

THE HOME & CAPITAL TRUST GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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THE HOME & CAPITAL TRUST GROUP LIMITED

COMPANY INFORMATION

Directors	Paul Barber Antony L Pierce
Registered number	05067884
Registered office	Cross House Westgate Road Newcastle upon Tyne NE1 4XX
Independent auditors	Pricewaterhouse Coopers LLP Chartered Accountants & Statutory Auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
Bankers	Barclays Bank Plc 5 St Ann's Street Quayside Newcastle upon Tyne NE1 3DX
Solicitors	Womble Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX

THE HOME & CAPITAL TRUST GROUP LIMITED

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THE HOME & CAPITAL TRUST GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

The directors present their report and the financial statements for the year ended 30 September 2019.

Statement of directors' responsibilities in respect of the financial statements

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Principal activities

The principal activity of the company during the year was investing in property investment companies. From 1 October 2019 the principal activity of the company will be that of a holding company.

Results and dividends

The loss for the year, after taxation, amounted to £3,718k (2018: profit £7k).

During the year the directors declared a dividend of £500k (2018: £1,765m).

Directors

The directors of the company who were in office during the year and up to the date of the signing of the financial statements were:

Paul Barber
Antony L Pierce

THE HOME & CAPITAL TRUST GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

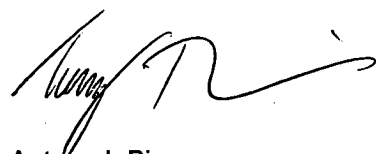
Small company exemptions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Independent auditors

The auditors, Pricewaterhouse Coopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *30th March 2020* and signed on its behalf.



Antony L Pierce
Director

THE HOME & CAPITAL TRUST GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HOME & CAPITAL TRUST GROUP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, The Home & Capital Trust Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 30 September 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 30 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

THE HOME & CAPITAL TRUST GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HOME & CAPITAL TRUST GROUP LIMITED

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements as set out on page 1, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Jonathan Greenaway (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Newcastle upon Tyne
30 March 2020

THE HOME & CAPITAL TRUST GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £000	2018 £000
Amounts written off investments	5	(3,718)	113
Interest payable and similar expenses	6	-	(131)
Loss before tax		<u>(3,718)</u>	<u>(18)</u>
Tax on loss	7	-	25
(Loss)/profit for the financial year		<u>(3,718)</u>	<u>7</u>
Other comprehensive income for the year			
Total comprehensive income for the year		<u>(3,718)</u>	<u>7</u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

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

THE HOME & CAPITAL TRUST GROUP LIMITED
REGISTERED NUMBER: 05067884

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	9	-	8,155
		<u>-</u>	<u>8,155</u>
Creditors: amounts falling due within one year	10	-	(3,937)
Net current assets/(liabilities)		<u>-</u>	<u>(3,937)</u>
Total assets less current liabilities		<u>-</u>	<u>4,218</u>
Net assets		<u>-</u>	<u>4,218</u>
Capital and reserves			
Called up share capital	11	3,535	3,535
Profit and loss account	12	(3,535)	683
Total equity		<u>-</u>	<u>4,218</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

30th March 2020



Anthony L Pierce
Director

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

THE HOME & CAPITAL TRUST GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 October 2017	3,535	2,441	5,976
Profit for the year	-	7	7
Dividends: Equity capital	-	(1,765)	(1,765)
As at 30 September 2018 and at 1 October 2018	3,535	683	4,218
Loss for the year	-	(3,718)	(3,718)
Dividends: Equity capital	-	(500)	(500)
At 30 September 2019	3,535	(3,535)	-

THE HOME & CAPITAL TRUST GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

1. General information

The entity is a private company limited by shares incorporated in England and Wales. The registered office is:

Cross House
Westgate Road
Newcastle upon Tyne
NE1 4XX

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

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 company has taken advantage of the small companies' exemptions in preparing the directors' report and from preparing a strategic report.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Equity Release Investment Company 2 Limited as at 30 September 2019 and these financial statements may be obtained from Cross House, Westgate Road, Newcastle upon Tyne, NE1 4XX.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.3 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.5 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements.

4. Operating profit

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

None of the directors received any remuneration from the Company during the year, or in the previous year, in respect of services to the Company. There were no other persons holding service contracts with the Company (2018: nil).

THE HOME & CAPITAL TRUST GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

5. Amounts written off investments

	2019 £000	2018 £000
Reversal of impairment against investments in group companies	-	(113)
Amounts written off loans owed to group undertakings	3,490	-
Loss on disposal of group companies	228	-
	3,718	(113)
	3,718	(113)

6. Interest payable and similar expenses

	2019 £000	2018 £000
Interest payable on loans from group undertakings	-	131
	-	131
	-	131

7. Tax on loss

	2019 £000	2018 £000
Corporation tax		
Group taxation relief	-	(25)
Total current tax	-	(25)
	-	(25)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

7. Tax on loss (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Loss on ordinary activities before tax	(3,718)	(18)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(706)	(3)
Effects of:		
Group relief surrendered	-	25
Receipt for group relief	-	(25)
Expenses not deductible for tax purposes	706	(22)
Total tax charge for the year	-	(25)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

8. Dividends

	2019 £000	2018 £000
Equity dividends	500	1,765
	500	1,765

THE HOME & CAPITAL TRUST GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

9. Investments

	Investments in subsidiary companies £000
At 1 October 2018	8,718
Disposals	(8,718)
At 30 September 2019	-
At 1 October 2018	563
Impairment on disposals	(563)
At 30 September 2019	-
Net book value	
At 30 September 2019	-
At 30 September 2018	8,155

Subsidiary undertakings

On 4 December 2018, the following wholly owned subsidiary undertakings were dissolved;

Home and Capital Advisors Limited
Home and Capital Trust Partners Limited
Home Equity Limited
Hinton and Wild Limited *

On 30 April 2019, the following wholly owned subsidiary undertakings were sold at fair value to Retirement Bridge Investments Limited, the largest parent undertaking of the group;

Home and Capital Trust Limited
Home and Capital Trustee Company Limited *
Home and Capital Nominees Limited

The loss on disposal of these subsidiary undertakings of £227,816 is shown in the Statement of Comprehensive Income.

* Shares held indirectly

THE HOME & CAPITAL TRUST GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

10. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Amounts owed to group undertakings	-	3,937
	<u>-</u>	<u>3,937</u>

Amounts owed to group undertakings bore interest at 3.3% above LIBOR, are unsecured with no fixed date of repayment and are repayable on demand. Interest payable for the year amounted to £nil (2018: £131,486).

11. Called up share capital

	2019	2018
	£000	£000
Allotted, called up and fully paid		
3,535,239 (2018 - 3,535,239) Ordinary shares of £1.00 each	<u>3,535</u>	<u>3,535</u>

12. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

13. Related party transactions

The company is exempt from disclosing related party transactions as they are with other companies wholly owned within the Group.

14. Controlling party

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

Equity Release Investment Company 2 Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 September 2019. The consolidated financial statements of Equity Release Investment Company 2 Limited can be obtained from Cross House, Westgate Road, Newcastle Upon Tyne, NE1 4XX.

Retirement Bridge Investments Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2019. The consolidated financial statements of Retirement Bridge Investments Limited can be obtained from Cross House, Westgate Road, Newcastle Upon Tyne, NE1 4XX.

Patron Capital V L.P is deemed to be the ultimate controlling party by virtue of it's level of control in Retirement Bridge Investments Limited.