparing those 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 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 in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985 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 234ZA of the Companies Act 1985) of which the Company's auditors are unaware, and each director has taken all steps that he ought to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting

By order of the Board



CJ Hayton

Director

12th November 2007

Cedars Village Limited

Independent auditors' report to the members of Cedars Village Limited

We have audited the financial statements of Cedars Village Limited for the year ended 31 March 2007 which comprises the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Cedars Village Limited

Opinion

In our opinion

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Gatwick, 26 November 2007

Cedars Village Limited

Profit and loss account for the year ended 31 March 2007

	Note	2007 £	18 months ended 31/3/06 £
Turnover	2	997,325	978,125
Cost of sales		(325,788)	(416,845)
Gross profit		671,537	561,280
Selling costs		(51,033)	(73,406)
Administrative expenses		(39,377)	(128,507)
Other operating income		60,721	126,998
Operating profit	3	641,848	486,365
Interest receivable	4	1,185	-
Interest payable and similar charges	4	(13,803)	(44,788)
Profit on ordinary activities before interest taxation		629,230	441,577
Tax on profit on ordinary activities	5	174,536	(406,981)
Profit on ordinary activities before taxation		803,766	34,596

All operations are continuing

Cedars Village Limited

Statement of total recognised gains and losses for the year ended 31 March 2007

	2007	18 months ended 31/3/06
	£	£
Profit for the financial year	803,766	34,596
Unrealised surplus on revaluation of properties	449,000	1,900,000
Deferred tax on transfer on realisation	(23,790)	-
Total recognised gains and losses relating to the year	1,228,976	1,934,596

Note of historical cost profits and losses

	2007	18 months ended 31 31/3/06
	£	£
Reported profit on ordinary activities after tax	803,766	34,596
Realisation of property revaluation (losses)/profits for the year	(10,890)	38,150
Retained historical cost profit for the year	792,876	72,746

Cedars Village Limited

Balance sheet as at 31 March 2007

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	6	10,099,750	9,914,200
Investments	7	1,000	1,000
Current assets			
Stock	8	26,000	26,000
Debtors	9	2,196,543	2,053,819
Cash at bank and in hand		7,752	27,191
Creditors amounts falling due within one year	10	(198,711)	(921,402)
Net current assets		2,031,584	1,185,608
Total assets less current liabilities		12,132,334	11,100,808
Provisions for liabilities and charges	11	(3,712,750)	(3,910,200)
Net assets		8,419,584	7,190,608
Capital and reserves			
Called up share capital	12	500,000	500,000
Revaluation reserve	13	6,882,820	6,600,220
Profit and loss account	13	1,036,764	90,388
Total shareholders' funds		8,419,584	7,190,608

The financial statements on pages 6 to 18 were approved by the board of directors on 12 November 2007 and were signed on its behalf by



CJ Hayton
Director

Cedars Village Limited

Notes to the financial statements for the year ended 31 March 2007

1 Accounting policies

Accounting convention

These financial statements are prepared on the going concern basis, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

Comparative figures

The comparative figures are for the 18 months ended 31 March 2006.

Property sales

The company sells properties under two main types of lease. The first ('old lease') obliges the company to repurchase a property at the price at which it was last sold, 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 reverts to the company and the property becomes available for resale in the company's normal course of business.

Under Financial Reporting Standard No 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 the risks and rewards of ownership to the lessee. Grants of such leases are treated as sales, with the attributable income and costs of sale being taken to the profit and loss account.

Tangible fixed assets and depreciation

The freeholds of the retirement villages are regarded as investment properties and have been valued accordingly by professional valuers. In compliance with SSAP19 'Accounting for investment properties', no depreciation is provided in respect of investment properties. This is not in accordance with the requirements of the Companies Act 1985, however these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would not give a true and fair view.

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.

Cedars Village Limited

Investments

Fixed asset investments are stated at cost less provision for diminution in value

Stock

Stock is valued at the lower of cost and net realisable value

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis

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 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

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Retirement Villages Ltd, a company incorporated in England and Wales, and is included in the consolidated accounts of that company

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom. Income from sales and assignments of leases is recognised on completion of the purchase and sale

Cedars Village Limited

3 Operating profit

	2007	2006
	£	£

Operating profit is stated after crediting

Rents receivable	51,924	120,581
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Auditor's fees were paid by another group company, RV Services Limited, in the current period
The directors received no emoluments in respect of their services to the company The company had no employees other than the directors during the year

4 Interest receivable and interest payable

	2007	2006
	£	£
Receivable		
Bank interest	1,185	-
Payable		
On bank loans and overdrafts	13,803	44,788

