

RETIREMENT SECURITY LIMITED
REPORT OF THE DIRECTORS AND
AUDITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012

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for the Year Ended 31 May 2012**

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COMPANY INFORMATION
for the Year Ended 31 May 2012

DIRECTORS

R Bessell
B J Cox
Ms S S James
W McNally
P W Smallridge
Mrs P Birtles
P Wakeford
Sir A Greengross
Ms A Bessell
S Nettleton

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 2012**

It is obviously a matter of regret that these accounts show a significant loss for the second year running, but on the brighter side, it is no mean achievement to have sold so many of the Apartments and Bungalows at Margaret Court at a time of unprecedented difficulty in the housing industry. The expectation is that all the properties will have been sold by the end of the calendar year, leaving the Company with a flagship development which has done so much to raise our profile.

Difficult decisions have had to be taken in response to the problems we have experienced. The first is that it was not possible to extend Stephen Ladyman's contract beyond the two years for which he was engaged, and the Board is also committed to making further substantial savings.

Nevertheless, we have continued to honour our commitments, and the appointment of an experienced Estates Director demonstrates that we appreciate the need to look after the very substantial estate of which Retirement Security Ltd is the freeholder. The appointment of a sixth Services Manager will also enable us to improve our service to the Owners' Companies and the individual Leaseholders.

Having made these changes, I believe that the outlook for the future is brighter and the Board is also anxious, if at all possible, to resume the payment of a dividend in 2012/13 after two years of making no payments.

I would like to record my thanks for the support of the staff and my fellow Directors through a very difficult time and to thank again the Shareholders for their support and understanding.

REPORT OF THE DIRECTORS
for the Year Ended 31 May 2012

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2012

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

No dividends will be distributed for the year ended 31 May 2012

The Group made a loss before tax for the year of £441,268 (2011 - loss £150,430) This reflects the results achieved from income from Margaret Court apartment sales and management fees and transfer premiums on resold properties

No dividend was paid during the year

FUTURE DEVELOPMENTS

The company continues to consider new development opportunities but these are currently limited by the economic climate The RSL model remains unique within the marketplace and we will persist in ensuring that any future developments have this concept at their heart and will ensure that the independence and quality of living of Owners is maintained and enhanced

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2011 to the date of this report

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

Other changes in directors holding office are as follows

J G Hams - resigned 25 January 2012
Dr S Ladyman - resigned 16 March 2012
S Nettleton - appointed 25 January 2012

RETIREMENT SECURITY LIMITED (REGISTERED NUMBER 01612921)

REPORT OF THE DIRECTORS for the Year Ended 31 May 2012

DIRECTORS - continued

The beneficial interests of the directors holding office on 31 May 2012 in the issued share capital of the company were as follows

Ordinary 10p shares	31 05 12	31 05 11 or date of appointment if later
R Bessell	531,525	523,796
P Birtles	2,000	2,000
B J Cox	1,500	1,500
S S James	6,040	5,580
W McNally	4,000	4,000
P W Smallridge	6,000	6,000
P Wakeford	359,446	359,446
S Nettleton	166	166

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, P Birtles, P W Smallridge and P Wakeford will retire at the forthcoming Annual General Meeting. P W Smallridge and P Wakeford, being eligible, will stand for re-election.

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 2012**

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


Ms S S James—Secretary

4 September 2012

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 2012 on pages eight to eighteen. 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 four, 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 Report of the Chairman and the Report of the Directors 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 2012 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

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

4 September 2012

RETIREMENT SECURITY LIMITED (REGISTERED NUMBER: 01612921)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 May 2012

	Notes	2012 £	£	2011 £	£
TURNOVER			7,171,841		4,588,571
Cost of sales			5,697,579		3,292,190
GROSS PROFIT			1,474,262		1,296,381
Administrative expenses			1,935,248		1,457,987
			(460,986)		(161,606)
Other operating income			30,714		23,263
OPERATING LOSS	3		(430,272)		(138,343)
Income from fixed asset investments		5		-	
Interest receivable and similar income		94		2,744	
			99		2,744
			(430,173)		(135,599)
Interest payable and similar charges			11,095		14,831
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(441,268)		(150,430)
Tax on loss on ordinary activities	4		462		1,098
LOSS FOR THE FINANCIAL YEAR FOR THE GROUP			(441,730)		(151,528)

The notes form part of these financial statements

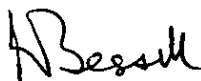
RETIREMENT SECURITY LIMITED (REGISTERED NUMBER. 01612921)

