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RETIREMENT SECURITY LIMITED
REPORT OF THE DIRECTORS AND
AUDITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

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**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 May 2011**

	Page
Company Information	1
Report of the Chairman	2
Report of the Chief Executive Officer	3
Report of the Directors	5
Report of the Independent Auditors	8
Consolidated Profit and Loss Account	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Notes to the Consolidated Financial Statements	13

COMPANY INFORMATION
for the Year Ended 31 May 2011

DIRECTORS.

R Bessell
B J Cox
J G Harris
Ms S S James
W McNally
P W Smallridge
Mrs P Birtles
Dr S Ladyman
P Wakeford
Sir A Greengross
Ms A Bessell

SECRETARY.

Ms S S James

REGISTERED OFFICE

18 Wood Street
Stratford upon Avon
Warwickshire
CV37 6JF

REGISTERED NUMBER:

01612921 (England and Wales)

AUDITORS:

Cooper Adams Ltd
Chartered Accountants
and Statutory Auditors
12 Payton Street
Stratford upon Avon
Warwickshire
CV37 6UA

REPORT OF THE CHAIRMAN
for the Year Ended 31 May 2011

The past year has been more testing than any I can remember since the financial crash in 1990. It is therefore a great relief that it now seems that the whole Margaret Court development, apartments and bungalows, will have been fully sold within a few months of writing this report.

It is a truism that difficulties bring opportunities, but I believe that the need to focus so single-mindedly on the marketing and sale of Margaret Court has shown more clearly than I had previously understood just how important it is to put the customers (Owners) at the heart of the operation and keep them there.

It is not uncommon for businesses to say that they are customer-oriented, but the acid test is what they do, not what they say. And so far as I am aware, no one else in the retirement housing market has adopted the model of the Owners' Company, which is the key to what Retirement Security Limited is seeking to achieve in enabling Owners to live their lives to the full.

We can hope for a less-testing economic climate in the future which should enable us to proceed with other new developments, but ultimately these will only be successful if we continue to remember the lesson of the current year that the customer has to come first.

**REPORT OF THE CHIEF EXECUTIVE OFFICER
for the Year Ended 31 May 2011**

The financial year 10/11 has been difficult to say the least. The banking and economic crisis has directly and seriously impacted the company and we have had to face the challenge of achieving sales in a slow property market without the support of a bank with the resources or flexibility to help.

Throughout the year we have faced a constant struggle to maintain re-sales at a reasonable level and despite our best efforts we have fallen well short of the targets that we set ourselves. The impact of this on both overall profit and cash-flow has been severe and necessitated a reduction in staff numbers that was achieved by not replacing staff who left our employ.

As a consequence of this timely cost cutting, the parent company was still able to make a small profit from our court management and property re-sale activities. This was a considerable achievement and it could not have been done without our staff rising to the challenge and working hard to cover for posts that were not filled. So far, the new financial year is not promising to be any easier so further cost cutting has been introduced.

Whilst the parent company is in profit for the year, the consolidated accounts show a loss overall. There were several reasons for this.

Firstly, although the number of people reserving Margaret Court apartments in the year was healthy, relatively few were able to convert these reservations into completed purchases. As a result we accumulated additional void and interest costs that would not have been incurred if the project had sold more quickly. Happily, since the turn of the financial year, the situation has changed and the number of completed sales has significantly improved but the impact of this will be seen in the 11/12 accounts and not in 10/11. To have achieved, despite the economic situation, such a high level of reservations and since the turn of the financial year an improved rate of completions has been a considerable achievement. The Chairman, who has led the Margaret Court sales effort, and all the staff who have helped should be congratulated.

The second reason that the consolidated accounts show a loss relates to our other major challenge in the year. Finance for Margaret Court was originally raised with Allied Irish Bank (AIB) who, as a result of the global banking crisis, suffered severe problems of their own. As a consequence they became inflexible, were unable to help us with new borrowing or facilities to ease cash flow problems and would not allow the company to borrow the funds it needed to purchase the land for the Phase 2 (bungalow) project at Margaret Court.

