Annual Report and Financial Statements

2019

1 April 2018 to 31 March 2019

RETIREMENT PLUS LIMITED

Company Registration No. 05264031

RETIREMENT PLUS LIMITED

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RETIREMENT PLUS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors	JDS Harrison MH Goldstein CR Rumsey
Secretary	SGH Company Secretaries Limited 6th Floor 60 Gracechurch Street London EC3V 0HR
Registered office	6th Floor 60 Gracechurch Street London EC3V 0HR
Auditors	BDO LLP 55 Baker Street London W1U 7EU

The Directors present the Strategic Report, together with the financial statements and auditor's report of Retirement Plus Limited (the "Company") for the period ended 31 March 2019.

Principal activities

The principal activity of the Company is administering both traditional and innovative Home Reversion Plans. The Company is authorised by The Financial Conduct Authority ("FCA") as an arranger and administrator of Home Reversion Plans. The Company's principal subsidiary, Retirement Plus Property Plans Limited, is authorised by the FCA as a Home Reversion Plan provider, but is not currently entering into new business.

Results for the financial period

The financial statements show results for the period as follows:

	Year ended 31 March 2019 £	15 months ended 31 March 2018 £
Revenue	**1,323,030**	2,070,174
Profit before tax	**414,999**	829,646
Tax charge for the period	-	-
Profit for the financial period, attributable to equity shareholders	**414,999**	829,646

Business review and future developments

The Directors believe that the Company's strong brand, combined with its flexible and scalable infrastructure, position it well to enjoy further success in the future.

Financial risk management objectives and policies

The City of London Group plc Board sets the overall risk appetite and philosophy of the Company. The City of London Group plc Board establishes the parameters for risk appetite through setting strategic direction contributing to and ultimately approving annual business plans for the Company, and regularly reviewing and monitoring performance in relation to risk through half-yearly and ad hoc reports from the monthly Executive Committee meetings.

Risk appetite is defined in both qualitative and quantitative terms and is regularly assessed. It is an expression of the maximum level of residual risk that the Company is prepared to accept in order to deliver its business objectives.

Through its activities and those of its subsidiary company, the Company is exposed to a number of financial risks including interest rate risk, credit risk, and liquidity risk.

Interest rate risk

Interest rate risk is the risk of adverse changes (effectively increases) in market interest rates and arises primarily from the mismatch between interest charges on unsecured debt obligations.

Financial risk management objectives and policies (continued)

Credit risk

Credit risk is the risk that the Company will incur losses as a result of the failure of customers and counterparties to meet their obligations and arises from holdings of financial assets. The Company's principal financial assets are cash and cash equivalents and the loans receivable from the parent undertaking.

The Company is not subject to material levels of credit risk.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its cash obligations, including funding of its subsidiary company, as they fall due.

The Company seeks to maintain a mixture of facilities that ensure that it has sufficient available funds to satisfy daily requirements and financing of the subsidiary company's future equity release plan originations.

On behalf of the Board

JDS Harrison
Director
25 July 2019

Some information is not shown in the directors' report because it is shown in the strategic report instead.

Directors

The Directors who served the company during the period and up to the date of this report were as follows:

JDS Harrison

MH Goldstein

CR Rumsey (resigned 10 May 2019)

In terms of section 234 of the Companies Act 2006, the Directors of the Company have been granted Qualifying Third Party Indemnity Provisions by the Company, which remain in force as at the date of approving the Strategic Report and the Directors' Report.

The Directors do not recommend the payment of a dividend in respect of the current financial period (2018: £nil).

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors Report, and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs), as adopted by the European Union.

Under company law the directors must not approve the company financial statements unless they are satisfied that they present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period. In preparing those financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cashflows of the Company;
- select suitable accounting policies in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state whether the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- 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 proper accounting records which 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, and Article 4 of the IAS Regulations.

The Directors are also responsible for the system of internal control, safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with these requirements.

Business review and future developments

The Directors believe that the Company's strong brand, combined with its flexible and scalable infrastructure, position it well to enjoy further success in the future.

Going concern statement

Having made appropriate enquiries and reviewing the company's forecast cashflows, in particular regarding the ability of the Company to meet its liabilities as and when they fall due, the Directors are satisfied that the Company has adequate resources to continue its operations for the foreseeable future.

The Company has net current liabilities, but has received confirmation from its parent company that it has instructed fellow subsidiary undertakings not to demand repayment of group borrowings for a period of at least 13 months from the date the financial statements are approved. The Directors, therefore, continue to adopt the going concern basis in preparing the financial statements.

Auditor

In the case of each of the persons who is a Director at the time when the Strategic Report and the Directors' Report are approved, the following apply:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

JDS Harrison
Director
25 July 2019

Company Registration No. 05264031

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETIREMENT PLUS LIMITED

Opinion

We have audited the financial statements of Retirement Plus Limited ("the Company") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully 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, and for such internal control as the Directors 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETIREMENT PLUS LIMITED

Auditor's 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 auditor's 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 at the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 an auditor's report 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.