CONSOLIDATED BALANCE SHEET
31 May 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	6	9,741	16,222
Investments	7	-	-
		<u>9,741</u>	<u>16,222</u>
CURRENT ASSETS			
Stocks	8	4,983,016	8,432,999
Debtors	9	545,932	659,393
Investments	10	382	382
Cash at bank		500,813	41,652
		<u>6,030,143</u>	<u>9,134,426</u>
CREDITORS			
Amounts falling due within one year	11	5,752,505	8,421,539
		<u>5,752,505</u>	<u>8,421,539</u>
NET CURRENT ASSETS		<u>277,638</u>	<u>712,887</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>287,379</u>	<u>729,109</u>
CAPITAL AND RESERVES			
Called up share capital	14	176,735	176,735
Share premium	15	200,000	200,000
Capital redemption reserve	15	62,896	62,896
Profit and loss account	15	(152,252)	289,478
		<u>287,379</u>	<u>729,109</u>
SHAREHOLDERS' FUNDS		<u>287,379</u>	<u>729,109</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 4 September 2012 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 2012

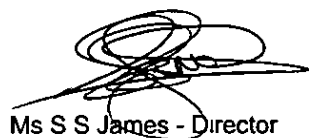
	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	6	9,741	16,222
Investments	7	200	200
		<u>9,941</u>	<u>16,422</u>
CURRENT ASSETS			
Debtors	9	1,605,245	3,366,296
Investments	10	382	382
Cash at bank		39,645	26,935
		<u>1,645,272</u>	<u>3,393,613</u>
CREDITORS			
Amounts falling due within one year	11	315,745	2,238,609
NET CURRENT ASSETS		<u>1,329,527</u>	<u>1,155,004</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,339,468</u>	<u>1,171,426</u>
CAPITAL AND RESERVES			
Called up share capital	14	176,735	176,735
Share premium	15	200,000	200,000
Capital redemption reserve	15	62,896	62,896
Profit and loss account	15	899,837	731,795
SHAREHOLDERS' FUNDS		<u>1,339,468</u>	<u>1,171,426</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 4 September 2012 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 2012

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 (2011 - 25)

The aggregate payroll costs of these persons were as follows

	2012	2011
	£	£
Salaries	708,499	732,667
Social security costs	77,110	78,610
Other pension costs	43,565	47,856
	<u>829,174</u>	<u>859,133</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 (2011 nil)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2012

3 OPERATING LOSS

The operating loss is stated after charging/(crediting)

	2012 £	2011 £
Depreciation - owned assets	7,014	6,907
Auditors' remuneration	10,672	10,463
Management fees	(473,629)	(449,699)
Transfer premiums	(884,212)	(791,869)
Rents receivable	(30,714)	(23,263)
Hire of equipment	9,469	7,478
	<u>282,587</u>	<u>296,365</u>
Directors' remuneration	16,805	17,969
Directors' pension contributions to money purchase schemes	<u>16,805</u>	<u>17,969</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 (2011 - nil directors)

Directors' emoluments, including pension scheme contributions were as follows

	Salary /Fees £	Benefits £	Total £	Pension £	Total including pension £
R Bessell	59,446	3,629	63,075	-	63,075
P Birtles	2,509	-	2,509	-	2,509
B Cox	2,509	-	2,509	-	2,509
J G Harris	1,673	-	1,673	-	1,673
S S James	76,536	1,616	78,152	6,805	84,957
W McNally	2,509	-	2,509	-	2,509
P Smallridge	2,509	-	2,509	-	2,509
A Bessell	4,011	-	4,011	-	4,011
A Greengross	25,000	-	25,000	-	25,000
S Ladyman	105,000	-	105,000	10,000	115,000
S Nettleton	885	-	885	-	885
	<u>282,587</u>	<u>5,245</u>	<u>287,832</u>	<u>16,805</u>	<u>304,637</u>

4 TAXATION

Analysis of the tax charge

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

	2012 £	2011 £
Current tax		
UK corporation tax	462	1,098
	<u>462</u>	<u>1,098</u>
Tax on loss on ordinary activities	<u>462</u>	<u>1,098</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2012

4 TAXATION - continued

The group has corporation tax losses carried forward at the balance sheet date amounting to £7,318,299 (2011 £6,901,460). 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 £168,042 (2011 - £117,641).

6 TANGIBLE FIXED ASSETS

Group

	Short leasehold £	Office & computer equipment £	Totals £
COST			
At 1 June 2011	43,558	129,497	173,055
Additions	-	533	533
At 31 May 2012	43,558	130,030	173,588
DEPRECIATION			
At 1 June 2011	35,760	121,073	156,833
Charge for year	4,356	2,658	7,014
At 31 May 2012	40,116	123,731	163,847
NET BOOK VALUE			
At 31 May 2012	3,442	6,299	9,741
At 31 May 2011	7,798	8,424	16,222

Company

	Short leasehold £	Office & computer equipment £	Totals £
COST			
At 1 June 2011	43,558	129,497	173,055
Additions	-	533	533
At 31 May 2012	43,558	130,030	173,588
DEPRECIATION			
At 1 June 2011	35,760	121,073	156,833
Charge for year	4,356	2,658	7,014
At 31 May 2012	40,116	123,731	163,847
NET BOOK VALUE			
At 31 May 2012	3,442	6,299	9,741
At 31 May 2011	7,798	8,424	16,222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2012