As a company we had entered into a contractual commitment to buy 52/54 Main Street, Tiddington by March 31st 2011 for the phase 2 project. Once it became clear that AIB would not help it became necessary to find a bank that would refinance our debt and allow the project to proceed. The unusual costs of this re-financing, such as lawyers' fees, valuation costs, introduction fees etc have contributed significantly to the loss shown in the consolidated accounts.

Initially, we explored conventional refinancing with the High Street banks. The punitive rates and inflexible conditions they wished to impose made this unrealistic. In the end, a two stage refinancing package was put in place. An interim facility with Mackinnon Corporate Finance (MCF) allowed us to complete the land purchase and then both the AIB and MCF loans were repaid with a facility from the Bank of London and The Middle East (BLME). The construction of the bungalows is being carried out by Stepnell Ltd who will be reimbursed, after the bungalows are completed, from the proceeds of sale.

As a consequence of our new banking arrangements the Company's position has been safeguarded and we can look to the future with some optimism.

As we move through 2011/12 we not only have to maintain our focus on improving the re-sale position at all our Courts we must also maintain and try to improve the general level of service we give to all our Owners even as we strive to reduce costs still further. We must also complete the selling of the apartments at Margaret Court and the building and sale of the Margaret Court bungalows although there is no reason that these tasks cannot be completed before the end of the 11/12 financial year or thereabouts.

In addition, we must explore new development opportunities where they arise. The nation is getting older, the number of older people who can benefit from the services we offer is growing rapidly and the recent Dilnot Commission on Social Care Funding has identified that the model of accommodation we offer will have an important role to play in the future. The opportunity this will create for us is clear.

**REPORT OF THE CHIEF EXECUTIVE OFFICER
for the Year Ended 31 May 2011**

Whilst the year has been more challenging than we would have hoped the fact that the Company has risen to, and survived, these challenges should be a source of some pride. This could not have been achieved without a willing and hard working staff team in Wood Street, the support of the RSL Board and the co-operation and help of all the court boards and court staff around the Retirement Security estate.

It is worth remembering that ours is the largest estate of private, very-sheltered accommodation in the country, an estate that was not created without overcoming many previous difficulties. Just as the challenges we have faced this year have not been of our own making it is likely that the future will throw up further problems for us to address. The experience of this year and of the previous years since Mr Bessell set up the Company is that we can face those challenges with confidence.

**REPORT OF THE DIRECTORS
for the Year Ended 31 May 2011**

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2011

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the development, sale and management of 'Very Sheltered Housing'

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements

DIVIDENDS

The Group made a loss before tax for the year of £150,430 (2010 - profit £288,882) This reflects the results achieved from Margaret Court apartment sales, management fee income and transfer premiums received on resold properties

No interim dividend was paid during the year Last year, the Directors approved a final dividend of £0.06 per ordinary share on 27 May 2010 but this dividend remains unpaid as at the date of this report It is anticipated that this dividend will be paid during the forthcoming financial year, subject to the appropriate authority being obtained from Bank of London and The Middle East

FUTURE DEVELOPMENTS

As the Margaret Court project nears completion the company continues to consider new development opportunities The RSL model is unique within the sheltered housing arena and stands ahead in that marketplace by means of the authority vested in the Owners' Companies and consequently to each Owner Any future development will continue to have this concept at its heart and any sites chosen will ensure that the independence and quality of living of Owners is maintained and enhanced

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2010 to the date of this report

R Bessell
B J Cox
J G Harris
Ms S S James
W McNally
P W Smallridge
Mrs P Birtles
P Wakeford

Other changes in directors holding office are as follows

Dr S Ladyman - appointed 1 June 2010
Sir A Greengross - appointed 1 June 2010
Ms A Bessell - appointed 18 November 2010

REPORT OF THE DIRECTORS
for the Year Ended 31 May 2011

DIRECTORS - continued

The beneficial interests of the directors holding office on 31 May 2011 in the issued share capital of the company were as follows

Ordinary 10p shares	31 05 11	31 05 10 or date of appointment if later
R Bessell	523,796	514,096
P Birtles	2,000	2,000
B J Cox	1,500	1,500
J G Harris	6,000	6,000
S S James	5,580	5,530
W McNally	4,000	4,000
P W Smallridge	6,000	6,000
P Wakeford	359,446	359,446

P Wakeford, a Director of the company, is both a Director and Shareholder of Stepnell Holdings Limited. Stepnell Holdings Limited holds 359,446 ordinary shares in the company.

