Churchill Retirement Plc

Report and consolidated financial statements

For the period ended

30 June 2016

Company Number

07428858

Churchill Retirement Plc

Report and financial statements
For the period ended 30 June 2016

Contents

Country of incorporation of parent company	England and Wales
Legal form	Public limited company
Directors	S J McCarthy (Chairman and Chief Executive Officer) C J McCarthy (Managing Director) D Marlow (Chief Financial Officer) M A Young (Chief Operations Officer) J S McCarthy (Non Executive Director) R M Harrison (Non Executive Director)
Secretary and registered office	R P Bailey Millstream House Parkside Christchurch Road Ringwood Hampshire BH24 3SG
Company number	07428858
Auditors	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

Bankers	HSBC Bank plc Pall Mall London SW1Y 5EZ	Royal Bank of Scotland plc 3 Temple Back East Bristol BS1 6DZ
Solicitors	Moore Blatch LLP 11 The Avenue Southampton SO17 1XF	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London EC1Y 4AG

Overview

Core to our strategy is the product we offer and its relevance to our Customer, typically a 79 year old widow. Our focus is, and will remain, on the provision of Category II sheltered retirement housing in the form of one and two bedroom apartments and it is this focus that will enable us to achieve our medium-term growth aspirations.

Operational Centres

Our Head Office is based in Ringwood, Hampshire. We have an infrastructure of Regional Offices across our operational areas which include Ringwood (South West), Byfleet (South East), St Albans (Eastern) and Bromsgrove (Midlands). Two further satellite offices in Exeter (West) and Manchester (North) have been opened in the past year. This ensures that we have the regional coverage on the ground to deliver what we require from land through to sales.

Financial review and key financial performances indicators

Total revenue increased by 33.4% to £190.4 million (2015: £142.8 million, 2014: £93.1 million) in the 13 months to 30th June due to an increase in unit sales of 19.7% to 589 apartments (2015: 492, 2014: 375) and an increase in average selling price to £304k (2015: £257k, 2014: £233k). A key driver for the higher selling prices was the mix of geographical locations, with a higher proportion of sales coming from the South East and Eastern Regions.

The increase in selling prices was complemented by continued cost control with our average build cost increasing modestly during the year. The increase is a result of the limited availability of skilled labour and materials in the supply chain; this remains one of our key challenges albeit one we constantly manage.

The Group's average headcount increased by 17.1% to 492 during the year (2015: 420, 2014: 355). Of these 150 (2015: 126, 2014: 102) were employed in Millstream Management Services, our Estate Management business, which is key to delivering the level of service expected by our Customers.

The level of overheads in the business continued to be well controlled. As a result, the Group saw operating profit rise by 36.3% to £61.9 million (2015: £45.4 million, 2014: £20.9 million).

The Group expensed net interest charges of £4.5 million during the year (2015: £4.8 million, 2014: £4.0 million). This reduction is primarily due to a reduction in the tracker share premium, following an £11m redemption of Tracker Shares in the period. Bank loan interest remained static at £2.1m. Profit before tax rose by 41.1% year on year to £57.3 million (2015: £40.6 million, 2014: £16.9 million).

The Group's operating margin and return on capital employed were 32.5% (2015: 31.8%, 2014: 22.4%) and 35.5% (2015: 28.6%, 2014: 15.7%) respectively during 2016.

Cash flow and funding

At the period end our net bank debt stood at £26.8 million (2015: £38.1million, 2014: £38.1 million). Our stock levels increased to £172.3 million from £148.4 million (2014: £130.1 million) in the previous year. At the period end under 4% of our finished stock (by GDV) was considered old stock (over 3 years), a very low level and usual for the business. This is testament to the strength of our product and sales expertise.

The Group closed the year with tangible gross assets of £174.3 million (2015: £158.7 million, 2014: £139.5 million). Net assets at 30 June 2016 were £98.9 million (2015: £61.7 million, 2014: £34.0 million).

The Group's debt requirements are currently provided through a five year £100m revolving credit facility. The Group remains in full compliance with all the provisions of this agreement. The Board see this facility as sufficient to achieve its medium term goals of doubling unit sales.

In addition to funding growth, the £100m facility has enabled the Group to redeem a further £11m of A Tracker shares (2015: £1.5 million Preference shares and £7 million A Tracker shares, 2014: £2 million Preference shares).

Land and stock

Our land purchase strategy is key to our business and focuses on identified target towns and locations around the country backed up by our purchase criteria and demographic demand profile. We carry out in-depth analysis on local demand, pricing and local market conditions before any purchase. Every site we buy goes through a rigorous process of due diligence to ensure we manage risk effectively and that we meet our internal hurdle rates.

With the £100m of funding that was arranged in March 2015, the 2016 period has seen an increase in land acquisitions across all regions. Our land teams have grown around the regions to ensure we have an increasing pipeline of opportunities to meet our land targets. In the last financial period we secured 31 high quality sites amounting to 1,271 units, with 35 planned for the current year.

Design

The regional in-house design teams continue to focus on delivering attractive designs to meet the aspirations of our Customers, the local authority and local stakeholders; at the same time focusing on efficiency of design to ensure our projects are cost effective and controlled. We continually evaluate our standard 1 and 2 bedroom unit types which form the cornerstone of our product and this year sees us introduce further specification improvements to again ensure we meet the needs of our market and the latest changes in Building Regulations.

Planning

'Planning Issues' the Group's specialist 'in-house' planning team has been expanded to meet the growing demands of the Group. The team handles all aspects of the planning process including the monitoring and influencing of emerging, relevant, national and regional planning policies. The team at Planning Issues work very closely with our internal land and design teams to ensure we maximise a site's potential and we carry out extensive public consultation prior to the submission of the planning application as well as liaising throughout the process with the local planning authorities. All planning applications are accompanied by an Economic Viability Appraisal in order to justify reduced or no financial contributions towards Affordable Housing and Section 106 requirements.

The Group has a strong track record of obtaining detailed planning consents at committee with a success rate of 65% supported by an over 50% success rate on appeals. The planning environment continues to be a challenge but with our specialist expertise our team have successfully delivered 20 development permissions representing 845 units during the financial period to 30th June 2016. In the next financial year we intend on securing a further 1,322 units through 32 planning consents.

Commercial and Construction

We have recruited a new Group Commercial/Construction Director who will oversee the strict control of our build costs based on our standard designs and specification. Prior to construction commencing the regional teams produce detailed budgets and programmes which are submitted to the Group's Approval Committee for approval. Each projects progress is reported on a monthly basis with cost reports submitted to the Operations Board.

We continue to develop our supplier base and subcontractor network to ensure we control our costs and operate efficiently. Our Group Procurement Manager oversees our National Group Agreements ensuring we maximise our buying power and we maintain a consistent approach to delivery through the procurement of Service Level Agreements.

We continue to embrace advances in technology by delivering sustainable projects which has seen us introducing central ground–source heat pump systems which have highly efficient running cost characteristics which directly benefit our Customers.

The financial period to 30th June saw 16 construction site starts with 31 expected during the current year.

Sales and Marketing

We are constantly reviewing and improving our systems to ensure that we maximise our selling price and sales rates, through changes to the way we pre-market developments and provide personal and ongoing communication with our Customers.

From an early stage we ensure that our Customers are comfortable with the Churchill product even before they are able to see it. Customers are invited to view plans of a new development and make an informed choice to purchase off-plan where there is high demand for purpose-built retirement accommodation. A structured incentive procedure is in place to ensure that financial support is provided to our customers to ensure a smooth and hassle free move, whilst retaining a controlled approval process for incentives. The business continues to maintain a strong discipline over pricing ensuring that we deliver both pricing relevant to an area and incentives that work for our Customers.

There is a well-structured sales and marketing team within each region, headed up by a Regional Sales Director with a management team overseeing directly employed sales consultants. We also have a group sales and marketing function that oversees strategic development, operational and financial performance.

The Group opened 13 new sales outlets providing an additional 247 new apartments for sale.

Millstream Management Services Limited

The importance that the ongoing management of a development plays in its success cannot be understated. This is why Millstream Management Services is such an essential part of our future strategy. This importance is reflected in the appointment of Millstream's first dedicated Managing Director, Simon Crewe, and a plan to double both the developments managed for Churchill Retirement and third parties in the medium-term.

Business Risk

The approach to risk is set by the Board, which maintains a close involvement in identifying and mitigating risk and monitors certain key risk indicators on an ongoing basis.

The Group maintains a robust risk management framework. This provides management of risk at all levels of management across the business.

In addition, the establishment of a new Internal Audit function during the period has further enhanced the control environment by providing the Board with reliable and independent assurance that risk management governance and internal control processes are operating effectively.

As part of managing the financial risk in the business and using lessons learnt from experience of the last downturn, the housing market and broader UK economic environment is regularly evaluated and assessed.

Churchill's business model remains firmly with its core product of one and two bedroomed retirement apartments, purchasing well-located brownfield sites within 0.5 miles of town centres and amenities, served by good transport links. Our National reach and relatively small development size ensure we are not over dependant on local markets.

Our land acquisition policy ensures the majority of land exchanges are on options or subject to planning contracts, providing the Group with a basis to review land acquisition decisions in light of planning outcomes and latest market conditions, prior to confirming the commitment of capital.

In total, the Group's owned and contracted land bank stood at 3,196 plots as at 30 June 2016 with a potential gross development value of £893million.

Business risk *(continued)*

The business continues to identify and manage its risks, and recognising the ongoing importance of this, has now set up an internal audit department. The key business risks facing the business include but are not limited to:

- UK Housing Market
  The housing market has been and remains cyclical and any future deterioration of the market could have a significant impact on the business. We monitor both market indicators as well as our internal indicators to assess whether any change in these market conditions are occurring. With central control over financing and investment decisions the business has the flexibility to control any potential changes that it identifies.

- Availability of Finance
  As Churchill moves through this growth cycle any inability to obtain the funding required to achieve its goals would pose a risk. However, with a robust forward plan that identifies the cash requirements of the business we have raised capital to achieve our aspirations in the medium-term.

- Land Acquisition
  A constant flow of quality land in suitable locations, purchased at the right price, is pivotal to our ability to achieve future goals. Through investment in regional land teams we are able to provide a portfolio approach to our land purchasing and ensure that we have a spread of developments that are all controlled through meeting the required hurdle rate. All purchases are approved centrally.

- People
  Having the right team employed in the business is central to achieving any of our future objectives. Recruitment of the right people and their retention is vital. To achieve this, we ensure that we have in place and constantly review our reward, development and talent strategies.