BDO LLP

Orla Reilly (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
25 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

RETIREMENT PLUS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 March 2019

	Notes	**Year ended 31 March 2019 £**	15 months ended 31 March 2018 £
Revenue	1	**1,323,030**	2,070,174
Administrative expenses		**(867,984)**	(1,346,519)
Impairment written back in amounts due from immediate parent company		-	-
Impairment written back in investment in subsidiary		-	-
Operating profit	4	**455,046**	723,655
Finance income	6	**453,291**	436,617
Finance expense	7	**(493,338)**	(330,626)
Profit before tax		**414,999**	829,646
Tax charge for the period	8	-	-
Total comprehensive profit for the financial period, attributable to equity shareholders	16	**414,999**	829,646

All activities for the financial period arise from the continuing activities. The Company has no other comprehensive income, other than the profits above, for the period ended 31 March 2019 (2018: £nil).

RETIREMENT PLUS LIMITED
STATEMENT OF CHANGES IN EQUITY
for the period ended 31 March 2019

	Notes	Share capital £	Accumulated losses £	Total £
At 1 January 2017		41,304,447	(15,354,680)	25,949,767
Total comprehensive income for the financial period		-	829,646	829,646
At 31 March 2018		**41,304,447**	**(14,525,034)**	**26,779,413**
At 1 April 2018		41,304,447	(14,525,034)	26,779,413
Total comprehensive income for the financial year	16	-	414,999	414,999
At 31 March 2019		**41,304,447**	**(14,110,035)**	**27,194,412**

RETIREMENT PLUS LIMITED
STATEMENT OF FINANCIAL POSITION
as at 31 March 2019

	Notes	31 March 2019 £	31 March 2018 £
ASSETS			
Non-current assets			
Investment in subsidiary	9	**22,543,271**	22,543,271
Loans receivable	10	**25,747,621**	25,311,742
Plant and equipment	11	**1,930**	4,419
		48,292,822	47,859,432
Current assets			
Trade and other receivables	12	**4,080,936**	3,812,414
Cash and cash equivalents	17	**119,104**	72,561
		4,200,040	3,884,975
Total assets		**52,492,862**	51,744,407
LIABILITIES			
Current liabilities			
Trade and other payables	13	**25,298,450**	24,964,994
Total liabilities		**25,298,450**	24,964,994
Total net assets		**27,194,412**	26,779,413
EQUITY			
Share capital	15	**41,304,447**	41,304,447
Accumulated losses	16	**(14,110,035)**	(14,525,034)
Total equity		**27,194,412**	26,779,413

These financial statements were approved by the Board of Directors and authorised for issue on 25 July 2019.

Signed on behalf of the Board of Directors:

JDS Harrison
Director

RETIREMENT PLUS LIMITED
CASHFLOW STATEMENT
for the period ended 31 March 2019

	Notes	Year ended 31 March 2019 £	15 months ended 31 March 2018 £
Operating activities			
Profit for the period		**414,999**	829,646
Non cash management fees		**(1,323,030)**	(2,070,174)
Depreciation of plant and equipment	11	**4,000**	15,809
Impairment written back in amounts due from immediate parent company		**-**	-
Impairment written back in investment in subsidiary	9	**-**	-
Finance income	6	**(453,291)**	(436,617)
Finance expense	7	**493,338**	330,626
Net cash outflow before changes in working capital		**(863,984)**	(1,330,710)
(Increase) / Decrease in trade and other receivables other than non cash revenue		**(33,689)**	(74,164)
(Decrease) / Increase in trade and other payables		**(155,784)**	58,915
Net cash outflow from operating activities		**(1,053,457)**	(1,345,959)
Investing activities			
Repayments to group companies		**-**	-
Net cash outflow from investing activities		**-**	-
Financing activities			
Drawdown from group companies		**1,100,000**	1,300,000
Net cash inflow from financing activities		**1,100,000**	1,300,000
Net increase / (decrease) in cash and cash equivalents		**46,543**	**(45,959)**
Cash and cash equivalents at beginning of period		**72,561**	118,520
Cash and cash equivalents at end of period	17	**119,104**	72,561

The finance income of £453,291 (2018: £436,617) and finance expense of £493,338 (2018: £330,626) incurred in the financial period ended 31 March 2019 are in relation to the loan interest receivable and payable from the group undertaking, which are unpaid as at 31 March 2019.

1. Accounting policies

The Company's financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of IASB (together "IFRS") as adopted by the European Union, and comply with the Companies Act 2006. The period end date has been changed to 31 March to coincide with the year-end date of the City of London Group plc (100% ultimate parent).