In accordance with the Articles of Association, R Bessell, J G Harris, Ms S S James and B J Cox will retire at the forthcoming Annual General Meeting, and being eligible, will stand for re-election.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the company made charitable donations to a local charity totalling £nil (2010 - £103).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group'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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

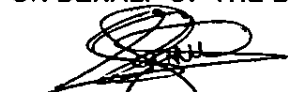
AUDITORS

The auditors, Cooper Adams Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**REPORT OF THE DIRECTORS
for the Year Ended 31 May 2011**

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

ON BEHALF OF THE BOARD.

A handwritten signature in black ink, appearing to be 'S S James', written over a circular stamp or seal.

Ms S S James - Secretary

20 September 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RETIREMENT SECURITY LIMITED

We have audited the financial statements of Retirement Security Limited for the year ended 31 May 2011 on pages ten to twenty. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 a Report of the Auditors 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 set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RETIREMENT SECURITY LIMITED**

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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Directors



Rosalind Adams FCA (Senior Statutory Auditor)
for and on behalf of Cooper Adams Ltd
Chartered Accountants
and Statutory Auditors
12 Payton Street
Stratford upon Avon
Warwickshire
CV37 6UA

20 September 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 May 2011

	Notes	2011 £	2010 £
TURNOVER		4,588,571	4,794,997
Cost of sales		3,292,190	3,277,972
GROSS PROFIT		1,296,381	1,517,025
Administrative expenses		1,457,987	1,235,330
		(161,606)	281,695
Other operating income		23,263	5,154
OPERATING (LOSS)/PROFIT	3	(138,343)	286,849
Interest receivable and similar income		2,744	2,033
		(135,599)	288,882
Interest payable and similar charges		14,831	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(150,430)	288,882
Tax on (loss)/profit on ordinary activities	4	1,098	1,510
(LOSS)/PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP		(151,528)	287,372

The notes form part of these financial statements

RETIREMENT SECURITY LIMITED (REGISTERED NUMBER. 01612921)

CONSOLIDATED BALANCE SHEET

31 May 2011

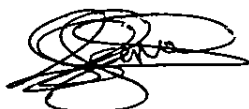
	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	6	16,222	21,259
Investments	7	-	-
		<u>16,222</u>	<u>21,259</u>
CURRENT ASSETS			
Stocks	8	8,432,999	11,172,637
Debtors	9	659,393	427,768
Investments	10	382	382
Cash at bank and in hand		41,652	814,486
		<u>9,134,426</u>	<u>12,415,273</u>
CREDITORS			
Amounts falling due within one year	11	8,421,539	11,555,895
		<u>8,421,539</u>	<u>11,555,895</u>
NET CURRENT ASSETS		<u>712,887</u>	<u>859,378</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>729,109</u>	<u>880,637</u>
CAPITAL AND RESERVES			
Called up share capital	15	176,735	176,735
Share premium	16	200,000	200,000
Capital redemption reserve	16	62,896	62,896
Profit and loss account	16	289,478	441,006
		<u>729,109</u>	<u>880,637</u>
SHAREHOLDERS' FUNDS		<u>729,109</u>	<u>880,637</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors on 20 September 2011 and were signed on its behalf by



R Bessell - Director



Ms S S James - Director

The notes form part of these financial statements

RETIREMENT SECURITY LIMITED (REGISTERED NUMBER. 01612921)

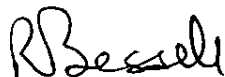
COMPANY BALANCE SHEET

31 May 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	6	16,222	21,259
Investments	7	200	200
		<u>16,422</u>	<u>21,459</u>
CURRENT ASSETS			
Debtors	9	3,366,296	1,120,982
Investments	10	382	382
Cash at bank and in hand		26,935	170,130
		<u>3,393,613</u>	<u>1,291,494</u>
CREDITORS			
Amounts falling due within one year	11	2,238,609	235,676
NET CURRENT ASSETS		<u>1,155,004</u>	<u>1,055,818</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,171,426</u>	<u>1,077,277</u>
CREDITORS			
Amounts falling due after more than one year	12	-	23,492
NET ASSETS		<u><u>1,171,426</u></u>	<u><u>1,053,785</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	176,735	176,735
Share premium	16	200,000	200,000
Capital redemption reserve	16	62,896	62,896
Profit and loss account	16	731,795	614,154
SHAREHOLDERS' FUNDS		<u><u>1,171,426</u></u>	<u><u>1,053,785</u></u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors on 20 September 2011 and were signed on its behalf by