Summary

Through the experience of our team and continued focus on our Customers along with the infrastructure and systems we have in place, we are confident of achieving our medium-term business objectives.

Spencer McCarthy
Chairman and Chief Executive Officer

The directors present their report and audited consolidated financial statements of Churchill Retirement Plc 'the Group' for the period ended 30 June 2016.

Principal activities

The principal activities of the Group and its subsidiaries are that of designing, constructing and selling one and two bedroom retirement apartments and their associated freehold reversionary interests, planning consultancy, the collection of ground rents on freehold investment properties and estate management.

Results review

During the period the company changed its year end to 30 June 2016 from 31 May 2016, therefore extending the current period to a 13 month period. The resulting figures are therefore not directly comparable with the prior year. The reason for the change in the year end was a commercial decision due to the impact of school and public holidays in May.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs). The decision was made to prepare under IFRS rather than FRS 102 to ensure the accounts are comparable with other businesses in the same industry.

The Group has made an operating profit of £61.9 million for the 13 months to 30 June 2016 (2015 - £45.4million, 2014 - £20.9million). Operating profit includes the disposal of freehold reversionary interests that generated a profit before tax of £7.5 million (2015 - £10.6million, 2014 - £2.7million).

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, interest rate risk, and price risk. The group does not use derivative financial instruments to manage its financial risk, and as such no hedge accounting is applied.

Liquidity risk
The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations.

Interest rate risk
The Group has interest bearing liabilities, which exposes the Group to interest rate risk. Given the size and nature of the Group's operations, the directors regard such risk to not have any adverse implications on the financial statements.

Price risk
The Group is exposed to price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has no exposure to equity securities price risk as it holds no listed or other equity investments. Price risk is discussed further in the UK Housing Market section of the Strategic Report.

Dividend

A dividend of £16.00 per share was declared and settled in the period (2015 - £11.45, 2014 - £0.80).

Employees

Our people give us our competitive advantage. To maintain that advantage, our People Strategy aims to develop a committed and flexible workforce that want to learn new skills and take on new tasks and is able to do so. To support this the Group has restructured its Human Resources team, with a focus on Human Resource Business Partnering and providing expertise in the HR cornerstones of Reward and Recognition, Learning and Development, Managerial Capability, Communication and Recruitment and Talent and therefore we are well placed to continually improve our team here at Churchill and provide them with a place they want to work.

All Colleagues participate in an annual bonus scheme, with targets linked to performance of their particular responsibilities or business unit. They are firstly linked to achieving budgeted profits, which keeps all Colleagues focused on our financial targets.

The Group promotes equal opportunities and treatment throughout all its Companies by applying procedures and practices as set out in our Equal Opportunities policy covering disabled people, which does not discriminate and which provides equality and opportunity for all job applicants and Colleagues. The Group will not discriminate in opportunities for Recruitment, Training, Promotion and Transfer of Employees. Employees will be given Recruitment and Selection training on the application of the policy relating to their responsibilities.

Directors

The following Directors have held office since 1 June 2015 and up to the date of signing the financial statements:

S J McCarthy
C J McCarthy
D Marlow
M A Young
J S McCarthy
R M Harrison

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

The following Company Secretaries have held office since 1 June 2015 and up to the date of signing the financial statements:

N A Lawrence (resigned 30 June 2016)
R P Bailey (appointed 1 July 2016)

Political and charitable donations

During the financial year the Group made charitable donations of £48,247 (2015 - £2,600, 2014 - £27,090). A donation of £nil was made by the Group to the Conservative Party (2015 - £10,000, 2014 - £nil).

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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 prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and 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 Group and the company and of the profit or loss of the Group 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;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, 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 and the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are 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's auditors are aware of that information.

Independent auditors

The auditors, BDO LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board
C J McCarthy
Director

3 October 2016

Independent auditors' report to the members of Churchill Retirement Plc

We have audited the financial statements of Churchill Retirement Plc for the period ended 30 June 2016 which comprise of the consolidated statement of profit or loss and other comprehensive income, the consolidated and company statements of financial position, the consolidated statement of cash flows, the consolidated and company statements of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements 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 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 Group's and the parent company's affairs as at 30 June 2016 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 strategic report and directors' report for the financial period 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Christopher Driver (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton

4 October 2016

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

Churchill Retirement Plc

Consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2016

	Note	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 £'000	Year ended 31 May 2014 £'000
Revenue	4	**190,449**	142,780	93,112
Cost of sales		**(103,711)**	(78,568)	(57,387)
Gross profit		**86,738**	64,212	35,725
Other operating income	5	**229**	136	168
Administrative expenses		**(25,091)**	(18,941)	(15,037)
Profit from operations	6	**61,876**	45,407	20,856
Finance expense	9	**(4,731)**	(4,966)	(3,997)
Finance income	9	**204**	196	35
Profit before tax		**57,349**	40,637	16,894
Tax expense	10	**(12,154)**	(8,269)	(4,531)
Profit for the period and total comprehensive income		**45,195**	32,368	12,363
Profit for the period and total comprehensive income attributable to:				
Owners of the parent		**45,221**	32,422	12,363
Non-controlling interest		**(26)**	(54)	-
		45,195	32,368	12,363

The notes on pages 18 to 57 form part of these financial statements.

Churchill Retirement Plc

Consolidated statement of financial position
as at 30 June 2016

	Note	30 June 2016 £'000	31 May 2015 £'000	31 May 2014 £'000
Assets				
Current assets				
Inventories	15	**172,299**	148,403	130,112
Trade and other receivables	17	**14,950**	21,632	12,306
Cash and cash equivalents	29	**8,246**	11,382	11,162
Total current assets		**195,495**	181,417	153,580
Non-current assets				
Property, plant and equipment	12	**16,796**	16,075	12,079
Investment property	13	**6,067**	5,475	3,229
Available-for-sale investment property	16	**1,061**	666	811
Trade and other receivables	17	**2,030**	2,504	2,755
Total non-current assets		**25,954**	24,720	18,874
Total assets		**221,449**	206,137	172,454
Liabilities				
Current liabilities				
Trade and other payables	18	**27,458**	21,951	11,738
Loans and borrowings	19	**391**	341	6,404
Income tax payable		**2,917**	5,134	3,140
Total current liabilities		**30,766**	27,426	21,282
Non-current liabilities				
Loans and borrowings	19	**89,913**	115,170	116,166
Provisions	20	**1,275**	1,167	648
Deferred tax liability	21	**642**	716	342
Total non-current liabilities		**91,830**	117,053	117,156
Total liabilities		**122,596**	144,479	138,438
NET ASSETS		**98,853**	61,658	34,016

The notes on pages 18 to 57 form part of these financial statements.

Churchill Retirement Plc

Consolidated statement of financial position
as at 30 June 2016 *(continued)*

	Note	30 June 2016 £'000	31 May 2015 £'000	31 May 2014 £'000
Issued capital and reserves attributable to owners of the parent				
Share capital	22	**522**	500	500
Retained earnings		**74,411**	60,212	33,516
Capital redemption reserve		**23,000**	-	-
		97,933	60,712	34,016
Non-controlling interest		**920**	946	-
TOTAL EQUITY		**98,853**	61,658	34,016

The financial statements on pages 10 to 12 were approved and authorised for issue by the Board of Directors on 3rd October 2016 and were signed on its behalf by:

D Marlow
Chief Financial Officer

The notes on pages 18 to 57 form part of these financial statements.

Churchill Retirement Plc

Consolidated statement of cash flows
for the period ended 30 June 2016

	Note	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 £'000	Year ended 31 May 2014 £'000
Cash flows from operating activities				
Profit for the year		**45,195**	32,368	12,363
Adjustments for:				
Depreciation of property, plant and equipment	12	**1,067**	854	601
Change in value of investment property	13	**(619)**	(1,892)	(341)
Finance income	9	**(204)**	(196)	(35)
Finance expense	9	**4,731**	4,966	3,997
Gain on sale of property, plant and equipment		**(2)**	(11)	(8)
Income tax expense	10	**12,154**	8,269	4,531
Decrease/(increase) in trade and other receivables		**7,343**	(8,676)	(3,113)
Increase in inventories		**(23,896)**	(18,291)	(22,229)
Increase in trade and other payables		**1,395**	6,434	1,876
Increase in provisions		**108**	519	255
Cash generated from operations		**47,272**	24,344	(2,103)
Income taxes paid		**(14,445)**	(5,902)	(2,876)
Interest received		**16**	-	1
Interest paid		**(3,927)**	(4,058)	(2,768)
Net cash flows from/(used in) operating activities carried forward		**28,916**	14,384	(7,746)
Investing activities				
Purchases of property, plant and equipment		**(2,610)**	(4,665)	(3,760)
Sale of property, plant and equipment		**1,154**	72	105
Cash paid to acquire subsidiary undertaking		-	3,754	-
Cash acquired with subsidiary undertaking		-	(2,754)	-
Net cash used in investing activities		**(1,456)**	(3,593)	(3,655)

The notes on pages 18 to 57 form part of these financial statements.

Consolidated statement of cash flows
For the period ended 30 June 2016 *(continued)*

	Note	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 £'000	Year ended 31 May 2014 £'000
Financing activities				
(Repayment)/proceeds from bank borrowings		**(14,442)**	6,500	14,000
Redemption of preference shares		**(11,000)**	(8,500)	(2,000)
Payments to finance lease creditors		**(395)**	(198)	(104)
Dividends paid to the shareholders of the parent company		**(4,759)**	(2,126)	(400)
Net cash (used in)/generated from financing activities		**(30,596)**	(4,324)	11,496
Net (decrease)/increase in cash and cash equivalents		**(3,136)**	6,467	95
Cash and cash equivalents at beginning of period/year		**11,382**	4,915	4,820
Cash and cash equivalents at end of period/year	29	**8,246**	11,382	4,915
Cash and cash equivalents comprise:				
Cash at bank and in hand		**8,246**	11,382	11,162
Bank overdraft		**-**	-	(6,247)
Cash and cash equivalents at end of period/year		**8,246**	11,382	4,915

The notes on pages 18 to 57 form part of these financial statements.

