

McCarthy & Stone Investment Properties No 7 Limited

Report and Accounts

31 August 2002



Registration number 3697440

McCarthy & Stone Investment Properties No 7 Limited
Directors and Officers

DIRECTORS

McCarthy & Stone (Group Services) Limited
McCarthy & Stone Corporate Services Limited

SECRETARY

McCarthy & Stone (Group Services) Limited

REGISTERED OFFICE

Homelife House
26-32 Oxford Road
Bournemouth

AUDITORS

Ernst & Young LLP
Southampton
Hampshire

BANKERS

Nat West Bank plc
Christchurch
Dorset

SOLICITORS

Travers Smith Braithwaite
Snow Hill
London

McCarthy & Stone Investment Properties No 7 Limited
Directors' Report

The directors present their report and accounts for the year ended 31 August 2002.

Business Review

The company's business is property investment.

Results and Dividends

The company has not traded during the period. The directors do not recommend the payment of a dividend.

Directors And Their Interests

A list of the present directors is shown on page 1.

All the directors held office throughout the period covered by the accounts.

Auditors

A resolution to appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 5 November 2002.



Trevor Green

For and behalf of McCarthy & Stone (Group Services) Limited
Secretary

McCarthy & Stone Investment Properties No 7 Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

McCarthy & Stone Investment Properties No 7 Limited

Auditors' Report

Report Of The Auditors

To The Members of McCarthy & Stone Investment Properties No 7 Limited

We have audited the company's financial statements for the year ended 31 August 2002 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 7. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company 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 Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 August 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor

Southampton

5 November 2002

McCarthy & Stone Investment Properties No 7 Limited
Profit and Loss Account
for the year ended 31 August 2002

	Notes	2002 £	2001 £
Operating Profit		-	-
Profit on ordinary activities before taxation		-	-
Taxation on profit on ordinary activities	2	-	-
Profit on ordinary activities after tax		-	-
Retained profit for period		-	-

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above financial periods. A reconciliation of shareholders funds and movements on reserves is given at note 5 to the accounts.

Continuing operations

None of the company's activities were acquired or discontinued during the above financial periods.

McCarthy & Stone Investment Properties No 7 Limited
Balance Sheet
as at 31 August 2002

	Notes	2002 £	2001 £
Current assets			
Debtors	3	2	2
Net Current Assets		<u>2</u>	<u>2</u>
Total assets less current liabilities		<u>2</u>	<u>2</u>
		<u>2</u>	<u>2</u>
Capital and reserves			
Called up share capital	4	2	2
Profit and loss account		-	-
	5	<u>2</u>	<u>2</u>



Matthew Thorne
For and behalf of McCarthy & Stone Corporate Services Limited
Director

Approved by the board on 5 November 2002

McCarthy & Stone Investment Properties No 7 Limited
Notes to the Accounts
at 31 August 2002

1 Accounting policies

The following accounting policies have been used in dealing with items which are considered material in relation to the company accounts.

Basis of accounting

The accounts have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards. The true and fair override provisions of the Companies Act 1985 have been invoked, see 'Investment Properties' below.

Cashflow Statement

No cashflow statement has been prepared for the company as it is itself a wholly owned subsidiary. A group consolidated cashflow statement is included in the accounts of the ultimate parent undertaking, McCarthy & Stone plc.

Investment Properties

Reversionary Interests

On the sale of a unit the company includes in its fixed assets the freehold or leasehold reversionary interest at a multiple of the ground rent receivable which approximates to current market value, with a corresponding credit to cost of sales.

In accordance with Statement of Standard Accounting Practice 19 investment properties are normally revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

2 Tax on profit on ordinary activities

	2002 £	2001 £
UK corporation tax at 30.0% (2001 - 30.0%)	-	-

3 Debtors

	2002 £	2001 £
Trade debtors	-	-
Amounts owed by parent undertaking	2	2
	<u>2</u>	<u>2</u>

McCarthy & Stone Investment Properties No 7 Limited
Notes to the Accounts
at 31 August 2002

4 Share capital			2002 £	2001 £
Authorised:				
Ordinary shares of £1 each			<u>1,000</u>	<u>1,000</u>
	2002 No	2001 No	2002 £	2001 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

Movement in share capital			2002 £	2001 £
At 1 September			2	2
Shares issued			-	-
Shares redeemed			-	-
At 31 August			<u>2</u>	<u>2</u>

5 Reconciliation of movements in shareholders' funds			2002 £	2001 £
At 1 September			2	2
Profit for the financial period			-	-
At 31 August			<u>2</u>	<u>2</u>

6 Ultimate Parent Undertaking

The company is wholly owned subsidiary undertaking of McCarthy & Stone plc, which is registered in England and Wales. The consolidated accounts of McCarthy & Stone plc are those of both the smallest and largest group of which the company is a member and for which group accounts are prepared. Copies of the group accounts can be obtained from the Company Secretary, Homelife House, 26-32 Oxford Road, Bournemouth.

7 Related Parties

The company has taken advantage, as a 100% subsidiary, of the exemption available under FRS 8 from disclosing transactions with members of the McCarthy & Stone plc Group.