R Bessell - Director



Ms S S James - Director

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 May 2011

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

Turnover represents income from the sale of development properties and freehold land, and the income receivable in respect of development consultancy fees, management fees and transfer premiums on resold properties

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Short leasehold	- over the term of the lease
Office & computer equipment	- 15% - 20% on cost

Stocks

Work in progress is valued at the lower of cost and net realisable value

Cost includes all direct expenditure and an appropriate proportion of variable overheads

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate

2 STAFF COSTS

The average number of paid employees, including directors, during the year was 25 (2010 - 23)

The aggregate payroll costs of these persons were as follows

	2011	2010
	£	£
Salaries	732,667	578,428
Social security costs	78,610	53,734
Other pension costs	47,856	32,748
	<u>859,133</u>	<u>664,910</u>

The company operates a defined contribution pension scheme The charge shown above represents the company's contributions payable to the pension scheme in respect of the financial year At the year end, there was no pension liability (2010 £1,643)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2011

3 OPERATING (LOSS)/PROFIT

The operating loss (2010 - operating profit) is stated after charging/(crediting)

	2011 £	2010 £
Depreciation - owned assets	6,907	9,585
Auditors' remuneration	10,463	9,965
Management fees	(449,699)	(449,834)
Transfer premiums	(791,869)	(850,490)
Rents receivable	(23,263)	(5,154)
Hire of equipment	7,478	7,788
	<u>296,365</u>	<u>211,855</u>
Directors' remuneration	296,365	211,855
Directors' pension contributions to money purchase schemes	17,969	11,900
	<u>17,969</u>	<u>11,900</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>2</u>	<u>2</u>
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No directors exercised share options during the year (2010 - nil directors)

Directors' emoluments, including pension scheme contributions were as follows

	Salary /Fees £	Benefits £	Total £	Pension £	Total including pension £
R Bessell	59,446	3,337	62,783	-	62,783
P Birtles	2,509	-	2,509	-	2,509
B Cox	2,509	-	2,509	-	2,509
J G Harris	2,509	-	2,509	-	2,509
S S James	88,200	1,486	89,686	7,969	97,655
W McNally	2,509	-	2,509	-	2,509
P Smallridge	2,509	-	2,509	-	2,509
A Bessell	1,351	-	1,351	-	1,351
A Greengross	25,000	-	25,000	-	25,000
S Ladyman	105,000	-	105,000	10,000	115,000
	<u>291,542</u>	<u>4,823</u>	<u>296,365</u>	<u>17,969</u>	<u>314,334</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2011

4 TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows

	2011 £	2010 £
Current tax		
UK corporation tax	1,098	1,510
Tax on (loss)/profit on ordinary activities	<u>1,098</u>	<u>1,510</u>

The group has corporation tax losses carried forward at the balance sheet date amounting to £6,901,460 (2010 £6,799,107). No deferred tax asset has been recognised in respect of these losses.

5 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £117,641 (2010 - £254,337).

6 TANGIBLE FIXED ASSETS

Group

	Short leasehold £	Office & computer equipment £	Totals £
COST			
At 1 June 2010	43,558	127,627	171,185
Additions	-	1,870	1,870
At 31 May 2011	<u>43,558</u>	<u>129,497</u>	<u>173,055</u>
DEPRECIATION			
At 1 June 2010	31,404	118,522	149,926
Charge for year	4,356	2,551	6,907
At 31 May 2011	<u>35,760</u>	<u>121,073</u>	<u>156,833</u>
NET BOOK VALUE			
At 31 May 2011	<u>7,798</u>	<u>8,424</u>	<u>16,222</u>
At 31 May 2010	<u>12,154</u>	<u>9,105</u>	<u>21,259</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2011

