

The Home & Capital Trust Group Limited
Financial statements
30 September 2011

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The Home & Capital Trust Group Limited

Financial statements

Period from 1 May 2010 to 30 September 2011

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The Home & Capital Trust Group Limited

Officers and professional advisers

The board of directors	Paul Barber Graham Sidwell Peter Q P Couch
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

The Home & Capital Trust Group Limited

The directors' report

Period from 1 May 2010 to 30 September 2011

The directors present their report and the financial statements of the company for the period from 1 May 2010 to 30 September 2011

Principal activities

The company provides management services to group companies

Directors

The directors who served the company during the period were as follows:

Paul Barber	(Appointed 18 November 2010)
Graham Sidwell	(Appointed 25 November 2010)
Peter Q P Couch	(Appointed 18 November 2010)
Graeme C W Marshall	(Resigned 27 June 2011)
Rupert A Pearce Gould	(Resigned 8 June 2011)
Nigel T Hare-Scott	(Resigned 18 November 2010)
Simon Little	(Resigned 15 October 2010)
Susan Burgess	(Resigned 4 February 2011)

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.

The Home & Capital Trust Group Limited

The directors' report *(continued)*

Period from 1 May 2010 to 30 September 2011

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 were appointed as auditors during the year

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 27 June 2012

The Home & Capital Trust Group Limited

Independent auditor's report to the shareholders of The Home & Capital Trust Group Limited

Period from 1 May 2010 to 30 September 2011

We have audited the financial statements of The Home & Capital Trust Group Limited for the period from 1 May 2010 to 30 September 2011, 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) as applicable to financial statements prepared in accordance with the small companies regime of the Companies Act 2006.

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 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.

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. 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 company's affairs as at 30 September 2011 and of its loss for the period 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.

The Home & Capital Trust Group Limited

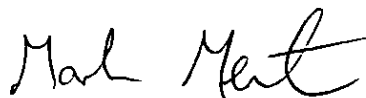
**Independent auditor's report to the shareholders of
The Home & Capital Trust Group Limited (*continued*)**

Period from 1 May 2010 to 30 September 2011

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



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

29 June 2012

The Home & Capital Trust Group Limited

Profit and loss account

Period from 1 May 2010 to 30 September 2011

	Note	Period from 1 May 10 to 30 Sep 11 £000	Year to 30 Apr 10 £000
Turnover		39	1,296
Administrative expenses		(1,496)	(1,299)
Operating loss	2	(1,457)	(3)
Amounts written off investments	4	(1,274)	—
Loss on ordinary activities before taxation		(2,731)	(3)
Tax on loss on ordinary activities	5	—	—
Loss for the financial period		(2,731)	(3)
Balance brought forward		(24)	(21)
Balance carried forward		(2,755)	(24)

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 £2,731,000 attributable to the shareholders for the period ended 30 September 2011 (2010 - loss of £3,000)

The notes on pages 8 to 13 form part of these financial statements.

The Home & Capital Trust Group Limited

Balance sheet

30 September 2011

	Note	£000	30 Sep 11 £000	30 Apr 10 £000
Fixed assets				
Intangible assets	6		–	39
Tangible assets	7		–	107
Investments	8		7,470	1,682
			<u>7,470</u>	<u>1,828</u>
Current assets				
Debtors	9	53		765
Cash at bank		79		38
		<u>132</u>		<u>803</u>
Creditors. Amounts falling due within one year	10	(1,333)		(171)
Net current (liabilities)/assets			(1,201)	632
Total assets less current liabilities			<u>6,269</u>	<u>2,460</u>
Capital and reserves				
Called-up equity share capital	12		6,547	7
Share premium account	13		2,477	2,477
Profit and loss account			(2,755)	(24)
Shareholders' funds	14		<u>6,269</u>	<u>2,460</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 27 June 2012, and are signed on their behalf by



Paul Barber
Director

Company Registration Number 5067884

The notes on pages 8 to 13 form part of these financial statements.

The Home & Capital Trust Group Limited

Notes to the financial statements

Period from 1 May 2010 to 30 September 2011

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

Cash flow statement

The company is a wholly owned subsidiary of New Sovereign Reversions Limited and the cash flows of the company are included in the consolidated cash flow statement of New Sovereign Reversions Limited. 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 management fees and sundry other income, exclusive of VAT

Goodwill

Intangible assets of the company represent goodwill arising on acquisition, and is amortised over the estimated useful life. Impairment tests on the carrying value of goodwill are undertaken

At the end of the first full year following acquisition, and

In other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - see above

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant & Machinery - 17 to 33% per annum straight line

Investments

Investments are stated at cost less provisions for any impairment in value

Pension costs

Contributions to the Company's defined contribution stakeholder pension scheme are charged to the profit and loss account in the year in which they become payable. In addition the Company also makes contributions to individual's personal pension schemes. The assets of all schemes are held separately in independently administered funds

The Home & Capital Trust Group Limited

Notes to the financial statements

Period from 1 May 2010 to 30 September 2011

1 Accounting policies (continued)

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

Group accounts

The financial statements contain information about The Home & Capital Trust Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of the ultimate parent company, New Sovereign Reversions Limited, a company registered in England and Wales.

2. Operating loss

Operating loss is stated after charging

	Period from 1 May 10 to 30 Sep 11 £000	Year to 30 Apr 10 £000
Amortisation of intangible assets	39	9
Depreciation of owned fixed assets	150	35

3 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	Period from 1 May 10 to 30 Sep 11 £000	Year to 30 Apr 10 £000
Aggregate remuneration	363	253
Value of company pension contributions to money purchase schemes	17	26
	380	279

During the period there were no directors (2010: zero) who were in the Company Stakeholder Pension Scheme. All employees and Directors were employed by the company. The total amount payable to the highest paid director in respect of emoluments was £133,591 (2010: £87,425) including £40,000 relating to the exercise of share options (2010: nil). Company pension contributions of £8,125 (2010: £18,300) were made to a money purchase scheme on their behalf.