Churchill Retirement Plc

Consolidated statement of changes in equity
For the period ended 30 June 2016

	Notes	Share capital £'000	Retained earnings £'000	Capital redemption reserve £'000	Total attributable to equity holders of parent £'000	Non-controlling interest £'000	Total Equity £'000
1 June 2015		500	60,212	-	60,712	946	61,658
Comprehensive income for the period							
Profit for the period		-	45,221	-	45,221	(26)	45,195
Total comprehensive income for the period		**-**	**45,221**	**-**	**45,221**	**(26)**	**45,195**
Contributions by and distributions to owners							
Dividends	11	-	(8,000)	-	(8,000)	-	(8,000)
Issue of share capital	22	22	(22)	-	-	-	-
Reallocation		-	(12,000)	12,000	-	-	-
Redemption of preference shares		-	(11,000)	11,000	-	-	-
Total contributions by and distributions to owners		**22**	**(31,022)**	**23,000**	**(8,000)**	**-**	**(8,000)**
30 June 2016		**522**	**74,411**	**23,000**	**97,933**	**920**	**98,853**

The reallocation reflects recognition of a capital redemption reserve for the preference share redemptions in 2013, 2014 and 2015. As there was no impact on the net assets as a result of the reallocations above, comparative figures for reserves in the statement of financial position have not been restated.

The Group intends to apply to the court to formally effect a capital reduction which it is anticipated will happen within the next financial year.

Churchill Retirement Plc

Consolidated statement of changes in equity
For the period ended 30 June 2016 *(continued)*

	Notes	Share capital £'000	Retained Earnings £'000	Total attributable to equity holders of parent £'000	Non-controlling interest £'000	Total Equity £'000
1 June 2014		500	33,516	34,016	-	34,016
Comprehensive income for the year						
Profit for the year		-	32,422	32,422	(54)	32,368
Total comprehensive income for the year		**-**	**32,422**	**32,422**	**(54)**	**32,368**
Contributions by and distributions to owners						
Acquisition of subsidiary	27	-	-	-	1,000	1,000
Dividends	11	-	(5,726)	(5,726)	-	(5,726)
Total contributions by and distributions to owners		**-**	**(5,726)**	**(5,726)**	**1,000**	**(4,726)**
31 May 2015		**500**	**60,212**	**60,712**	**946**	**61,658**

Churchill Retirement Plc

Consolidated statement of changes in equity
For the period ended 30 June 2016 *(continued)*

	Notes	Share capital £'000	Retained Earnings £'000	Total attributable to equity holders of parent £'000	Non-controlling interest £'000	Total Equity £'000
1 June 2013		500	21,553	22,053	-	22,053
Comprehensive income for the year						
Profit for the year		-	12,363	12,363	-	12,363
Total comprehensive income for the year		**-**	**12,363**	**12,363**	**-**	**12,363**
Contributions by and distributions to owners						
Dividends	11	-	(400)	(400)	-	(400)
Total contributions by and distributions to owners		**-**	**(400)**	**(400)**	**-**	**(400)**
31 May 2014		**500**	**33,516**	**34,016**	**-**	**34,016**

The notes on pages 18 to 57 form part of these financial statements.

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to the period/years presented, unless otherwise stated.

The consolidated financial statements are presented in Sterling, which is also the Group's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs). These are the first financial statements prepared in accordance with IFRS.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Basis of measurement

The consolidated financial statements have been prepared on an historical cost basis, except for the following items (refer to individual accounting policies for details):

- Investment property

New and forthcoming accounting standards

The following amendments to standards and IFRIC interpretation have been adopted and are effective for the current accounting period:

Standard or interpretation	Title	Effective for periods beginning on or after
IFRS 1	First-time Adoption of International Financial Reporting Standards (Annual improvements to IFRSs 2011-2013 Cycle – Meaning of effective IFRSs)	1 January 2015
IFRS 3	Business Combinations (Annual Improvements to IFRSs 2011-2013 Cycle - Scope exceptions for joint ventures)	1 January 2015
IFRS 7	Financial Instruments Disclosures: Annual Improvements 2012-2014 Cycle	1 January 2016
IFRS 13	Fair Value Measurement (Annual Improvements to IFRSs 2010-2012 Cycle - short-term receivables and payables)	1 February 2015
IAS 24	Related Party Disclosures (Annual Improvements to IFRSs 2010-2012 Cycle - entities providing key management personnel services)	1 February 2015

The adoption of these pronouncements has not impacted the classification or measurement of the Group's assets and liabilities.

1 Accounting policies *(continued)*

New and forthcoming accounting standards (continued)

New standards and interpretations not applied: IASB and IFRIC have issued the following relevant standards and interpretations with an effective date for periods commencing after 1 January 2016:

Standard or interpretation	Title	Effective for periods beginning on or after
IFRS 9	Financial Instruments (2014) provides option to early adopt the "own credit" provisions.	Can be applied until 31 December 2017
IFRS 10	Consolidated Financial Statements (Amendments – Sale or Contribution of Assets)	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IAS 16	Property, Plant and Equipment (Amendments – Acceptable Methods of Depreciation)	1 January 2016
IAS 1	Amendments resulting from the disclosure initiative	1 January 2016
IAS 27	Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	1 January 2016
IAS 34	Amendments resulting from the September 2014 Annual Improvements to IFRSs	1 January 2016
IAS 38	Amendments regarding the clarification of acceptable methods of depreciation and amortisation	1 January 2016
IFRS 5	Amendments resulting from the September 2014 Annual Improvements to IFRSs	1 January 2016

The adoption of these pronouncements is being assessed to determine the impact on the classification or measurement of the Group's assets and liabilities.

Revenue

Revenue comprises a number of elements. It represents the invoiced value of sales (net of discounts) adjusted for accrued and deferred income where applicable, excluding value added tax on legal completions of sheltered housing and is recognised upon legal completion. The sale of associated freehold reversionary interests is recognised upon the legal transfer to another party. Turnover in relation to estate management represents the value of administration services (net of discounts) and excluding value added tax provided during the financial year. The administration services fee is recognised evenly over the contractual period. Ground rental income earned but not necessarily invoiced to clients during the financial year (net of discounts) and excluding value added tax, is also recognised in revenue with a corresponding amount being recorded in the balance sheet under prepayments and accrued income.

1 Accounting policies *(continued)*

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Non-controlling interests

The Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

1 Accounting policies *(continued)*

Financial assets

The Group classifies its financial assets as loans and receivables. The Group has not classified any of its financial assets as held to maturity, available for sale, or fair value through profit or loss.

The Group's accounting policy is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities in the consolidated statement of financial position.

Financial liabilities

The Group classifies its financial liabilities as other financial liabilities, there are none classified as fair value through profit or loss.

Other financial liabilities include the following items:

- Bank borrowings and the Group's preference shares are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

1 Accounting policies *(continued)*

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased assets and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Dividends on the preference shares, which are classified as a financial liability, are treated as finance costs and are recognised on an accruals basis when an obligation exists at the reporting date.

Investment property

Investment properties are measured initially at cost, including related transaction costs. After initial recognition at cost, investment properties are accounted for in accordance with IAS 40 Investment Property and are held at fair value. Any surplus or deficit on revaluation is recognised in the Income Statement. The annual valuations are based upon estimates and subjective judgements that may vary from the actual values and sales prices that may be realised by the Group upon ultimate disposal.

The critical assumptions made relating to valuations have been disclosed in note 13 to the financial statements. Properties are treated as acquired at the point when the Group assumes the significant risks and returns of ownership and as disposed of when these are transferred to the buyer. This generally occurs on unconditional exchange or on completion, particularly if this is expected to occur significantly after exchange or the Group has significant outstanding obligations between exchange and completion. Additions to investment properties consist of costs of a capital nature and certain internal staff and associated costs directly attributable to the management of major schemes during the construction phase.

Rent receivable is recognised on a straight-line basis over the period of the lease.

1 Accounting policies *(continued)*

Taxation

Income tax is recognised or provided at amounts expected to be recovered or to be paid using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or

- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	-	2% per annum straight line
Leasehold improvements	-	Over the length of the lease
Plant and machinery	-	3%-25% per annum straight line
Fixtures and fittings	-	20% per annum straight line
Assets in the course of construction	-	Nil
Motor vehicles	-	25% per annum reducing balance

1 Accounting policies *(continued)*

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Non-current assets held for sale

Non-current assets are classified as held for sale when:

- They are available for immediate sale
- Management is committed to a plan to sell
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn
- An active programme to locate a buyer has been initiated
- The asset is being marketed at a reasonable price in relation to its fair value, and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets are not depreciated.

Provisions

The group has recognised provisions for liabilities of uncertain timing or amount for warranty claims. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and judgements

- *Fair value measurement*

  The fair value measurement of the Group's investment property utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

  - *Level 1*: Quoted prices in active markets for identical items (unadjusted)
  - *Level 2*: Observable direct or indirect inputs other than Level 1 inputs
  - *Level 3*: Unobservable inputs (i.e. not derived from market data).

  The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

  For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

- *Land held for development and work in progress*

  The Group holds inventories which are stated at the lower of cost and net realisable value. To assess the net realisable value of these inventories, the Group maintains a financial appraisal for each development that includes the expected revenues and costs based on current market conditions, to ensure that revenues exceed costs. The Company has very strict guidelines over the required margins that must be achieved when contracts are exchanged on a site that mitigates the revenues falling below costs; therefore all inventories are stated at cost.

3 Financial instruments - Risk Management

The Group is exposed through its operations to the following financial risks:

- Housing market risk
- Interest rate risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Preference shares

3 Financial instruments - Risk Management *(continued)*

(ii) Financial instruments by category

Financial assets

	Note	Loans and receivables 2016 £'000	2015 £'000	2014 £'000
Cash and cash equivalents	29	**8,246**	11,382	11,162
Trade and other receivables excluding prepayments	17	**14,679**	21,208	12,272
Total financial assets		**22,925**	32,590	23,434

Financial liabilities

	Note	Financial liabilities at amortised cost 2016 £'000	2015 £'000	2014 £'000
Trade and other payables	18	**26,586**	21,352	11,208
Loans and borrowings	19	**90,304**	115,511	122,570
Total financial liabilities		**116,890**	136,863	133,778

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates to their fair value.

3 Financial instruments - Risk Management *(continued)*

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Group Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's internal auditor also reviews the risk management policies and processes and reports their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Housing market risk management

The Group's activities expose it primarily to macroeconomic risks such as the deflation and the cyclical nature of the UK property prices. A deterioration in the economic outlook could have a significant impact on the Group's financial performance and the Group has the following procedures which mitigate its market related operational risk:

- The Group closely monitors industry indicators and assesses the potential impact of different economic scenarios.
- The Group undertakes a weekly review of sales enquiries, visits and reservations to highlight any market trends
- All decisions on investing in a new site purchase are made with the approval of Main Board Directors and each site must meet the minimum operating profit hurdle rate
- The Group aims to maintain a wide geographic spread of developments to ensure it is not reliant on any localised markets

Interest rate risk management

Interest rate risk reflects the Group's exposure to fluctuations in interest rates in the market. The risk arises because the Group's revolving credit facility is subject to floating rates based on LIBOR. The current low level of interest rates has meant at present no mitigating action has had to be taken to limit the exposure to interest rate risk.

Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group has a low exposure to credit risk due to the nature and legal framework of the UK housing market. As stated in the Group's accounting policy for revenue recognition, a sale is only recognised upon legal completion and this is accompanied by full cash receipt in virtually all cases.

In certain circumstances the Group offers sales incentives resulting in a long term debt being recognised under which the Group will receive a proportion of the resale proceeds of an apartment. The Group's equity share is protected by a registered entry on the title and usually represents the first interest in the property.

Trade receivables consist of a large number of customers, spread across different regions and ongoing credit evaluation is performed on the financial condition of trade receivables.

3 Financial instruments - Risk Management *(continued)*

Credit risk management (continued)

The Group does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. There is no material concentration of credit risk in respect of one individual customer.

The carrying amount recorded for financial assets in the financial statements is net of impairment losses and represents the Group's maximum exposure to credit risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Board reviews rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances to ensure it has the cash to meet its short term liabilities. The principal risk with these cash flows relates to achieving the level of sales volumes and prices in line with these projections.

4 Revenue

	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 £'000	Year ended 31 May 2014 £'000
Sale of retirement apartments	**179,529**	127,100	87,461
Sale of land	**545**	2,509	820
Sale of freehold reversionary interests	**8,242**	11,528	3,042
Estate management	**1,464**	1,089	942
Rental income	**408**	292	224
Other	**261**	262	623
	190,449	142,780	93,112

All revenue is derived from activities within the United Kingdom.

5 Other operating income

Other operating income mainly comprised miscellaneous charges the Group invoices in relation to estate management services, which includes sales packs and grants of probate. Since this is not considered to be part of the main revenue generating activities, the Group presents this income separately from revenue.

	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 £'000	Year ended 31 May 2014 £'000
Other	**229**	136	168

6 Profit from operations

	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 £'000	Year ended 31 May 2014 £'000
Profit from operations is stated after charging/(crediting):			
Depreciation and other amounts written off tangible fixed assets:			
Owned	**831**	652	464
Leased	**235**	202	137
Profit on sale of fixed assets	**(2)**	(11)	(7)
Hire of other assets – operating leases	**903**	1,123	604
Cost of inventories recognised as an expense	**90,617**	70,862	52,059
Fair value adjustments for investment property	**(619)**	(1,892)	(342)
Auditors' remuneration:			
Fees payable to the Company's auditors for the audit of the parent company	**11**	10	11
Fees payable to the Company's auditors for the audit of the consolidated financial statements			
- current period	**44**	38	42
- prior years	**9**	-	4
Fees payable to the Company's auditors for other services:			
Tax compliance	**20**	18	22
Tax advisory services	**73**	53	151
Corporate finance services	**3**	-	-
Other non-audit services	**14**	-	-

7 Employee numbers and benefit expenses

	13 month period ended 30 June 2016 Number	Year ended 31 May 2015 Number	Year ended 31 May 2014 Number
Numbers by activity			
Land, planning and design	**70**	58	51
Commercial and construction	**92**	77	61
Sales and customer services	**111**	103	86
Estate management	**150**	126	102
Office and administration support	**69**	56	55
	492	420	355

Included in the estate management figures above are 135 (2015:111, 2014: 90) Lodge Managers who are employed by the Group, but 100% of the costs are recharged to the developments that the Group manages, and are therefore not included in the costs below.

7 Employee numbers and benefit expenses *(continued)*

The aggregate payroll costs for the group are as follows:

	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 restated £'000	Year ended 31 May 2014 £'000
Employee benefit expenses (including directors) comprise:			
Wages and salaries	**20,436**	17,226	12,314
Defined contribution pension cost	**780**	496	606
Social security contributions and similar taxes	**2,614**	1,956	1,531
	23,830	19,678	14,451

2015 figures have been restated on the basis that the 2015 disclosures were incorrect in the prior year accounts.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, which are the directors of the company listed in the directors and advisors section of these accounts.

	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 £'000	Year ended 31 May 2014 £'000
Salary including employers national insurance and benefits in kind	**4,970**	4,285	1,835
Defined contribution pension scheme costs	**266**	169	364
	5,236	4,454	2,199

Directors' remuneration

	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 £'000	Year ended 31 May 2014 £'000
Salary including benefits in kind	**4,408**	4,073	1,697
Defined contribution pension scheme costs	**266**	169	364
	4,674	4,242	2,061

Highest paid director

	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 £'000	Year ended 31 May 2014 £'000
Salary including benefits in kind	**1,846**	1,967	529
Defined contribution pension scheme costs	**92**	78	187
	1,938	2,045	716

8 Segment information

IFRS 8, *Operating Segments,* establishes standards for reporting information about operating segments and related disclosures, products and services, geographic areas and major customers. Operating segments are components of an enterprise about which separate financial Information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance.

The Group conducts its activities through a single operating segment. Consequently, no detailed segment information has been presented.

None of the Group's customers represented more than 10% of the Group's revenue generated from the building of retirement apartments for any reporting period presented herein.

9 Finance income and expense

	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 £'000	Year ended 31 May 2014 £'000
Finance income			
Other interest received	**204**	196	35
Finance expense			
Bank loans	**2,106**	2,182	1,908
Finance leases (interest portion)	**62**	24	19
Preference shares including redemption premium	**2,560**	2,735	2,060
Other interest	**3**	25	10
Total finance expense	**4,731**	4,966	3,997

10 Tax expense

	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 £'000	Year ended 31 May 2014 £'000
Current tax expense			
Current tax on profits for the year	**12,268**	9,003	4,417
Adjustment for under provision in prior periods	**(40)**	(1,108)	69
Total current tax	**12,228**	7,895	4,486
Deferred tax expense			
Origination and reversal of temporary differences	**32**	65	35
Adjustment in respect of previous years	**5**	(29)	37
Fair value adjustments	**(111)**	338	(27)
Total deferred tax (note 21)	**(74)**	374	45
Total tax expense	**12,154**	8,269	4,531

10 Tax expense *(continued)*

The reasons for the difference between the actual tax charge for the period/year and the standard rate of corporation tax in the United Kingdom applied to profits for the period/year are as follows:

	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 £'000	Year ended 31 May 2014 £'000
Profit on ordinary activities before taxation	**57,349**	40,637	16,894
Tax charge at the UK corporation tax rate of 20% (2015 – 20.83%, 2014 – 22.67%)	**11,470**	8,465	3,830
Expenses not deductible for tax purposes	**719**	941	595
Adjustment for (over)/under provision in previous periods	**(35)**	(1,137)	106
Total tax expense	**12,154**	8,269	4,531

Changes in tax rates and factors affecting the future tax charge

The main rate of corporation tax for UK companies reduced from 21% to 20% from 1 April 2015. Finance Bill 2015, which was substantively enacted on 26 October 2015, announced further reductions to the main rate of corporation tax. The rate will reduce to 19% from 1 April 2017 and by a further 1% to 18% from 1 April 2020. Deferred tax has therefore been calculated at a rate of 18%.

11 Dividends

	13 month period ended 30 June 2016 £'000	Year ended 31 May 2015 £'000	Year ended 31 May 2014 £'000
Dividend of £16.00 (2015 - £11.45, 2014 - £0.80) per ordinary share declared and settled during the period/year	**8,000**	5,726	400

12 Property, plant and equipment

	Land and buildings £'000	Plant, machinery and motor vehicles £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Assets under construction £'000	Total £'000
Cost or valuation						
At 1 June 2013	6,019	3,053	1,925	101	2,504	13,602
Additions	2,196	613	396	19	1,192	4,416
Disposals	-	(187)	-	-	-	(187)
Reclassification	1,420	-	-	-	(1,420)	-
Transfer to investment property	-	-	-	-	(156)	(156)
Transfer to available-for-sale investment property	-	-	-	-	(515)	(515)
At 31 May 2014	9,635	3,479	2,321	120	1,605	17,160
Additions	224	4,485	183	35	1,125	6,052
Disposals	-	(37)	-	-	(34)	(71)
Transfer to investment property	-	-	-	-	(354)	(354)
Transfer to available-for-sale investment property	-	-	-	-	(787)	(787)
At 31 May 2015	9,859	7,927	2,504	155	1,555	22,000
Additions	8	1,092	584	46	1,238	2,968
Disposals	-	(46)	-	-	-	(46)
Transfer to investment property	-	-	-	-	(370)	(370)
Transfer to inventory	(24)	-	-	-	-	(24)
Transfer to available-for-sale investment property	-	-	-	-	(757)	(757)
At 30 June 2016	**9,843**	**8,973**	**3,088**	**201**	**1,666**	**23,771**

12 Property, plant and equipment *(continued)*

	Land and buildings £'000	Plant, machinery and motor vehicles £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Assets under construction £'000	Total £'000
Accumulated depreciation						
At 1 June 2013	811	2,264	1,490	4	-	4,569
Depreciation charge	116	313	170	2	-	601
Disposals	-	(89)	-	-	-	(89)
At 31 May 2014	927	2,488	1,660	6	-	5,081
Depreciation	190	442	219	3	-	854
Disposals	-	(10)	-	-	-	(10)
At 31 May 2015	1,117	2,920	1,879	9	-	5,925
Depreciation	208	559	296	4	-	1,067
Disposals	-	(16)	-	-	-	(16)
Transfer to inventory	(1)	-	-	-	-	(1)
At 30 June 2016	**1,324**	**3,463**	**2,175**	**13**	**-**	**6,975**
Net book value						
At 31 May 2014	8,708	991	661	114	1,605	12,079
At 31 May 2015	8,742	5,007	625	146	1,555	16,075
At 30 June 2016	**8,519**	**5,510**	**913**	**188**	**1,666**	**16,796**

The net carrying amount of property, plant and equipment includes the following amounts held under finance lease: Plant, machinery, and motor vehicles £1,264,177 (2015 - £913,000, 2014 - £620,000)

13 Investment property

	Lodge Manager Apartments under construction £'000	Lodge Manager Apartments £'000	Commercial property £'000	Total £'000
At 1 June 2013	-	2,557	175	2,732
Transfer from assets in the course of construction	-	156	-	156
Revaluation	-	341	-	341
At 31 May 2014	-	3,054	175	3,229
Transfer from assets in the course of construction	-	354	-	354
Revaluation	-	1,224	668	1,892
At 31 May 2015	-	4,632	843	5,475
Additions	340	-	-	340
Transfer from assets in the course of construction	-	370	-	370
Revaluation	-	286	333	619
Disposals	-	-	(404)	(404)
Transfer to available-for-sale investment property	-	-	(333)	(333)
At 30 June 2016	**340**	**5,288**	**439**	**6,067**

(i) Operating lease arrangements
Refer to note 24 for details of operating leases related to investment properties.

