

The Home & Capital Trust Group Limited
Financial statements
30 September 2012

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The Home & Capital Trust Group Limited

Financial statements

Year ended 30 September 2012

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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

Year ended 30 September 2012

The directors present their report and the financial statements of the company for the year ended 30 September 2012

Principal activities

The company acts as the group holding company

Directors

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

Paul Barber
Graham Sidwell
Peter Q P Couch

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 year.

In preparing those 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 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.

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.

The Home & Capital Trust Group Limited

The directors' report (*continued*)

Year ended 30 September 2012

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 22 March 2013

The Home & Capital Trust Group Limited

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

Year ended 30 September 2012

We have audited the financial statements of The Home & Capital Trust Group Limited for the year ended 30 September 2012 which comprise the Profit and Loss Account, 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 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 2012 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.

The Home & Capital Trust Group Limited

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

Year ended 30 September 2012

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

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 in accordance with the small company regime



MARK MENTON (Senior Statutory Auditor)
For and on behalf of
PRICEWATERHOUSECOOPERS LLP
Chartered Accountants & Statutory Auditor

89 Sandyford Road
Newcastle Upon Tyne
NE1 8HW

22 March 2013

The Home & Capital Trust Group Limited

Profit and loss account

Year ended 30 September 2012

	Note	Year to 30 Sep 12 £	Period from 1 May 10 to 30 Sep 11 £
Turnover		46,128	39,000
Administrative expenses		(115,298)	(1,496,000)
Operating loss	2	(69,170)	(1,457,000)
Interest receivable		348	—
Amounts written off investments	4	(76,085)	(1,273,913)
Interest payable and similar charges		(6,326)	—
Loss on ordinary activities before taxation		(151,233)	(2,730,913)
Tax on loss on ordinary activities	5	1,585	—
Loss for the financial year		(149,648)	(2,730,913)

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 £149,648 attributable to the shareholders for the year ended 30 September 2012 (2011 - loss of £2,730,913)

The notes on pages 8 to 14 form part of these financial statements

The Home & Capital Trust Group Limited


Balance sheet

30 September 2012

	Note	£	2012 £	2011 £
Fixed assets				
Intangible assets	7		—	—
Tangible assets	8		—	—
Investments	9		<u>7,367,821</u>	<u>7,469,930</u>
			<u>7,367,821</u>	<u>7,469,930</u>
Current assets				
Debtors	10	22,049		53,000
Cash at bank		—		79,000
		<u>22,049</u>		<u>132,000</u>
Creditors Amounts falling due within one year	11	<u>(2,070,771)</u>		<u>(1,333,183)</u>
Net current liabilities			<u>(2,048,722)</u>	<u>(1,201,183)</u>
Total assets less current liabilities			<u>5,319,099</u>	<u>6,268,747</u>
Capital and reserves				
Called-up equity share capital	13		6,546,738	6,546,738
Share premium account	14		—	2,477,000
Profit and loss account	15		<u>(1,227,639)</u>	<u>(2,754,991)</u>
Shareholders' funds	16		<u>5,319,099</u>	<u>6,268,747</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 22 March 2013, and are signed on their behalf by



Paul Barber
Director

Company Registration Number 5067884

The notes on pages 8 to 14 form part of these financial statements

The Home & Capital Trust Group Limited

Notes to the financial statements

Year ended 30 September 2012

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

Year ended 30 September 2012

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 parent company, New Sovereign Reversions Limited, a company registered in England and Wales

2 Operating loss

Operating loss is stated after charging

	Year to 30 Sep 12	Period from 1 May 10 to 30 Sep 11
	£	£
Amortisation of intangible assets	–	39,000
Depreciation of owned fixed assets	–	150,000
	<u>–</u>	<u>189,000</u>

None of the directors received any remuneration from the company during the year

3 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	Year to 30 Sep 12	Period from 1 May 10 to 30 Sep 11
	£	£
Aggregate remuneration	–	363,000
Value of company pension contributions to money purchase schemes	–	17,000
	<u>–</u>	<u>380,000</u>

The Home & Capital Trust Group Limited

Notes to the financial statements

Year ended 30 September 2012

4 Amounts written off investments

	Year to 30 Sep 12	Period from 1 May 10 to 30 Sep 11
	£	£
Amount written off investments	<u>76,085</u>	<u>1,273,913</u>

5 Taxation on ordinary activities

(a) Analysis of charge in the year

	Year to 30 Sep 12	Period from 1 May 10 to 30 Sep 11
	£	£
Current tax		
UK Corporation tax based on the results for the year at 25% (2011 - 27 30%)	(1,585)	-
Total current tax	<u>(1,585)</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 25% (2011 - 27 30%)

No benefit has been provided in respect of tax losses carried forward with a tax value of £49,371 (2011 £37,333) or accelerated capital allowances with a tax value of £48,542 (2011 £52,763)