The Home & Capital Trust Group Limited

Notes to the financial statements

Period from 1 May 2010 to 30 September 2011

4 Amounts written off investments

	Period from 1 May 10 to 30 Sep 11 £000	Year to 30 Apr 10 £000
Amount written off investments	<u>1,274</u>	<u>-</u>

5 Taxation on ordinary activities Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 27 30% (2010 - 28%)

	Period from 1 May 10 to 30 Sep 11 £000	Year to 30 Apr 10 £000
Loss on ordinary activities before taxation	<u>(2,731)</u>	<u>(3)</u>
Loss on ordinary activities by rate of tax	(746)	(1)
Expenses not deductible for tax purposes	26	11
Group relief	372	(10)
Non taxable investment impairment provision	<u>348</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

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

6 Intangible fixed assets

	Goodwill £000
Cost	
At 1 May 2010 and 30 September 2011	<u>48</u>
Amortisation	
At 1 May 2010	9
Charge for the period	<u>39</u>
At 30 September 2011	<u>48</u>
Net book value	
At 30 September 2011	<u>-</u>
At 30 April 2010	<u>39</u>

The Home & Capital Trust Group Limited

Notes to the financial statements

Period from 1 May 2010 to 30 September 2011

7 Tangible fixed assets

Plant & Equipment £000

Cost	
At 1 May 2010	475
Additions	43
At 30 September 2011	518
Depreciation	
At 1 May 2010	368
Charge for the period	150
At 30 September 2011	518
Net book value	
At 30 September 2011	-
At 30 April 2010	107

8. Investments

Total £000

Cost	
At 1 May 2010	1,682
Additions	7,062
At 30 September 2011	8,744
Amounts written off	
Written off in period	1,274
At 30 September 2011	1,274
Net book value	
At 30 September 2011	7,470
At 30 April 2010	1,682

The company owns 100% of the issued share capital of the companies listed below

Company	Nature of Business
Registered in England and Wales	
Home & Capital Trust Ltd	Arranges and manages home reversion plans
Home & Capital Advisers Ltd	FSA regulated adviser and arranger of equity release plans
Home & Capital Nominees Ltd	Nominee company
Home & Capital Trust Partners Ltd	Non trading
Home Equity Ltd	Dormant

The Home & Capital Trust Group Limited

Notes to the financial statements

Period from 1 May 2010 to 30 September 2011

9. Debtors

	30 Sep 11 £000	30 Apr 10 £000
Amounts owed by group undertakings	–	710
Corporation tax repayable	–	1
Other debtors	53	54
	<u>53</u>	<u>765</u>

10 Creditors. Amounts falling due within one year

	30 Sep 11 £000	30 Apr 10 £000
Trade creditors	–	79
Amounts owed to group undertakings	1,279	36
Other taxation and social security	–	26
Other creditors	54	30
	<u>1,333</u>	<u>171</u>

Amounts owed to group undertakings are unsecured, bear no interest, and are repayable on demand, but are not expected to be repaid within the next 12 months

11. 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 New Sovereign Reversions Limited group

12 Share capital

Authorised share capital:

	30 Sep 11 £000		30 Apr 10 £000	
Allotted, called up and fully paid.				
	No	£000	No	£000
13,093,476 Ordinary shares of £0 50 each	<u>13,093,476</u>	<u>6,547</u>	<u>13,800</u>	<u>7</u>

During the period 26,159,352 additional shares were issued and fully paid at par by the company's immediate parent company New Sovereign Reversions Limited

13 Share premium account

There was no movement on the share premium account during the financial period

The Home & Capital Trust Group Limited

Notes to the financial statements

Period from 1 May 2010 to 30 September 2011

14 Reconciliation of movements in shareholders' funds

	30 Sep 11	30 Apr 10
	£000	£000
Loss for the financial period	(2,731)	(3)
New ordinary share capital subscribed	6,540	—
Net addition/(reduction) to shareholders' funds	3,809	(3)
Opening shareholders' funds	2,460	2,463
Closing shareholders' funds	6,269	2,460

15. Ultimate parent undertaking and controlling party

The directors regard New Sovereign Reversions Limited, 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. New Sovereign Reversions Limited will be preparing consolidated accounts for the period 3 May 2011 to 30 September 2012.

New Sovereign Reversions Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.

On 9 August 2010 the company's then ultimate parent, Sovereign Reversions Limited (formerly Sovereign Reversions plc), was acquired by Grainger Equity Release Limited ("GERL"), a wholly owned subsidiary of Grainger plc. Grainger plc is the UK's largest listed specialist residential landlord, and its business includes a large retirement solutions business.

On 23 August 2010 Grainger plc announced that it intended to form a 50/50 joint venture for Sovereign Reversions Limited between MREF II Equity Release Limited ("Moorfield", a company registered in Jersey) and GERL, subject to obtaining the necessary regulatory approvals. The joint venture agreement completed on 13 October 2010. The ultimate controlling parties of MREF II Equity Release Limited are Moorfield Real Estate Fund II A Limited Partnership and Moorfield Real Estate Fund II B Limited Partnership which are qualifying partnerships registered in England and Wales.

Following the change of ownership, representative directors from GERL and Moorfield have been appointed to the board of the company.