(ii) Items of income and expense
During the year £283,107 (2015 - £179,531, 2014 - £89,475) was recognised in the consolidated statement of comprehensive income in relation to rental income from the investment properties. There were no direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income in the current or previous periods. There were no direct operating expenses, including repairs and maintenance, arising from investment property that did not generate rental income during the current or previous periods.

(iii) Restrictions and obligations
At 30 June 2016, 31 May 2015 and 31 May 2014 there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. There are currently no obligations to construct or develop the existing investment properties. At 30 June 2016, 31 May 2015 and 31 May 2014 there were no contractual obligations to purchase investment property.
The valuation at 30 June 2016 has been carried out in accordance with The Royal Institution of Chartered Surveyors' ("RICS") Appraisal and Valuation Standards (the "Red Book"), Seventh Edition, by the directors. The valuations have been prepared in accordance with the Red Book on the basis of Market Value, which is defined as follows:
"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

13 Investment property *(continued)*

Valuation process

The Group's investment property consists of apartments and commercial property similar to those which it sells in the normal course of business.

The directors estimate the fair value of the investment property portfolio, at each period/year end based on average sales value achieved on similar properties.

14 Subsidiaries

The subsidiaries of Churchill Retirement Plc, all of which have been included in these consolidated financial statements, are as follows:

Subsidiary undertaking	Country of registration or incorporation	Class	Shares held %
Direct Holdings			
Churchill Retirement (Group) Limited	England and Wales	Ordinary £1	100
Indirect Holdings			
Churchill Retirement Living Limited	England and Wales	Ordinary £1	100
Millstream Management Services Limited	England and Wales	Ordinary £1	100
Planning Issues Limited	England and Wales	Ordinary £1	100
McCarthy Investments Limited	England and Wales	Ordinary £1	100
Stratton & King Limited*	England and Wales	Ordinary £1	100
Churchill Affordable Living Limited	England and Wales	Ordinary £1	100
Emlor Limited	England and Wales	Ordinary £1	100
Emlor Property No. 3 Limited	England and Wales	Ordinary £1	100
Emlor Property No. 9 Limited	England and Wales	Ordinary £1	100
Emlor Property No. 10 Limited	England and Wales	Ordinary £1	100
Emlor Property No. 11 Limited	England and Wales	Ordinary £1	100
Emlor Properties No. 12 Limited	England and Wales	Ordinary £1	100
Emlor Properties No. 13 Limited	England and Wales	Ordinary £1	100
McCarthy Retirement Homes Limited	England and Wales	Ordinary £1	100
Retirement Living Limited	England and Wales	Ordinary £1	100
Flycorp Aviation LLP*	England and Wales	Ordinary £1	73.4

All the above companies are dormant with the exception of:

- Churchill Retirement (Group) Limited, an intermediate holding company,
- Churchill Retirement Living Limited, which develops and sells sheltered housing,
- Millstream Management Services Limited, which provides estate management services,
- Planning Issues Limited, which provides planning consultancy,
- McCarthy Investments Limited, which is a property investment company,
- Stratton and King Limited, which operates as an estate agency; and
- Flycorp Aviation LLP, which provides an aeroplane for chartering

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

*Exempt from audit by virtue of S479A of the Companies Act 2006.

15 Inventories

	2016 £'000	2015 £'000	2014 £'000
Land for development	**36,473**	27,161	26,701
Sites in the course of construction	**62,392**	45,983	41,382
Finished stock	**73,434**	75,259	62,029
	172,299	148,403	130,112

16 Available-for-sale investment property

	2016 £'000	2015 £'000	2014 £'000
At 1 June	**666**	811	677
Transfer from investment property	**333**	-	-
Transfer from assets under construction	**757**	787	515
Disposals	**(695)**	(932)	(381)
At 30 June/31 May	**1,061**	666	811

17 Trade and other receivables

	2016 £'000	2015 £'000	2014 £'000
Trade receivables - net	**10,231**	16,788	3,483
Other receivables	**4,448**	4,420	8,789
Total financial assets other than cash and cash equivalents classified as loans and receivables	**14,679**	21,208	12,272
Prepayments	**2,301**	2,928	2,789
Total trade and other receivables	**16,980**	24,136	15,061
Less: amount due after one year	**(2,030)**	(2,504)	(2,755)
Amount due within one year	**14,950**	21,632	12,306

The carrying value of trade and other receivables classified as loans and receivables approximates to fair value.

Trade and other receivables due after one year relate to a deferred payment plan scheme which is offered as an incentive to customers. The Group has a legal charge on the properties to which these loans relate to.

18 Trade and other payables

	2016 £'000	2015 £'000	2014 £'000
Trade payables	**7,072**	7,389	5,044
Other payables	**5,705**	7,304	91
Accruals	**13,809**	6,659	6,073
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**26,586**	21,352	11,208
Other payables - tax and social security payments	**872**	599	530
Total trade and other payables	**27,458**	21,951	11,738

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates to fair value.

19 Loans and borrowings

The book value of loans and borrowings are as follows:

	2016 £'000	2015 £'000	2014 £'000
Non-Current			
Bank loans - Secured	**35,058**	49,500	43,000
Preference shares	**54,173**	65,240	72,794
Finance leases (note 24)	**682**	430	372
	89,913	115,170	116,166
Current			
Overdrafts	-	-	6,247
Finance leases (note 24)	**391**	341	157
	391	341	6,404
Total loans and borrowings	**90,304**	115,511	122,570

The book value of loans and borrowings measured at amortised cost approximates to fair value.

All of the group's borrowings are denominated in sterling.

Total debt issue costs of £692,083 are offset against the bank loan balance.

19 Loans and borrowings *(continued)*

Bank Borrowings

At 30 June 2016 security was held by HSBC Corporate Trustee Company (UK) Limited on the Bank loan facility and overdrafts by way of fixed and floating charges over the assets of Churchill Retirement Plc, Churchill Retirement (Group) Limited, Churchill Retirement Living Limited and Planning Issues Limited. The bank loans and revolving credit facility bear interest of between 2.75% and 3.15% (2015 - 2.75% and 3.15%, 2014 - 3.75%) above LIBOR, dependent on the Group's gearing. During the period the interest applied was 2.75% (2015 – 2.95% above LIBOR, 2014 – 3.75% above LIBOR).

The Group has undrawn committed borrowing facilities available at the period end, for which all conditions have been met, as follows:

2016	**Floating rate £'000**
Expiry within 1 year	**-**
Expiry within 1 and 2 years	**-**
Expiry in more than 2 years	**35,058**
Total	**35,058**

2015	**Floating rate £'000**
Expiry within 1 year	-
Expiry within 1 and 2 years	-
Expiry in more than 2 years	49,500
	49,500

2014	**Floating rate £'000**
Expiry within 1 year	-
Expiry within 1 and 2 years	-
Expiry in more than 2 years	43,000
Total	43,000

19 Loans and borrowings *(continued)*

Preference shares

Group – allotted and fully paid	2016 No. Thousands	2015 No. Thousands	2014 No. Thousands	2016 £'000	2015 £'000	2014 £'000
5% redeemable preference shares of £1 each	**2,000**	2,000	3,500	**2,000**	2,000	3,500
A tracker shares of £1 each	**-**	-	62,400	**-**	-	62,400
B tracker shares of £1 each	**-**	-	1,510	**-**	-	1,510
A1 tracker shares of £0.9995 each	**44,400**	55,400	-	**44,378**	55,372	-
A2 tracker shares of £0.0005 each	**44,400**	55,400	-	**22**	28	-
B1 tracker shares of £0.9995 each	**1,510**	1,510	-	**1,509**	1,509	-
B2 tracker shares of £0.0005 each	**1,510**	1,510	-	**1**	1	-
	93,820	115,820	67,410	**47,910**	58,910	67,410

During 2015 the A and B tracker shares were subdivided into A1 and A2 and B1 and B2 tracker shares. Their rights, together with those of the preference shares, are set out in note 22.

Preference shares amounting to £11 million (2015 - £8.5 million, 2014 - £2 million) were redeemed during the period.

20 Provisions

	Warranty provision 2016 £'000	2015 £'000	2014 £'000
At 1 June	**1,167**	648	393
Charged to profit or loss	**884**	928	743
Utilised in period/year	**(502)**	(457)	(424)
Released in period/year	**(274)**	48	(64)
At 30 June/31 May	**1,275**	1,167	648
Due within one year or less	**642**	467	118
Due after more than one year	**633**	700	530
	1,275	1,167	648

21 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 18% (2015 - 20%, 2014 – 20%). The reduction in the main rate of corporation tax to 18% was substantively enacted in Finance Bill 2015. This new rate has been applied to deferred tax balances which are expected to reverse after the period end.

The movement on the deferred tax account is as shown below:

	2016 £'000	2015 £'000	2014 £'000
At 1 June	**716**	342	297
Recognised in profit and loss			
Tax expense	**(74)**	374	45
At 30 June/31 May	**642**	716	342

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities during the period are shown below.

Details of the deferred tax liability and amounts recognised in profit or loss are as follows:

	Assets 2016 £'000	Liability 2016 £'000	Net 2016 £'000	(Charged)/ credited to profit or loss 2016 £'000
Accelerated capital allowances	60	(177)	(117)	(37)
Revaluations	-	(525)	(525)	111
Tax asset/(liabilities)	60	(702)	(642)	74
Net tax asset/(liabilities)	**60**	**(702)**	**(642)**	**74**

21 Deferred tax *(continued)*

	Asset 2015 £'000	Liability 2015 £'000	Net 2015 £'000	Charged to profit or loss 2015 £'000
Accelerated capital allowances	48	(128)	(80)	(36)
Revaluations	-	(636)	(636)	(338)
Tax asset/(liabilities)	48	(764)	(716)	(374)
Net tax asset/(liabilities)	48	(764)	(716)	(374)

	Asset 2014 £'000	Liability 2014 £'000	Net 2014 £'000	(Charged)/ credited to profit or loss 2014 £'000
Accelerated capital allowances	5	(49)	(44)	(72)
Revaluations	190	(488)	(298)	27
Tax asset/(liabilities)	195	(537)	(342)	(45)
Net tax asset/(liabilities)	195	(537)	(342)	(45)

22 Share capital

	Authorised					
	2016 Number Thousands	2016 £'000	2015 Number Thousands	2015 £'000	2014 Number Thousands	2014 £'000
Ordinary shares of £1 each	**500**	**500**	500	500	500	500
Growth shares of £1 each	**22**	**22**	-	-	-	-
	522	**522**	500	500	500	500

	Issued and fully paid					
	2016 Number Thousands	2016 £'000	2015 Number Thousands	2015 £'000	2014 Number Thousands	2014 £'000
Ordinary shares of £1 each	**500**	**500**	500	500	500	500
Growth shares of £1 each	**22**	**22**	-	-	-	-
	522	**522**	500	500	500	500

During the period ended 30 June 2016, 22,867 Growth Shares with a nominal value of £1 each were issued.