	Year to 30 Sep 12	Period from 1 May 10 to 30 Sep 11
	£	£
Loss on ordinary activities before taxation	<u>(151,233)</u>	<u>(2,730,913)</u>
Loss on ordinary activities by rate of tax	(37,808)	(745,539)
Expenses not deductible for tax purposes	2,456	26,000
Adjustments to tax charge in respect of previous periods	(1,585)	-
Group relief (taken)/surrendered	-	371,761
Non deductible investment impairment provision	19,021	347,778
Losses arising in the period not provided for	<u>16,331</u>	<u>-</u>
Total current tax (note 5(a))	<u>(1,585)</u>	<u>-</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

The Home & Capital Trust Group Limited

Notes to the financial statements

Year ended 30 September 2012

6. Dividends Equity dividends

	Year to 30 Sep 12 £	Period from 1 May 10 to 30 Sep 11 £
Paid during the year		
Dividends on equity shares	<u>800,000</u>	<u>—</u>

7 Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2011 and 30 September 2012	<u>60,980</u>
Amortisation	
At 1 October 2011 and 30 September 2012	<u>60,980</u>
Net book value	
At 30 September 2012	<u>—</u>
At 30 September 2011	<u>—</u>

8 Tangible fixed assets

	Plant & Equipment £
Cost	
At 1 October 2011 and 30 September 2012	<u>518,445</u>
Depreciation	
At 1 October 2011 and 30 September 2012	<u>518,445</u>
Net book value	
At 30 September 2012	<u>—</u>
At 30 September 2011	<u>—</u>

The Home & Capital Trust Group Limited

Notes to the financial statements

Year ended 30 September 2012

9 Investments

	Total £
Cost	
At 1 October 2011	8,743,843
Disposals	<u>(26,024)</u>
At 30 September 2012	<u>8,717,819</u>
Amounts written off	
At 1 October 2011	1,273,913
Written off in year	<u>76,085</u>
At 30 September 2012	<u>1,349,998</u>
Net book value	
At 30 September 2012	<u>7,367,821</u>
At 30 September 2011	<u>7,469,930</u>

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	Dormant
Home & Capital Nominees Ltd	Nominee company
Home & Capital Trust Partners Ltd	Non trading
Home Equity Ltd	Dormant

In May 2012 the company's shareholding in Home & Capital Advisers Limited was reduced by £26,024 by means of a capital reduction

10 Debtors

	2012 £	2011 £
Other debtors	<u>22,049</u>	<u>53,000</u>

11 Creditors Amounts falling due within one year

	2012 £	2011 £
Amounts owed to group undertakings	2,055,769	1,279,000
Other creditors	<u>15,002</u>	<u>54,183</u>
	<u>2,070,771</u>	<u>1,333,183</u>

Included within amounts owed to group undertakings is an unsecured loan with a year end balance of £703,855 (2011 nil). The loan bears interest at LIBOR plus margin plus costs, which averaged 3.08% during the year (2011 nil), and is repayable on demand. All other amounts owed to group undertakings are unsecured, bear no interest, and are repayable on demand.

The Home & Capital Trust Group Limited

Notes to the financial statements

Year ended 30 September 2012

12 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

13. Share capital

Allotted, called up and fully paid

	2012		2011	
	No	£	No	£
13,093,476 Ordinary shares of £0 50 each	<u>13,093,476</u>	<u>6,546,738</u>	<u>13,093,476</u>	<u>6,546,738</u>

14 Share premium account

	Year to 30 Sep 12 £	Period from 1 May 10 to 30 Sep 11 £
Balance brought forward	2,477,000	2,477,000
Other	(2,477,000)	—
Balance carried forward	<u>—</u>	<u>2,477,000</u>

With effect from the 3rd May 2012 there was a capital reduction reducing the share premium account by £2,477,000 which was transferred to retained earnings

15 Profit and loss account

	Year to 30 Sep 12 £	Period from 1 May 10 to 30 Sep 11 £
Balance brought forward	(2,754,991)	(24,078)
Loss for the financial year	(149,648)	(2,730,913)
Equity dividends	(800,000)	—
Transfer of share premium balance to distributable reserves following capital reduction	2,477,000	—
Balance carried forward	<u>(1,227,639)</u>	<u>(2,754,991)</u>

The Home & Capital Trust Group Limited

Notes to the financial statements

Year ended 30 September 2012

16 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Loss for the financial year	(149,648)	(2,730,913)
New equity share capital subscribed	–	6,540,000
Capital reduction	(2,477,000)	–
	(2,477,000)	
Equity dividends	(800,000)	–
Transfer of share premium balance to distributable reserves following capital reduction	2,477,000	–
Net (reduction)/addition to shareholders' funds	(949,648)	3,809,087
Opening shareholders' funds	6,268,747	2,459,660
Closing shareholders' funds	5,319,099	6,268,747

17 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, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the New Sovereign Reversions Limited consolidated financial statements may be obtained from The Secretary, New Sovereign Reversions Limited, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

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

New Sovereign Reversions Limited is a 50/50 joint venture between MREF II Equity Release Limited ("Moorfield", a company registered in Jersey) and Grainger Equity Release Limited ("GERL" a company registered in England and Wales). The ultimate controlling party of GERL is Grainger plc, a company registered in England and Wales. 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.