

**Bridgewater (Home Reversions Number 2)
Limited**

Financial statements

30 September 2010

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Bridgewater (Home Reversions Number 2) Limited

Financial statements

Year ended 30 September 2010

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Bridgewater (Home Reversions Number 2) Limited

Officers and professional advisers

The board of directors

Andrew R Cunningham
Paul Barber
Mark J Robson
Peter Q P Couch
Nick P On
Mark Greenwood
Nicholas M F Jopling

Company secretary

Michael P Windle

Registered office

Citygate
St James' Boulevard
Newcastle Upon Tyne
NE1 4JE

Auditor

PricewaterhouseCoopers LLP
Chartered Accountants
& Statutory Auditor
89 Sandyford Road
Newcastle Upon Tyne
NE1 8HW

Bankers

Barclays Bank Plc
Barclays House
71 Grey Street
Newcastle Upon Tyne
NE99 1JP

Solicitors

Dickinson Dees LLP
St Ann's Wharf
112 Quayside
Newcastle Upon Tyne
NE99 1SB

Bridgewater (Home Reversions Number 2) Limited

The directors' report

Year ended 30 September 2010

The directors present their report and the financial statements of the company for the year ended 30 September 2010

Principal activities

The principal activity of the company during the year was property trading

Directors

The directors who served the company during the year were as follows

Andrew R Cunningham
Rupert J Dickinson
Andrew M Pratt
Paul Barber
Mark J Robson
Peter Q P Couch
Nick P On

Rupert J Dickinson resigned as a director on 20 October 2009
Mark Greenwood was appointed as a director on 23 December 2010
Nicholas M F Jopling was appointed as a director on 16 December 2010
Andrew M Pratt resigned as a director on 31 December 2010

Directors' responsibilities

The directors are responsible for preparing the Directors' 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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bridgewater (Home Reversions Number 2) Limited

The directors' report *(continued)*

Year ended 30 September 2010

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Small company provisions

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

Signed by order of the directors



Michael P Windle
Company Secretary

Approved by the directors on 17 February 2011

Bridgewater (Home Reversions Number 2) Limited

Independent auditor's report to the shareholders of Bridgewater (Home Reversions Number 2) Limited

Year ended 30 September 2010

We have audited the financial statements of Bridgewater (Home Reversions Number 2) Limited for the year ended 30 September 2010, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out in the directors' report, 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Bridgewater (Home Reversions Number 2) Limited

Independent auditor's report to the shareholders of Bridgewater (Home Reversions Number 2) Limited *(continued)*

Year ended 30 September 2010

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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 financial statements and the directors' report in accordance with the small company regime



**Jonathan Greenaway (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle Upon Tyne**

17 February 2011

Bridgewater (Home Reversions Number 2) Limited

Profit and loss account

Year ended 30 September 2010

	Note	2010 £	2009 £
Turnover	2	756,569	–
Cost of sales		(468,281)	(2,254)
Gross profit/(loss)		288,288	(2,254)
Administrative expenses		(230,492)	–
Operating profit/(loss)	3	57,796	(2,254)
Interest payable and similar charges		(234,051)	(265,417)
Loss on ordinary activities before taxation		(176,255)	(267,671)
Tax on loss on ordinary activities	4	49,351	74,948
Loss for the financial year		(126,904)	(192,723)
Balance brought forward		(515,969)	(323,246)
Balance carried forward		(642,873)	(515,969)

All of the activities of the company are classed as continuing

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £126,904 attributable to the shareholders for the year ended 30 September 2010 (2009 - loss of £192,723)

The notes on pages 8 to 11 form part of these financial statements.

Bridgewater (Home Reversions Number 2) Limited

Balance sheet

30 September 2010

	Note	2010 £	2009 £
Current assets			
Stocks	5	5,840,978	6,230,148
Creditors Amounts falling due within one year	6	<u>(6,463,850)</u>	<u>(6,726,116)</u>
Net current liabilities		(622,872)	(495,968)
Total assets less current liabilities		<u>(622,872)</u>	<u>(495,968)</u>
Capital and reserves			
Called-up equity share capital	9	20,001	20,001
Profit and loss account		<u>(642,873)</u>	<u>(515,969)</u>
Deficit	10	<u>(622,872)</u>	<u>(495,968)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 17 February 2011, and are signed on their behalf by



Nick P On
Director

Company Registration Number 04319671

The notes on pages 8 to 11 form part of these financial statements

Bridgewater (Home Reversions Number 2) Limited

Notes to the financial statements

Year ended 30 September 2010

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

The financial statements are prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, which have been applied consistently throughout the year

Going concern

Grainger plc has confirmed to the directors of the company that it will provide such financial support as shall enable the company to continue as a going concern for at least 12 months from the signing of these accounts