Details of Preference shares are disclosed in note 19.

Rights attaching to shares

Income
The profits of the Company in respect of any financial year shall be applied:

- (i) First, in paying to the holders of the A1 Tracker Shares and the B1 Tracker Shares a preferential dividend equal to 0.0100050025 of the capital paid on them.
- (ii) Second, in paying to the holders of the A2 Tracker Shares and the B2 Tracker Shares a preferential dividend of such amount per annum as is equal to (X x 2,000) of the capital paid up on them (where: X = the difference between the Bank of England base rate and 1.5% provided that if the Bank of England base rate is equal to or less than 1.5%, X = 0).
- (iii) Third, in paying to the holders of the Preference Shares a preferential dividend of such amount per annum as is equal to 5.5% of the capital paid up on them.
- (iv) Fourth, in paying to the holders of the Ordinary Shares such dividend as the Directors shall determine.
- (v) Fifth, in paying to the holders of the Growth Shares such dividend as the Directors shall determine but subject to written consent of holders of 75% or more of the total number of Ordinary Shares in issue.

Capital
On a return of capital, the assets of the Company remaining after the payment of its liabilities shall be applied:
(a) first, in paying to:

- (i) the holders of the A1 Tracker Shares and the B1 Tracker Shares their par value together with any dividend arrears.

22 Share capital *(continued)*

Rights attaching to shares *(continued)*

Capital *(continued)*

(ii) the holders of the A2 Tracker Shares such amount as shall be equal to:
  a. their par value
  b. a premium amounting to the aggregate of 10% of such amount as shall be equal to 2,000 multiplied by their par value; and
  c. additional interest at the rate of 2% per annum accruing on a daily basis commencing 30 November 2012, such interest being payable on such amount as shall be equal to 2,000 multiplied by their par value, together with any dividend arrears.

(iii) the holders of the B2 Tracker Shares their par value together with any dividend arrears.

(b) second, in paying to the holders of the Preference Shares their par value together with any dividend arrears.

(c) third, in paying to the holders of the Ordinary Shares from the balance of the assets remaining after the payments referred to in (a) and (b) ('Return of Capital Balance') an amount equal to the lowest hurdle amount determined by the holders of 75% or more of the Ordinary Shares in proportion to the number of Ordinary Shares held.

(d) fourth, in paying to the holders of the Growth Shares, the value attributable to the Growth Shares in respect of the return of capital by applying the formula: N divided by 55,555, multiplied by V, multiplied by 10%, where N = the number of Growth Shares in issue immediately prior to the date of the return of capital, and V = the relevant Return of Capital balance less the relevant Growth Share hurdle amount except that V shall not be less than zero.

(e) fifth, in paying to the holders of the Ordinary Shares an amount equal to the balance of the Company's assets assuming no other classes of share capital are in issue.

Voting

Neither the A1 and A2 Tracker Shares nor the B1 and B2 Tracker Shares nor the Preference Shares nor the Growth Shares have any rights to receive notice of or to be present and speak at any general meeting of the Company or any voting rights. The Ordinary Shares confer voting rights.

Redemption

(a) A holder or holders of:

(i) an A1 Tracker Share or A2 Tracker Share shall have the option to redeem all or any of the A1 Tracker Shares or A2 Tracker Shares held by it or them on, or at any time, after:
  a. an initial offer for the Company's securities as a result of which those securities are admitted to trading on a Stock Exchange ("IPO");
  b. the date on which the sale or other disposal of 50% or more of the total voting rights conferred by all the shares in the equity share capital of the Company is completed ("Sale");
  c. 1 December 2022;

(ii) a B1 Tracker Share or a B2 Tracker Share shall have the option to redeem all or any B1 Tracker Shares or B2 Tracker Shares held by it or them at any time;

(iii) a Preference Share shall have the option to redeem all or any Preference Shares held by it or them at any time;

(iv) a Growth Share shall have the option to redeem all or any Growth Shares held by it or them at any time after an IPO.

22 Share capital *(continued)*

Rights attaching to shares *(continued)*

Redemption *(continued)*

(b) Tracker Shares, Preference Shares and Growth Shares shall be redeemed on payment of their par value together with all dividend arrears except that A2 Tracker Shares shall be redeemed upon payment of the following additional amounts:
- (i) a premium amounting to the aggregate of 10% of such amount as shall be equal to 2,000 multiplied by the par value of the A2 Tracker Shares being redeemed; and
- (ii) additional interest at a rate of 2% per annum accruing on a daily basis commencing 30 November 2012, such interest being payable on such amount as shall be equal to 2,000 multiplied by the par value of the A2 Tracker Shares being redeemed.

(c) The Company shall have the option, exercisable at any time, to redeem any or all of the A Tracker Shares or B Tracker Shares in tranches of not less than the lesser of:
- (i) £1,000,000 par value provided that, in the case of the redemption of A Tracker Shares, the same number of A2 Tracker Shares as A1 Tracker Shares are redeemed (and vice versa) and, in the case of a redemption of B Tracker Shares, the same number of B2 Tracker Shares as B1 Tracker Shares are redeemed (and vice versa); and
- (ii) the aggregate nominal amount of all the A Tracker Shares or the B Tracker Shares being redeemed in issue,

upon payment of the redemption amount referred to in (b).

(d) The Company shall have the option, exercisable on or any time after:
- (i) an IPO; or
- (ii) a Sale,

to redeem any or all of the Preference Shares upon payment of the par value of the Preference Shares being redeemed.

(e) The Company shall have the option, exercisable on or at any time after an IPO, to redeem any or all of the Growth Shares upon payment of the amount that the holders of the Growth Shares would be entitled to receive on a Sale.

Sale

On a Sale, without prejudice to the rights of the holders of the Tracker Shares and the Preference Shares to redeem their shares, each selling shareholder of the Company shall share in the Exit Value (which is determined by the directors of the Company) as follows:

(a) If the Exit Value is less than the lowest Growth Share hurdle amount, the whole of the Exit Value shall be paid to the Ordinary shareholders;

(b) If the Exit Value is more than the lowest Growth Share hurdle amount, the Exit Value shall be applied:
- (i) first, paying to those selling shareholders who are Ordinary shareholders an amount equal to the lowest Growth Share hurdle amount;
- (ii) second, payment to those selling shareholders who are Growth shareholders a value attributable to the Growth Shares in respect of a Sale by applying the formula: N divided by 55,555, multiplied by V, multiplied by 10% where N = the number of Growth Shares in issue immediately prior to the date of the Sale, and V = the balance of the Exit Value less the hurdle amount except that V shall not be less than zero; and
- (iii) third, paying to those selling shareholders who are Ordinary shareholders an amount equal to the balance of the Exit Value.

22 Share capital *(continued)*

Rights attaching to shares *(continued)*

Conversion

(a) Without prejudice to the rights of the holders of the Tracker Share and Preference Shares to redeem their shares and to the rights of the Preference Share holders to sell or otherwise transfer their shares in accordance with the articles of association of the Company:

- (i) each Growth shareholder shall have the option to convert all of the Growth Shares held by him or her immediately before but conditional on completion of an IPO; and
- (ii) the Company shall have the option to convert all of the Growth Shares held by a Growth shareholder immediately before but conditional on completion of an IPO.

(b) Growth Shares to which these options relate shall convert into such number of Ordinary Shares on the date of completion of the IPO as shall, at the Realisation Price (being the value of the Ordinary Share immediately prior to an IPO determined by reference to the price at which Ordinary Shares are sold, placed or marketed under the IPO, as determined by the directors of the Company, acting reasonably and in good faith and with the advice of financial advisors) be equal to the Exit Value as if there was a Sale on the date of completion of the IPO.

23 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Share capital	Represents the nominal value of shares issued
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
Capital redemption reserve	Amounts transferred from share capital on redemption of shares.

24 Leases

Finance lease - lessee

Future lease payments are due as follows:

	Minimum lease payments £'000	Interest £'000	Present value £'000
2016			
Not later than one year	431	(40)	391
Between one year and five years	725	(43)	682
	1,156	**(83)**	**1,073**
2015			
Not later than one year	380	(39)	341
Between one year and five years	456	(26)	430
	836	(65)	771
2014			
Not later than one year	179	(22)	157
Between one year and five years	403	(31)	372
	582	(53)	529

Operating leases - lessee

The total future value of minimum lease payments is due as follows:

	2016 £'000	2015 £'000	2014 £'000
Not later than one year	**578**	532	486
Later than one year but not later than five years	**472**	428	592
	1,050	960	1,078

Operating leases - lessor

The Group has a number of operating leases relating to its investment properties.

The minimum rent receivable under non-cancellable operating leases is as follows:

	2016 £'000	2015 £'000	2014 £'000
Not later than one year	**161**	178	152
Later than one year but not later than five years	**486**	600	570
Later than five years	**1,833**	1,929	2,014
	2,480	2,707	2,736

25 Related party transactions

Flycorp Aviation LLP operates an aeroplane that is used by the Group on a cost share basis, J S McCarthy is a member of Flycorp Aviation LLP. During 2014 the Group lent Flycorp Aviation LLP £2,754,153 towards the purchase of a new aeroplane. During 2014 the loan was exchanged for a controlling interest. The total amount that was due to the Group by Flycorp Aviation LLP at the period end was £96,891 (2015 - £96,861, 2014 - £2,848,740).

During the financial period the Group paid £650,000 (2015 - £650,000, 2014 - £650,000) as part of the annual marketing spend to Emlor S Polo LLP, an LLP in which S J McCarthy has 50% ownership. At the period end the Group was owed £61,358 (2015 - £470,183, 2014 - £490,512) by Emlor S Polo LLP.

