

RETIREMENT SECURITY LIMITED
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

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for the Year Ended 31 May 2016**

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COMPANY INFORMATION
for the Year Ended 31 May 2016

DIRECTORS:

R Bessell
P Wakeford
Sir A Greengross
N A Chriscoli
Mrs M Bessell
P W Smallridge

SECRETARY:

Mrs A M Taplin

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 2016**

I believe that the major achievement of the year will be seen as having stabilised the re-sale programme, which is the Trojan Horse of almost all leasehold retirement housing.

There is still much to do and no doubt there will be ups and downs in the future but my forecast is that the re-sale results of many of our competitors will be a serious problem for them.

Achieving a transfer premium income of over £1million for the second year in succession, combined with Management Fee income of over £500,000 means that the Company has a solid financial base on which we can build in the future.

None of this could have been achieved without the work of the staff, for which I thank them and a dynamic relationship with the 'Courts', both Owners and staff which is greatly appreciated.

The disappointment of the year was that we were not able to get even a modest new development off the ground, largely due to what I believe are unsustainable land prices. However, I believe that we must persist, as our model of Very Sheltered Housing has repeatedly proved its worth and is just too good not to expand in the future.

This will substantially be in other hands than mine, as from the date of the AGM, I plan to hand over the day to day management of the Company to our new Chief Executive, Richard Sharples, who I believe we are very fortunate to have recruited and I very much look forward to working with him.

Bob Bessell

**REPORT OF THE DIRECTORS
for the Year Ended 31 May 2016**

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2016.

REVIEW OF BUSINESS

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

The Group made a profit before tax of £118,098 (2015 - £212,450). This reflects the results achieved from income from management fees and transfer premiums on resold properties.

DIVIDENDS

No interim dividends were paid during the year ended 31 May 2016.

The directors recommend final dividends per share as follows:

Ordinary 10p shares	£0.06
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The total distribution of dividends for the year ended 31 May 2016 will be £106,041.

FUTURE DEVELOPMENTS

The company continues to consider new development opportunities. 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 2015 to the date of this report.

R Bessell
P Wakeford
Sir A Greengross
N A Chriscoli
Mrs M Bessell

Other changes in directors holding office are as follows:

W McNally - resigned 11 December 2015

P W Smallridge was appointed as a director after 31 May 2016 but prior to the date of this report.

The beneficial interests of the directors holding office on 31 May 2016 in the issued share capital of the company were as follows:

Ordinary 10p shares	31.05.16	31.05.15 or date of appointment if later
R Bessell	513,007	512,007
M Bessell	45,208	45,208
N Chriscoli	23,000	23,000
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, N A Chriscoli and R Bessell will retire at the forthcoming Annual General Meeting, and being eligible, will stand for re-election.

REPORT OF THE DIRECTORS
for the Year Ended 31 May 2016

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.

ON BEHALF OF THE BOARD:



Mrs A M Taplin - Secretary

3 August 2016

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 2016 on pages seven to fifteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of the group's profit 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 from the requirement to prepare a Group Strategic Report.



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

3 August 2016

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 May 2016

	Notes	£	2016	£	£	2015	£
TURNOVER				1,673,436			2,064,815
Cost of sales				212,643			672,389
GROSS PROFIT				1,460,793			1,392,426
Administrative expenses				1,360,542			1,177,083
				100,251			215,343
Other operating income				16,546			360
OPERATING PROFIT	3			116,797			215,703
Income from fixed asset investments			40			35	
Interest receivable and similar income			1,261			613	
				1,301			648
				118,098			216,351
Interest payable and similar charges				-			3,901
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				118,098			212,450
Tax on profit on ordinary activities	4			324			195
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP				117,774			212,255