6 TANGIBLE FIXED ASSETS - continued

Company

	Short leasehold £	Office & computer equipment £	Totals £
COST			
At 1 June 2010	43,558	127,627	171,185
Additions	-	1,870	1,870
At 31 May 2011	43,558	129,497	173,055
DEPRECIATION			
At 1 June 2010	31,404	118,522	149,926
Charge for year	4,356	2,551	6,907
At 31 May 2011	35,760	121,073	156,833
NET BOOK VALUE			
At 31 May 2011	7,798	8,424	16,222
At 31 May 2010	12,154	9,105	21,259

7 FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
COST	
At 1 June 2010 and 31 May 2011	200
NET BOOK VALUE	
At 31 May 2011	200
At 31 May 2010	200

The group or the company's investments at the balance sheet date in the share capital of companies include the following

Subsidiaries

Retirement Security (Milton Keynes) Limited

Nature of business development, sale & mgmnt of very sheltered housing

Class of shares	% holding	2011 £	2010 £
Ordinary	100 00		
Aggregate capital and reserves		(669,722)	(631,647)
(Loss)/Profit for the year		(38,075)	10,285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2011

7 FIXED ASSET INVESTMENTS - continued

Retirement Security (Reading) Limited

Nature of business development, sale & mgmnt of very sheltered housing

	% holding	2011 £	2010 £
Class of shares	100 00		
Ordinary			
Aggregate capital and reserves		(2,637,010)	(2,405,915)
(Loss)/Profit for the year		(231,095)	22,751

8 STOCKS

	Group	
	2011 £	2010 £
Work-in-progress	8,432,999	11,172,637

The figure shown as work in progress at the year end is the portion of the cost of acquisition and development of the new Margaret Court apartments that have not been sold at the year end. In addition, it also includes the cost of acquisition of phase two of the project which is for the addition of six new bungalows on land next to the Margaret Court site. The amount shown includes finance costs of £919,228 (2010 £1,127,581) that are directly attributable to this development.

9 DEBTORS

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Amounts falling due within one year				
Trade debtors	175,623	85,140	175,623	25,390
Other debtors	50,108	74,728	34,467	64,161
VAT	360	414	-	-
Prepayments and accrued income	26,302	97,486	26,302	97,486
	<u>252,393</u>	<u>257,768</u>	<u>236,392</u>	<u>187,037</u>
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	-	3,109,904	913,945
Other debtors	407,000	170,000	20,000	20,000
	<u>407,000</u>	<u>170,000</u>	<u>3,129,904</u>	<u>933,945</u>
Aggregate amounts	<u>659,393</u>	<u>427,768</u>	<u>3,366,296</u>	<u>1,120,982</u>

Included in debtors falling due after more than one year is a deferred balance of £387,000 due to Retirement Security (Reading) Limited for properties sold at Margaret Court. This balance will be paid to Retirement Security (Reading) Limited when the properties are resold or earlier if the debt is factored or repaid by the purchaser.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2011

10 CURRENT ASSET INVESTMENTS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Listed investments	<u>382</u>	<u>382</u>	<u>382</u>	<u>382</u>

Market value of listed investments at 31 May 2011 held by the group and the company - £445 (2010 - £388)

11 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	6,019,951	8,913,957	-	-
Other loans	1,750,000	-	1,750,000	-
Trade creditors	119,231	160,504	95,484	48,883
Corporation tax	1,098	1,510	1,098	770
Social security and other taxes	55,036	9,878	55,036	9,878
Proposed dividends	106,041	106,041	106,041	106,041
Other creditors	34,163	3,250	25,913	-
Directors' loan accounts	110,000	-	110,000	-
Accruals and deferred income	226,019	2,360,755	95,037	70,104
	<u>8,421,539</u>	<u>11,555,895</u>	<u>2,238,609</u>	<u>235,676</u>

The £1,750,000 'other loan' disclosed above is a short term loan, drawn on 13 May 2011, from I F Mackinnon & Company LLP. This loan was repaid in full by the company on 29 June 2011.

Included in the £1,750,000 loan was £35,000 from R Bessell (director), £40,000 from Mrs M Bessell and £50,000 from Sir Alan Greengross (director). R Bessell and Mrs M Bessell have confirmed that they will not benefit financially from this arrangement, and that all interest received has been repaid to the company.