During the financial period the Group paid £450,000 (2015 - £450,000, 2014 - £450,000) as part of the annual marketing spend to Emlor C Polo LLP, an LLP in which C J McCarthy has 50% ownership. At the period end the Group was owed £14,801 (2015 - £68,084, 2014 - £136,371) by Emlor C Polo LLP.

During the financial period the Group paid £14,625 (2015 - £11,250, 2014 - £12,411) for office rental to Harrison Property Consultancy Limited, a Company in which R Harrison has 100% ownership. At the period end the Group owed £Nil (2015 - £Nil, 2014 - £Nil) to Harrison Property Consultancy Limited.

During the financial period the Group transferred the ownership of a plot of land, with a value of £935,861 to a company in which one of the directors has 100% ownership. The balance remained outstanding at 30 June 2016 and has been included within other debtors.

During 2014 the group rendered services to key management personnel at a cost of nine hundred and eighty-six thousand, one hundred and nineteen pounds. The group recognised revenue in 2014 of four hundred and thirty-one thousand, two hundred and forty-six pounds. The amounts due to the Group were included in the amount due from Directors in note 26.

26 Transactions with Directors

Included within other creditors (2014 – other debtors) is five million, one hundred and seventy four thousand, five hundred and seventy one pounds (2015 - seven million, one hundred and twenty five thousand, four hundred and seventy one pounds due to the Directors, 2014 - six hundred and seven thousand, four hundred and sixteen pounds due from the Directors). The maximum balance owed to the Group during the period was one million, six hundred and eighty thousand, seven hundred and fifty four pounds (2015 - six hundred and thirty four thousand, five hundred and twenty one pounds, 2014 - six hundred and seven thousand, four hundred and sixteen pounds) and no interest has been charged on these balances.

During the financial period, Churchill Retirement Living Limited, a 100% owned subsidiary of Churchill Retirement Plc, rented a storage site owned by S J McCarthy and C J McCarthy, Calmore Croft Farm. Rent accrued and paid during the financial year was eighty-one thousand six hundred pounds (2015 - eighty-one thousand, six hundred pounds, 2014 - eighty-one thousand, six hundred pounds).

27 Acquisitions

Acquisition of Flycorp Aviation LLP

During 2015 the group acquired 73.36% of Flycorp Aviation LLP for £2,754,153, paid in cash.

There is no goodwill arising on the acquisition due to the cash consideration being equal to the fair value of the net assets acquired, as shown in the following table:

	Book value and fair value £'000
Cash at bank and in hand	3,754
	3,754

	£'000
Cash consideration, as above	2,754
Share of assets acquired (73.36% of the cash above)	2,754
Goodwill arising on acquisition	-

The results of Flycorp Aviation LLP prior to its acquisition were as follows:

Profit and loss account

	Period from acquisition to 31 May 2015 £'000	Period from 1 October 2014 up to acquisition £'000	Year ended 30 September 2014 £'000
Turnover	66	51	170
Operating loss and losses available for division	(201)	(123)	(311)

The Group are not entitled to a distribution of any of the losses that arose prior to the acquisition date.

Cash flows

The net cash flow arising from the acquisition of Flycorp Aviation LLP was as follows:

	£'000
Cash acquired	3,754
Cost of investment	(2,754)
Net cash flow	1,000

28 Events after the reporting date

There were no non-adjusting events that existed at the date of signing these accounts.

29 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2016 £'000	2015 £'000	2014 £'000
Cash at bank and in hand available on demand	**8,246**	11,382	11,162
Bank overdrafts	-	-	(6,247)
	8,246	11,382	4,915

Significant non-cash transactions are as follows:

	2016 £'000	2015 £'000	2014 £'000
Financing activities			
Assets acquired under finance leases	**698**	440	483

30 Effects of changes in accounting policies

No changes in the accounting policies have been accounted for in 2016.

31 Explanation of transition to Adopted IFRSs

For all periods up to and including the year ended 31 May 2015, the Group prepared its financial statements in accordance with United Kingdom generally accepted accounting practice (UK GAAP). The financial statements, as stated in note 1 are the Group's first consolidated financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in notes 1 have been applied in preparing the financial statements for the period ended 30 June 2016, the comparative information presented in these financial statements for the year ended 31 May 2015 and 31 May 2014 and in preparation of an opening IFRS balance sheet at 1 June 2013 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

31 Explanation of transition to Adopted IFRSs (continued)

Reconciliation of equity

	Note	UK GAAP £'000	31 May 2015 Effect of transition to Adopted IFRSs £'000	Adopted IFRSs £'000
Non-current assets				
Property, plant and equipment		16,075	-	16,075
Investment properties	31(a)	6,141	(666)	5,475
Available-for-sale investments	31(a)	-	666	666
Trade and other receivables		2,504	-	2,504
Total non-current assets		24,720	-	24,720
Current assets				
Inventories		148,403	-	148,403
Trade and other receivables		21,632	-	21,632
Cash and cash equivalents		11,382	-	11,382
Total current assets		181,417	-	181,417
Total assets		206,137	-	206,137
Equity and liabilities				
Capital and reserves				
Share capital		500	-	500
Revaluation reserve	31(a)	4,678	(4,678)	-
Retained earnings	31(a),(b)	56,170	4,042	60,212
Equity attributable to owners of the company		61,348	(636)	60,712
Non-controlling interest		946	-	946
Total equity		62,294	(636)	61,658
Current liabilities				
Trade and other payables		21,951	-	21,951
Loans and borrowings		341	-	341
Current tax liabilities		5,134	-	5,134
Total current liabilities		27,426	-	27,426
Non-current liabilities				
Loans and borrowings		115,170	-	115,170
Provision		1,167	-	1,167
Deferred tax liability	31(b)	80	636	716
Total non-current liabilities		116,147	636	117,053
Total equity and liabilities		206,137	-	206,137

31 Explanation of transition to Adopted IFRSs (continued)

Reconciliation of equity *(continued)*

	Note	31 May 2014 UK GAAP £'000	31 May 2014 Effect of transition to Adopted IFRSs £'000	31 May 2014 Adopted IFRSs £'000	31 May 2013 UK GAAP £'000	31 May 2013 Effect of transition to Adopted IFRSs £'000	31 May 2013 Adopted IFRSs £'000
Non-current assets							
Property, plant and equipment		12,079	-	12,079	9,033	-	9,033
Investment properties	31(a)	4,040	(811)	3,229	3,409	(677)	2,732
Trade and other receivables		2,755	-	2,755	-	-	-
Available-for-sale investments	31(a)	-	811	811	-	677	677
Deferred tax asset	31(b)	-	-	-	28	(28)	-
Total non-current assets		18,874	-	18,874	12,470	(28)	12,442
Current assets							
Inventories		130,112	-	130,112	107,884	-	107,884
Trade and other receivables		12,306	-	12,306	11,912	-	11,912
Cash and cash equivalents		11,162	-	11,162	4,820	-	4,820
Total current assets		153,580	-	153,580	124,616	-	124,616
Total assets		172,454	-	172,454	137,086	(28)	137,058
Equity and liabilities							
Capital and reserves							
Share capital		500	-	500	500	-	500
Revaluation reserve	31(a)	2,786	(2,786)	-	2,444	(2,444)	-
Retained earnings	31(a),(b)	31,028	2,488	33,516	19,434	2,119	21,553
Total equity		34,314	(298)	34,016	22,378	(325)	22,053
Current liabilities							
Trade and other payables		11,738	-	11,738	9,790	-	9,790
Loans and borrowings		6,404	-	6,404	89	-	89
Current tax liabilities		3,140	-	3,140	1,530	-	1,530
Total current liabilities		21,282	-	21,282	11,409	-	11,409
Non-current liabilities							
Loans and borrowings		116,166	-	116,166	102,906	-	102,906
Provision		648	-	648	393	-	393
Deferred tax liability	31(b)	44	298	342	-	297	297
Total non-current liabilities		116,858	298	117,156	103,299	297	103,596
Total equity and liabilities		172,454	-	172,454	137,086	(28)	137,058

31 Explanation of transition to Adopted IFRSs *(continued)*

Notes to the reconciliation of equity

a) Revaluation of investment property

Freehold Reversionary interests created on the sale of the related leasehold interests are held with the intention of resale to third parties. Accordingly these have been reclassified as available for sale investments in the accounts, a classification not available under UK GAAP but required under IFRS.

UK GAAP required that revaluations of Investment property were taken directly to a revaluation reserve in equity. Under IFRS, revaluation gains and losses are taken to the income statement. The UK GAAP revaluation reserve at transition has been taken to profit and loss reserve accordingly net of applicable deferred taxation (see below).

b) Deferred taxation

Under UK GAAP, deferred tax was provided on certain timing differences that had originated but not reversed at the balance sheet date. Under IAS 12, deferred tax is provided on temporary differences based upon future recovery or settlement of assets and liability recognised in the balance sheet. Deferred taxation has been provided on the fair value adjustments to investment property accordingly.

In addition IAS 12 requires that within a group deferred tax assets and liabilities arising in separate entities are not offset unless the entities intend to settle current tax net. Consequently under IFRS deferred tax assets and liabilities are shown separately on the balance sheet.