CONSOLIDATED BALANCE SHEET
31 May 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	6	41,538	51,358
Investments	7	-	-
		<u>41,538</u>	<u>51,358</u>
CURRENT ASSETS			
Stocks	8	48,353	-
Debtors	9	567,368	498,182
Investments	10	382	382
Cash at bank		179,980	302,588
		<u>796,083</u>	<u>801,152</u>
CREDITORS			
Amounts falling due within one year	11	204,942	231,564
		<u>204,942</u>	<u>231,564</u>
NET CURRENT ASSETS		<u>591,141</u>	<u>569,588</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>632,679</u>	<u>620,946</u>
CAPITAL AND RESERVES			
Called up share capital	13	176,736	176,736
Share premium	14	200,000	200,000
Capital redemption reserve	14	62,896	62,896
Profit and loss account	14	193,047	181,314
		<u>632,679</u>	<u>620,946</u>
SHAREHOLDERS' FUNDS		<u>632,679</u>	<u>620,946</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Directors on 3 August 2016 and were signed on its behalf by:



R Bessell - Director



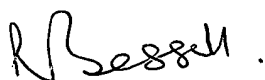
N A Chriscoli - Director

COMPANY BALANCE SHEET
31 May 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	6	41,538	51,358
Investments	7	200	200
		<u>41,738</u>	<u>51,558</u>
CURRENT ASSETS			
Stocks	8	48,353	-
Debtors	9	1,852,908	1,591,534
Investments	10	382	382
Cash at bank		170,594	293,202
		<u>2,072,237</u>	<u>1,885,118</u>
CREDITORS			
Amounts falling due within one year	11	201,456	203,659
NET CURRENT ASSETS		<u>1,870,781</u>	<u>1,681,459</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,912,519</u>	<u>1,733,017</u>
CAPITAL AND RESERVES			
Called up share capital	13	176,736	176,736
Share premium	14	200,000	200,000
Capital redemption reserve	14	62,896	62,896
Profit and loss account	14	1,472,887	1,293,385
SHAREHOLDERS' FUNDS		<u>1,912,519</u>	<u>1,733,017</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Directors on 3 August 2016 and were signed on its behalf by:



R Bessell - Director



N A Chriscoli - Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31 May 2016

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 January 2015).

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 17 (2015 - 17).

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Salaries	645,961	614,832
Social security costs	69,076	65,955
Other pension costs	43,911	35,890
	<u>758,948</u>	<u>716,677</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, the pension liability is £367 (2015: £367).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2016

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2016 £	2015 £
Depreciation - owned assets	13,953	14,150
Profit on disposal of fixed assets	(748)	(1,368)
Auditors' remuneration	15,445	14,997
Management fees	(525,008)	(512,425)
Transfer premiums	(1,148,428)	(1,044,390)
Rents receivable	(360)	(360)
Hire of equipment	12,347	12,347
	<u>186,842</u>	<u>183,258</u>
Directors' remuneration	186,842	183,258
Directors' pension contributions to money purchase schemes	<u>6,649</u>	<u>6,500</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
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No directors exercised share options during the year (2015 - nil directors).

Directors' emoluments, including pension scheme contributions were as follows:

	Salary /Fees £	Benefits £	Total £	Pension £	Total including pension £
R Bessell	78,332	4,593	82,925	-	82,925
M Bessell	3,084	-	3,084	-	3,084
M McNally	1,799	-	1,799	-	1,799
A Greengross	25,625	-	25,625	-	25,625
N Chriscoli	71,508	1,901	73,409	6,649	80,058
	<u>180,348</u>	<u>6,494</u>	<u>186,842</u>	<u>6,649</u>	<u>193,491</u>

4. TAXATION

Analysis of the tax charge

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

	2016 £	2015 £
Current tax:		
UK corporation tax	<u>324</u>	<u>195</u>
Tax on profit on ordinary activities	<u>324</u>	<u>195</u>

The group has corporation tax losses carried forward at the balance sheet date amounting to £6,797,179 (2015 : £6,925,837). No deferred tax asset has been recognised in respect of these losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2016

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 £285,543 (2015 - £201,809).