Sir Alan Greengross will repay all interest earned on his loan, with the exception of £362. This amount is equal only to the return he would have received had the monies remained in his private investment portfolio.

Directors' loan accounts of £110,000 have been included in creditors. R Bessell loaned the Company £100,000, Dr S Ladyman loaned the Company £10,000. These loans are interest free.

12 CREDITORS. AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Company	
	2011	2010
	£	£
Amounts owed to group undertakings	<u>-</u>	<u>23,492</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2011

13 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Expiring				
Within one year	2,889	-	2,889	-
Between one and five years	23,388	28,256	23,388	28,256
	<u>26,277</u>	<u>28,256</u>	<u>26,277</u>	<u>28,256</u>

14 SECURED DEBTS

The following secured debts are included within creditors

	Group	
	2011 £	2010 £
Bank loans	<u>5,992,181</u>	<u>8,913,957</u>

The bank loan disclosed above is financing the development of Margaret Court. This loan is secured on the freeholds of other Courts owned by Retirement Security Ltd and its subsidiaries, Retirement Security (Reading) Ltd and Retirement Security (Milton Keynes) Ltd. The loan is drawn down as it is required. The loan facility agreed is subject to a maximum of £12,700,000.

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2011	2010
Number	Class	Nominal value	£	£
1,767,356	Ordinary	10p	<u>176,735</u>	<u>176,735</u>

16 RESERVES

Group	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 June 2010	441,006	200,000	62,896	703,902
Deficit for the year	(151,528)			(151,528)
At 31 May 2011	<u>289,478</u>	<u>200,000</u>	<u>62,896</u>	<u>552,374</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2011

16 RESERVES - continued

Company

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 June 2010	614,154	200,000	62,896	877,050
Profit for the year	117,641			117,641
At 31 May 2011	<u>731,795</u>	<u>200,000</u>	<u>62,896</u>	<u>994,691</u>

17 OTHER FINANCIAL COMMITMENTS

A put/call option existed on the two properties adjacent to the Margaret Court development. The original option should have been exercised by 30 October 2009 with completion to take place by 24 December 2009 but was eventually extended to 31 March 2011. This option was finally exercised on 13 May 2011 and work has already begun on the site for the erection of six new bungalows.

18 RELATED PARTY DISCLOSURES

During the year the company charged Retirement Security (Milton Keynes) Limited, its wholly owned subsidiary, £60,000 (2010 - £60,000) in respect of management fees. This charge is included within amounts due to subsidiary companies.

During the year the company charged Retirement Security (Reading) Limited, its wholly owned subsidiary, £121,662 (2010 - £110,314) in respect of management fees. This charge is included within amounts due from subsidiary companies.

P Wakeford, a director and shareholder of Retirement Security Ltd, is also a director and shareholder of Stepnell Holdings Ltd, which in turn owns 100% of the share capital of Stepnell Ltd. Stepnell Ltd has been appointed as building contractor for the development of six bungalows at Margaret Court. The contracted cost of this work is £1,590,998 and the total amount is payable 28 days following practical completion (scheduled as April 2012).

Included in the £1,750,000 loan shown under creditors in note 11 was £35,000 from R Bessell (director), £40,000 from Mrs M Bessell and £50,000 from Sir Alan Greengross (director). R Bessell and Mrs M Bessell have confirmed that they will not benefit financially from this arrangement, and that all interest received has been repaid to the company.

Sir Alan Greengross will repay all interest earned on his loan, with the exception of £362. This amount is equal only to the return he would have received had the monies remained in his private investment portfolio.

Directors' loan accounts of £110,000 have been included in creditors. R Bessell loaned the Company £100,000, Dr S Ladyman loaned the Company £10,000. These loans are interest free.

19 POST BALANCE SHEET EVENTS

On 29 June 2011, the Company refinanced its debt, borrowing £7,990,000 from the Bank of London and The Middle East. These funds were used to repay all loans owed to Allied Irish Bank and I F Mackinnon & Company LLP.

There are various loan tranches and repayment dates for this funding. The first repayment was made in July 2011. Further quarterly repayments are due, commencing on 30 September 2011 and ending on 28 December 2012.