Under UK GAAP certain deferred tax assets are not recognised by the Group due to uncertainty as to when these assets will be realised. The same principles exist under IAS 12 so an element of the IFRS deferred tax asset has also not been recognised

31 Explanation of transition to Adopted IFRSs *(continued)*

Reconciliation of profit for the years ended 31 May 2015 and 31 May 2014

	Note	UK GAAP £'000	2015 Effect of transition to Adopted IFRSs £'000	Adopted IFRSs £'000
Revenue		142,780	-	142,780
Cost of sales		(78,568)	-	(78,568)
Gross profit		64,212	-	64,212
Other operating income		136	-	136
Administrative expenses	31(c)	(20,833)	1,892	(18,941)
Operating profit		43,515	1,892	45,407
Finance income		196	-	-
Finance expense		(4,966)	-	(4,966)
Profit before tax		38,745	1,892	40,637
Income tax expenses	31(d)	(7,931)	(338)	(8,269)
Profit for the year from continuing operations and total comprehensive income		30,814	1,554	32,368
Profit attributable to:				
Owners of the Company		30,868	1,554	32,422
Non-controlling interest		(54)	-	(54)
		30,814	1,554	32,368

31 Explanation of transition to Adopted IFRSs *(continued)*

Reconciliation of profit for the years ended 31 May 2015 and 31 May 2014

	Note	UK GAAP £'000	2014 Effect of transition to Adopted IFRSs £'000	Adopted IFRSs £'000
Revenue		93,112	-	93,112
Cost of sales		(57,387)	-	(57,387)
Gross profit		35,725	-	35,725
Other operating income		168	-	168
Administrative expenses	31(c)	(15,379)	342	(15,037)
Operating profit		20,514	342	20,856
Finance income		35	-	35
Finance expense		(3,997)	-	(3,997)
Profit before tax		16,552	342	16,894
Income tax expense	31(d)	(4,558)	27	(4,531)
Profit for the year from continuing operations and total comprehensive income		11,994	369	12,363
Profit attributable to:				
Owners of the Company		11,994	369	12,363
Non-controlling interest		-	-	-
		11,994	369	12,363

31 Explanation of transition to Adopted IFRSs *(continued)*

Notes to the reconciliation of profit

c) Change in fair value of investment property
UK GAAP required that revaluations of Investment property were taken directly to a revaluation reserve in equity. Under IFRS, revaluation gains and losses are taken to the income statement.

d) Deferred tax
Under UK GAAP, deferred tax was provided on certain timing differences that had originated but not reversed at the balance sheet date. Under IAS 12, deferred tax is provided on temporary differences based upon future recovery or settlement of assets and liability recognised in the balance sheet. Deferred taxation has been provided on the fair value adjustments to investment property accordingly.

Explanation of material adjustments to the cash flow statement

The transition from UK GAAP to IFRS has no effect upon the reported cash flows generated by the Group. The IFRS cash flow statement is presented in a different format than that required under UK GAAP with cash flows split into three categories of activities – operating activities, investing activities and financing activities. The reconciling items between the UK GAAP presentation and the IFRS presentation have no impact on the cash flows generated.

In preparing the cash flow statement under IFRS, cash and cash equivalents include cash at bank and in hand and bank overdraft.

Churchill Retirement Plc

Parent Company statement of financial position
As at 30 June 2016

	Note	30 June 2016 £'000	31 May 2015 £'000	31 May 2014 £'000
Assets				
Non-current assets				
Property, plant and equipment	2	**671**	714	758
Investments in subsidiaries	3	**69,410**	69,410	69,410
Deferred tax asset	7	**55**	44	3
Total non-current assets		**70,136**	70,168	70,171
Current assets				
Trade and other receivables	4	**66,860**	80,143	61,121
Cash and cash equivalents		**1,246**	7,047	8,656
Total current assets		**68,106**	87,190	69,777
Total assets		**138,242**	157,358	139,948
Capital and reserves				
Share capital		**522**	500	500
Retained earnings		**7,508**	2,805	(2,223)
Capital redemption reserve		**21,000**	-	-
Total equity		**29,030**	3,305	(1,723)
Current liabilities				
Trade and other payables	5	**19,981**	39,236	25,796
Loans and borrowings	6	-	76	5
Current tax liabilities		-	1	-
Total current liabilities		**19,981**	39,313	25,801
Non-current liabilities				
Loans and borrowings	6	**89,231**	114,740	115,870
Total liabilities		**109,212**	154,053	141,671
Total equity and liabilities		**138,242**	157,358	139,948

The notes on pages 60 to 67 form part of the financial statement shown above.
These financial statements were approved by the Board on 3rd October 2016 and signed on its behalf by

D Marlow
Chief Financial Officer

Churchill Retirement Plc

Parent Company statement of changes in equity for the period ended 30 June 2016

	Share capital £'000	Capital Redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 June 2013	500	-	(1,894)	(1,394)
Comprehensive income for the year				
Profit	-	-	71	71
Total comprehensive income for the year	**-**	**-**	**71**	**71**
Contributions by and distributions to owners				
Dividends	-	-	(400)	(400)
Total contributions by and distributions to owners	**-**	**-**	**(400)**	**(400)**
At 30 May 2014	**500**	**-**	**(2,223)**	**(1,723)**
Comprehensive income for the year				
Profit	-	-	10,754	10,754
Total comprehensive income for the year	**-**	**-**	**10,754**	**10,754**
Contributions by and distributions to owners				
Dividends	-	-	(5,726)	(5,726)
Total contributions by and distributions to owners	**-**	**-**	**(5,726)**	**(5,726)**
At 30 May 2015	**500**	**-**	**2,805**	**3,305**
Comprehensive income for the year				
Profit	-	-	33,725	33,725
Total comprehensive income for the year	**-**	**-**	**33,725**	**33,725**
Contributions by and distributions to owners				
Dividends	-	-	(8,000)	(8,000)
Issue of share capital	22	-	(22)	-
Reallocation	-	10,000	(10,000)	-
Redemption of preference shares	-	11,000	(11,000)	-
Total contributions by and distributions to owners	**22**	**21,000**	**(29,022)**	**(8,000)**
At 30 June 2016	**522**	**21,000**	**7,508**	**29,030**

The notes on pages 60 to 67 form part of the financial statement shown above.

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on an historical cost basis. The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

Under section 408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account. The company recorded a profit for the period of £33,725,716 (2015 - £10,754,229 profit, 2014 - £71,218 profit).

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Churchill Retirement Plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Churchill Retirement Plc. These financial statements do not include certain disclosures in respect of:

- Share based payments;
- Business combinations;
- Assets held for sale and discontinued operations;
- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101, requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgement in applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 10.

1 Accounting policies *(continued)*

First time application of FRS 101

Information as to the effect of applying FRS 101 for the first time is included in note 10 to the financial statements.

In the current year the company has adopted FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with applicable accounting standards. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised above. There have been no other material amendments to the disclosure requirements previously applied in accordance with applicable accounting standards.

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

1 Accounting policies *(continued)*

Deferred taxation *(continued)*

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	-	2% per annum straight line
Fixtures and fittings	-	20% per annum straight line
Assets in the course of construction	-	Nil
Motor vehicles	-	25% per annum reducing balance

Investments

Investments in group undertakings are included in the statement of financial position at cost less any provision for impairment.

2 Property, plant and equipment

	Freehold land and buildings £'000	Assets in the course of construction £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 June 2013	569	1,423	583	184	2,759
Additions	33	1,270	389	140	1,832
Intra group transfer	(602)	(2,693)	-	-	(3,295)
Disposals	-	-	-	(180)	(180)
At 31 May 2014	-	-	972	144	1,116
Additions	-	-	181	15	196
At 31 May 2015	-	-	1,153	159	1,312
Additions	-	-	235	-	235
At 30 June 2016	**-**	**-**	**1,388**	**159**	**1,547**
Depreciation					
At 1 June 2013	1	-	189	68	258
Charge for the year	7	-	155	28	190
Intra group transfer	(8)	-	-	-	(8)
Eliminated on disposals	-	-	-	(82)	(82)
At 31 May 2014	-	-	344	14	358
Charge for the year	-	-	204	36	240
At 31 May 2015	-	-	548	50	598
Charge for the period	-	-	248	30	278
At 30 June 2016	**-**	**-**	**796**	**80**	**876**
Net book value					
At 30 June 2016	**-**	**-**	**592**	**79**	**671**
At 31 May 2015	-	-	605	109	714
At 31 May 2014	-	-	628	130	758

3 Investments in subsidiaries

Shares held by the Company in unlisted subsidiary undertakings

	2016 £'000	2015 £'000	2014 £'000
Cost and net book value at 30 June 2016, 31 May 2015 and 31 May 2014 (Churchill Retirement (Group) Limited)	**69,410**	69,410	69,410

The Group's principal subsidiary undertakings are listed in note 14 to the consolidated financial statements.

4 Trade and other receivables

	2016 £'000	2015 £'000	2014 £'000
Amounts owed by group undertakings	**64,345**	75,732	53,560
Other debtors	**1,721**	2,975	6,246
Prepayments and accrued income	**794**	1,436	1,315
Total trade and other receivables	**66,860**	80,143	61,121

5 Trade and other payables

	2016 £'000	2015 £'000	2014 £'000
Trade payables	**146**	211	56
Amounts owed to group undertakings	**12,932**	30,639	24,830
Other payables	**5,566**	7,128	13
Accruals	**1,218**	1,155	810
Other payables – tax and social security payments	**119**	103	87
Total trade and other payables	**19,981**	39,236	25,796

6 Loans and borrowings

	2016 £'000	2015 £'000	2014 £'000
Non-current			
Bank loans – secured	**35,058**	49,500	43,000
Preference shares	**54,173**	65,240	72,794
Finance leases	**-**	-	76
	89,231	114,740	115,870
Current			
Finance leases	**-**	76	5

Details of the bank loans and preference shares are provided in the notes to the consolidated financial statements.

Total debt issue costs of £692,083 are offset against the bank loan balance.

7 Deferred tax

	2016 £'000	2015 £'000	2014 £'000
Details of the deferred tax asset are as follows:			
Decelerated capital allowances	**55**	44	3

8 Leases

2016	Minimum lease payments £'000	Interest £'000	Present value £'000
Finance leases – lessee			
Not later than one year	**-**	-	-
Between one year and five years	**-**	-	-
	-	-	-
Current liabilities	**-**	-	-
Non-current liabilities	**-**	-	-
2015			
Not later than one year	**86**	(10)	76
Between one year and five years	**-**	-	-
	86	(10)	76
Current liabilities	**86**	(10)	76
Non-current liabilities	**-**	-	-
2014			
Not later than one year	**5**	-	5
Between one year and five years	**87**	(11)	76
	92	(11)	81
Current liabilities	**5**	-	5
Non-current liabilities	**87**	(11)	76

Operating leases - lessee

	2016 £'000	2015 £'000	2014 £'000
The total future value of minimum lease payments due is as follows:			
Not later than one year	**27**	25	26
Later than one year and not later than five years	**44**	47	49
	71	72	75

9 Related parties

The company is exempt from disclosing transactions within wholly owned subsidiaries in the group. Other related party transactions are included within those given in note 25 of the consolidated financial statements.

10 First time adoption of FRS 101 Reduced Disclosure Framework

This is the first time that the Company has adopted FRS 101 having previously applied applicable UK accounting standards. The date of transition to FRS 101 was 1 June 2013. In applying FRS 101 for the first time the Company has made the election to retain the carrying amounts of property, plant and equipment at the previous carrying amounts under applicable UK accounting standards.

Other than the adoption of the reduced disclosures there were no material effects of applying FRS 101 for the first time, and there are no differences in the numbers reported as a result of the transition to FRS 101. The disclosure exemptions adopted are included in note 1 to the Company financial statements. No significant judgements and estimates have been applied.