6. TANGIBLE FIXED ASSETS

Group

	Short leasehold £	Office & computer equipment £	Totals £
COST			
At 1 June 2015	56,438	196,691	253,129
Additions	-	8,372	8,372
Disposals	-	(5,239)	(5,239)
At 31 May 2016	56,438	199,824	256,262
DEPRECIATION			
At 1 June 2015	46,134	155,637	201,771
Charge for year	1,288	12,665	13,953
Eliminated on disposal	-	(1,000)	(1,000)
At 31 May 2016	47,422	167,302	214,724
NET BOOK VALUE			
At 31 May 2016	9,016	32,522	41,538
At 31 May 2015	10,304	41,054	51,358

Company

	Short leasehold £	Office & computer equipment £	Totals £
COST			
At 1 June 2015	56,438	196,691	253,129
Additions	-	8,372	8,372
Disposals	-	(5,239)	(5,239)
At 31 May 2016	56,438	199,824	256,262
DEPRECIATION			
At 1 June 2015	46,134	155,637	201,771
Charge for year	1,288	12,665	13,953
Eliminated on disposal	-	(1,000)	(1,000)
At 31 May 2016	47,422	167,302	214,724
NET BOOK VALUE			
At 31 May 2016	9,016	32,522	41,538
At 31 May 2015	10,304	41,054	51,358

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2016

7. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
COST	
At 1 June 2015 and 31 May 2016	200
NET BOOK VALUE	
At 31 May 2016	200
At 31 May 2015	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	2016 £	2015 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		(702,028)	(702,152)
Profit for the year		124	26

Retirement Security (Reading) Limited

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

	% holding	2016 £	2015 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		(3,442,225)	(3,274,333)
(Loss)/profit for the year		(167,892)	10,420

8. STOCKS

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Work-in-progress	48,353	-	48,353	-

The figure shown as work in progress this year includes the purchase and improvement costs of Number 5 Priory Court by Retirement Security Limited, to be re-sold at a later date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2016

9. DEBTORS

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Amounts falling due within one year:				
Trade debtors	55,896	29,081	55,896	29,081
Other debtors	57,159	12,559	56,151	11,551
Prepayments and accrued income	110,813	113,042	110,813	113,042
	<u>223,868</u>	<u>154,682</u>	<u>222,860</u>	<u>153,674</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	1,630,048	1,437,860
Other debtors	343,500	343,500	-	-
	<u>343,500</u>	<u>343,500</u>	<u>1,630,048</u>	<u>1,437,860</u>
Aggregate amounts	<u>567,368</u>	<u>498,182</u>	<u>1,852,908</u>	<u>1,591,534</u>

Included in debtors falling due after more than one year is a deferred balance of £343,500 (2015 : £343,500) 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	
	2016 £	2015 £	2016 £	2015 £
Listed investments	<u>382</u>	<u>382</u>	<u>382</u>	<u>382</u>

Market value of listed investments at 31 May 2016 held by the group and the company - £1,010

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade creditors	36,718	20,964	36,717	20,964
Corporation tax	324	195	324	195
Social security and other taxes	24,611	26,557	24,611	26,557
Proposed dividends	106,041	106,041	106,041	106,041
Other creditors	367	367	367	367
Accruals and deferred income	36,881	77,440	33,396	49,535
	<u>204,942</u>	<u>231,564</u>	<u>201,456</u>	<u>203,659</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 May 2016

12. OPERATING LEASE COMMITMENTS

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

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Expiring:				
Between one and five years	<u>30,530</u>	<u>30,111</u>	<u>30,530</u>	<u>30,111</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £	2015 £
1,767,356	Ordinary	10p	<u>176,736</u>	<u>176,736</u>

14. RESERVES

Group

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 June 2015	181,314	200,000	62,896	444,210
Profit for the year	117,774			117,774
Dividends	(106,041)			(106,041)
At 31 May 2016	<u>193,047</u>	<u>200,000</u>	<u>62,896</u>	<u>455,943</u>

Company

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 June 2015	1,293,385	200,000	62,896	1,556,281
Profit for the year	285,543			285,543
Dividends	(106,041)			(106,041)
At 31 May 2016	<u>1,472,887</u>	<u>200,000</u>	<u>62,896</u>	<u>1,735,783</u>

15. RELATED PARTY DISCLOSURES

During the year the company charged Retirement Security (Milton Keynes) Limited, its wholly owned subsidiary, £84,500 (2015 - £50,400) in respect of management fees. This charge is included within amounts due from subsidiary companies.

During the year the company charged Retirement Security (Reading) Limited, its wholly owned subsidiary, £42,000 (2015 - £53,200) in respect of management fees. This charge is included within amounts due from subsidiary companies.