7 FIXED ASSET INVESTMENTS

Company	Unlisted investments £
COST	
At 1 June 2011	
and 31 May 2012	200
NET BOOK VALUE	
At 31 May 2012	200
At 31 May 2011	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

	% holding	2012 £	2011 £
Class of shares			
Ordinary	100 00		
Aggregate capital and reserves		(698,312)	(669,722)
Loss for the year		(28,590)	(38,075)

Retirement Security (Reading) Limited

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

	% holding	2012 £	2011 £
Class of shares			
Ordinary	100 00		
Aggregate capital and reserves		(3,218,191)	(2,637,010)
Loss for the year		(581,181)	(231,095)

8 STOCKS

	Group	
	2012 £	2011 £
Work-in-progress	4,983,016	8,432,999

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 and the six new bungalows that have not been sold at the year end. The amount shown includes finance costs of £471,112 (2011 £919,228) that are directly attributable to this development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2012

9 DEBTORS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year				
Trade debtors	30,680	175,623	30,680	175,623
Other debtors	30,895	50,108	29,887	34,467
VAT	-	360	-	-
Prepayments and accrued income	108,357	26,302	108,357	26,302
	<u>169,932</u>	<u>252,393</u>	<u>168,924</u>	<u>236,392</u>
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	-	1,416,321	3,109,904
Other debtors	376,000	407,000	20,000	20,000
	<u>376,000</u>	<u>407,000</u>	<u>1,436,321</u>	<u>3,129,904</u>
Aggregate amounts	<u>545,932</u>	<u>659,393</u>	<u>1,605,245</u>	<u>3,366,296</u>

Included in debtors falling due after more than one year is a deferred balance of £356,000 (2011 £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.

10 CURRENT ASSET INVESTMENTS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Listed investments	<u>382</u>	<u>382</u>	<u>382</u>	<u>382</u>

Market value of listed investments at 31 May 2012 held by the group and the company - £414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2012

11 CREDITORS' AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	5,350,000	6,019,951	-	-
Other loans	-	1,750,000	-	1,750,000
Trade creditors	85,884	119,231	85,698	95,484
Corporation tax	462	1,098	462	1,098
Social security and other taxes	25,368	55,036	25,368	55,036
Proposed dividends	-	106,041	-	106,041
Other creditors	20,185	34,163	12,435	25,913
Directors' loan accounts	100,000	110,000	100,000	110,000
Accruals and deferred income	170,606	226,019	91,782	95,037
	<u>5,752,505</u>	<u>8,421,539</u>	<u>315,745</u>	<u>2,238,609</u>

The £1,750,000 'other loan' disclosed in 2011 was 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 have received no financial benefit from this arrangement and that all interest received has been repaid to the company.

Sir Alan Greengross repaid 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.

The balance of £100,000 included as a director's loan remains due to R Bessell. An amount of £10,000 was repaid to Dr S Ladyman during the year. Both loans are interest free.

12 OPERATING LEASE COMMITMENTS

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

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Expiring				
Within one year	-	2,889	-	2,889
Between one and five years	31,460	23,388	31,460	23,388
	<u>31,460</u>	<u>26,277</u>	<u>31,460</u>	<u>26,277</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2012

13 SECURED DEBTS

The following secured debts are included within creditors

	Group	
	2012	2011
	£	£
Bank loans	<u>5,350,000</u>	<u>5,992,181</u>

The bank loan disclosed for 2012 is owed to the Bank of London and The Middle East and 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.

In 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, with quarterly payments thereafter. The final repayment is due on 28 December 2012. The Company has met its repayment obligations to date.

14 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid				
Number	Class	Nominal value	2012	2011
		10p	£	£
1,767,356	Ordinary		<u>176,735</u>	<u>176,735</u>

15 RESERVES

Group

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 June 2011	289,478	200,000	62,896	552,374
Deficit for the year	<u>(441,730)</u>			<u>(441,730)</u>
At 31 May 2012	<u>(152,252)</u>	<u>200,000</u>	<u>62,896</u>	<u>110,644</u>

Company

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 June 2011	731,795	200,000	62,896	994,691
Profit for the year	<u>168,042</u>			<u>168,042</u>
At 31 May 2012	<u>899,837</u>	<u>200,000</u>	<u>62,896</u>	<u>1,162,733</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2012

16 RELATED PARTY DISCLOSURES

During the year the company charged Retirement Security (Milton Keynes) Limited, its wholly owned subsidiary, £60,000 (2011 - £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, £141,566 (2011 - £121,662) 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 cost to date as included in these accounts is £1,613,739.

Included in the £1,750,000 loan last year 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 have received no financial benefit from this arrangement and that all interest received has been repaid to the company.

Sir Alan Greengross repaid 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.

The balance of £100,000 included as a director's loan remains due to R Bessell. An amount of £10,000 was repaid to Dr S Ladyman during the year. Both loans are interest free.