Cedars Village Limited

5 Taxation

	2007	2006
	£	£
Charge / (credit)		
Domestic current year tax		
UK Corporation tax	-	19,198
Adjustment for prior years	(171,023)	2,026
Payment in respect of group relief	-	369,407
Current tax (credit) / charge	(171,023)	390,631
Deferred tax		
Deferred tax (credit) / charge current year	(3,513)	16,350
	(174,536)	406,981
Factors affecting the tax (credit) / charge for the year		
Profit on ordinary activities before taxation	629,230	441,577
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2006 30%)	188,769	132,473
Effects of		
Non deductible expenses	-	(2,453)
Group relief subvention payable	-	258,585
Group relief not paid for	(130,637)	-
Adjustments to previous periods	(171,023)	2,026
Transfer pricing adjustments	(56,961)	-
Other tax adjustments	(1,171)	-
	(359,792)	258,158
Current tax (credit) / charge	(171,023)	390,631

Cedars Village Limited

6 Tangible assets

	Leased properties	Investment Properties	Total
	£	£	£
Cost or valuation			
At 1 April 2006	3,725,200	6,189,000	9,914,200
Net transfer to stock for resale	(263,450)	-	(263,450)
Revaluation	-	449,000	449,000
At 31 March 2007	3,461,750	6,638,000	10,099,750
Net book value			
At 31 March 2007	3,461,750	6,638,000	10,099,750
At 1 April 2006	3,725,200	6,189,000	9,914,200

The company's investment properties were the subject of an independent professional valuation carried out as at balance sheet date by Knight Frank LLP, surveyors and professional valuers. The valuation which was made in accordance with the RICS Appraisal and Valuation Manual, was determined by reference to the ground rent and assignment income from residential properties, taking into account their vacant possession values.

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

Cedars Village Limited

7 Fixed asset investments

Shares in subsidiary undertakings £

Cost or valuation

At 1 April 2006 and 31 March 2007 1,000

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Elmbridge Developments Limited	England and Wales	Ordinary	100

The subsidiary undertaking was formed to act on the company's behalf in property development activities

8 Stock

	2007 £	2006 £
Properties held for resale	26,000	26,000

9 Debtors

	2007 £	2006 £
Group relief receivable	171,023	-
Amounts owed by group undertakings	1,807,402	1,815,424
Deferred tax asset	218,118	238,395
	2,196,543	2,053,819

Cedars Village Limited

Deferred tax	£
Balance at 1 April 2006	238,395
Profit and loss account	3,513
Transferred to reserves	(23,790)
Balance at 31 March 2007	218,118

	2007	2006
	£	£
Accelerated capital allowance	3,513	-
Other timing differences	214,605	238,395
	218,118	238,395

A deferred tax asset exists to allow for the difference between the accounting and taxation treatment on the granting of old leases in past years

10 Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	32	53,782
Amounts owed to group undertakings	174,860	418,014
Corporation tax	-	19,198
Group relief payable	-	369,407
Accruals and deferred income	23,819	61,001
	198,711	921,402

Cedars Village Limited

11 Provisions for liabilities and charges

	Provision for repurchase of properties	Refurbishment of investment property	Total
	£	£	£
At 1 April 2006	3,410,200	500,000	3,910,200
Released on repurchase of leased properties during the period	(223,450)	-	(223,450)
Provided for newly leased properties	26,000	-	26,000
Balance at 31 March 2007	3,212,750	500,000	3,712,750

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 purchasers upon the terms described in note 1

12 Called up share capital

	2007	2006
	£	£
Authorised		
500,000 ordinary shares of £1 each (2006 500,000)	500,000	500,000
Allotted and fully paid		
500,000 ordinary shares of £1 each (2006 500,000)	500,000	500,000

Cedars Village Limited

13 Reserves

	Profit and loss account	Revaluation reserve
	£	£
Balance at 1 April 2006	90,388	6,600,220
Retained profit for the year	803,766	-
Transfer on realisation	166,400	(166,400)
Tax thereon	(23,790)	-
Revaluation during the year	-	449,000
Balance at 31 March 2007	1,036,764	6,882,820

14 Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Retained profit for the period	803,766	34,596
Deferred tax on realised gains transfer	(23,790)	-
Revaluation during the period	449,000	1,900,000
Increase in shareholders' funds	1,228,976	1,934,596
Opening shareholders' funds as restated	7,190,608	5,256,012
Closing shareholders' funds	8,419,584	7,190,608

15 Control

The immediate parent undertaking is Retirement Villages Management Limited

The ultimate parent undertaking and controlling party is Romac Investments Limited, a company incorporated in The Isle of Man

Romac Investments Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2007

Retirement Villages Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Retirement Villages Limited can be obtained from 57 Church Street, Epsom, Surrey, KT17 4PX

Cedars Village Limited

16 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 which is a parent undertaking. The bank has also been given a first legal charge over the company's freehold property.

17 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.