Cash flow statement

The company is a wholly owned subsidiary of Grainger plc and the cash flows of the company are included in the consolidated cash flow statement of Grainger plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised 1996) from preparing a cash flow statement

Turnover

Turnover comprises gross rentals, gross sale proceeds of trading properties and land, and sundry other income, exclusive of VAT. Sales of properties are only accounted for when the cash proceeds are received in full or the company has entered into a legally binding contract

Stocks

Trading properties are shown in the financial statements at the lower of cost to the company and net realisable value. Cost to the company includes legal and surveying charges incurred during the acquisition plus improvement costs. Net realisable value is the net sale proceeds which the company expects on sale of a property with vacant possession

Repairs are expensed in the profit and loss account as incurred. Improvement costs are capitalised

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2 Turnover

The total turnover of the company has been derived from its principal activity wholly undertaken in the UK as defined in the directors' report

Bridgewater (Home Reversions Number 2) Limited

Notes to the financial statements

Year ended 30 September 2010

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2010 £	2009 £
Auditor's fees	<u>400</u>	<u>400</u>

Audit fees are statutory audit fees only and are borne by another Group company

There are no persons holding service contracts with the company. None of the directors received any remuneration from the company during the year, or in the previous year

4. Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	<u>(49,351)</u>	<u>(74,948)</u>
Total current tax	<u>(49,351)</u>	<u>(74,948)</u>

There is no unprovided deferred tax liability or unrecognised deferred tax asset in these financial statements

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 28% (2009 - 28%)

	2010 £	2009 £
Loss on ordinary activities before taxation	<u>(176,255)</u>	<u>(267,671)</u>
Loss on ordinary activities by rate of tax	<u>(49,351)</u>	<u>(74,948)</u>
Total current tax (note 4(a))	<u>(49,351)</u>	<u>(74,948)</u>

(c) Factors that may affect future tax charges

There are no factors that are expected to significantly affect the taxation charge in future years

Bridgewater (Home Reversions Number 2) Limited

Notes to the financial statements

Year ended 30 September 2010

5. Stocks

	2010 £	2009 £
Trading properties	<u>5,840,978</u>	<u>6,230,148</u>

The replacement value of stock (sale at market value of the property subject to occupation by a resident) is £8,830,002 (2009 £8,851,194) based on market value at 30 September 2010

Stock is stated in the balance sheet at the lower of cost and net realisable value. Net realisable value is the net sales proceeds which the company expects on sale of a property with vacant possession. The directors have reviewed the vacant possession valuations of the properties. They have concluded that the net realisable value exceeds the book cost of the properties and therefore no provision against the carrying value of stock is required.

6 Creditors Amounts falling due within one year

	2010 £	2009 £
Overdrafts	6,284,051	–
Trade creditors	217	–
Amounts owed to group undertakings	<u>179,582</u>	<u>6,726,116</u>
	<u>6,463,850</u>	<u>6,726,116</u>

The overdraft bears interest at LIBOR plus margin plus costs, which averaged 3.64% in the year, and is repayable on demand.

Amounts owed to group undertakings are unsecured, bear no interest, and are repayable on demand (2009 loan with a year end balance of £6,535,647 bearing interest on the average balance at 4.28% - all other amounts bore no interest and were repayable on demand).

7. Contingent liabilities

At 30 September 2010 the company, together with certain of its fellow subsidiaries, has guaranteed bank loans of £1,056,227,000 (2009 £1,191,853,707) of certain fellow subsidiaries by means of a legal charge over its assets and book debts. Details of the repayment profile of the bank loans are shown in the statutory financial statements of the ultimate parent undertaking, Grainger plc.

8. Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard No 8 and has not disclosed transactions with companies that are part of the Grainger plc group.

9 Share capital

Authorised share capital

	2010 £	2009 £
20,100 Ordinary shares of £1 each	<u>20,100</u>	<u>20,100</u>

Allotted, called up and fully paid

	2010		2009	
	No	£	No	£
20,001 Ordinary shares of £1 each	<u>20,001</u>	<u>20,001</u>	<u>20,001</u>	<u>20,001</u>

Bridgewater (Home Reversions Number 2) Limited

Notes to the financial statements

Year ended 30 September 2010

10 Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Loss for the financial year	(126,904)	(192,723)
Opening shareholders' deficit	(495,968)	(303,245)
Closing shareholders' deficit	<u>(622,872)</u>	<u>(495,968)</u>

11. Ultimate parent undertaking and controlling party

The directors regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial statements may be obtained from The Secretary, Grainger plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE

Grainger Equity Release Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company

Grainger plc has confirmed to the directors of the company that it will provide such financial support as shall enable the company to continue as a going concern for at least 12 months from the signing of these accounts