The Company's financial statements are prepared in Sterling and all values are rounded to the nearest pound except where otherwise indicated.

The Company is registered in England and Wales under the Companies Act 2006.

The principal accounting policies are set out below.

Changes in accounting policy

New standards, interpretations and amendments effective for periods beginning on or after 1 January 2018 and which have given rise to changes in the Company's accounting policies are:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

IFRS 9 requires the classification and measurement category to be determined at the point of initial recognition based on:

- The Business Model adopted; and

- The contractual cash flows of the instrument (Solely Payments of Principal and Interest ("SPPI") test).

IFRS 9 identifies three types of business model: 'Hold to collect', 'Hold to collect and sell' and 'Other'.

Details of the impact of IFRS 9 are given in Note 14 below.

IFRS 15 requires the assessment of revenue streams, which for this company are outside the scope of this standard.

New standards and standards issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early. The most significant of these is:

- IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019).

IFRS 16 'Leases' – Provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed. This standard is effective for accounting periods beginning on or after 1 January 2019. The Company has completed an assessment of the impact of IFRS 16. Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting and the adoption of IFRS 16 will not have a material impact on the financial statements. IFRS 16 will change the basis of accounting for leases previously classified as operating leases under IAS 17. For the Company this principally comprises a lease for property occupied by Group companies. The terms of the lease presently in place are such that the impact of adopting IFRS 16 will not be material.

1. Accounting policies (continued)

Going concern

Having made appropriate enquiries and reviewing the company's forecast cashflows, in particular regarding the ability of the Company to meet its liabilities as and when they fall due, the Directors are satisfied that the Company has adequate resources to continue its operations for the foreseeable future. The company has net current liabilities, but has received confirmation from its parent company that it has instructed fellow subsidiary undertakings not to demand repayment of group borrowings for a period of at least 13 months from the date the financial statements are approved. The Directors, therefore, continue to adopt the going concern basis in preparing the financial statements.

Leases

Leases taken by the Company are assessed individually as to whether they are finance leases or operating leases. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Properties leased out to tenants under operating leases are included in investment properties in the balance sheet and accounted for in accordance with the accounting policy on investment property. Operating lease payments net of lease incentives are recognised as an expense in the Income Statement on a straight line basis over the lease term.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value. The carrying value is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Consolidation

Consolidated financial statements are not prepared as the Company is a wholly-owned subsidiary of Milton Homes Limited, a company registered in England and Wales, the consolidated financial statements of which are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

Loans and other receivables

Loans and other receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and other receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of loans and other receivables

Impairment provisions for receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

1. Accounting policies (continued)

Plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any impairment loss. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following basis:

Office and IT equipment - 33% per annum

The carrying values of plant and equipment are reviewed for impairment if events or changes in circumstance indicate that the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are renewed annually and where adjustments are required, these are made prospectively. An item of plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the statement of comprehensive income in the period of derecognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits from other group undertakings. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses on the repurchase, settlement or cancellation of liabilities are recognised in finance income and finance expense, respectively.

Intra-group balances

Intra-group loans and similar balances between group companies are held at amortised cost. As these are financial instruments which come within the scope of IFRS 9, an assessment is made regularly to determine whether any provision for expected credit losses is required. The Company has applied the simplified approach to recognise lifetime expected credit losses on these intra group balances. It was determined that, having regard to the terms of each loan, no provisions were required.

Financial instruments

The Company's principal financial instruments comprise cash, trade and other receivables, and trade and other payables. Cash and cash equivalents are considered to be cash at bank and cash in hand. The main purpose of these instruments is to meet operating, administrative and finance costs. It is the Company's policy that no

1. Accounting policies (continued)

speculative trading in financial instruments shall be undertaken. The Directors consider that there are no material differences between the carrying values and fair values of the Company's financial assets and liabilities at each period end.

Current tax

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and laws enacted or substantially enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Revenue

Revenue is recognised net of VAT and comprises asset management fees earned from the administration of portfolios of equity release assets and investment properties, together with service charges, and is recognised when the services are performed. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Pension costs

Pension costs in respect of defined contributions to the Self-Invested Personal Pension plan arrangements of the Directors, together with employer contributions to the Company's stakeholder pension arrangements, are charged to the statement of comprehensive income as incurred.

1. Accounting policies (continued)

Segments

The Directors consider that all revenues are attributable to one continuing activity, and all revenues during the year were generated in the United Kingdom.

2. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described in note 1, management has not identified any judgements or estimations that have a significant effect on the amounts recognised in the financial statements.

3. Information regarding directors and employees

	Year ended 31 March 2019 £	15 months ended 31 March 2018 £
Directors' emoluments:		
Directors' remuneration	**330,044**	474,555
Pension contributions	**4,375**	5,187
	334,419	479,742
Highest paid Director, excluding pension contributions	**225,044**	338,805
Pension contributions for highest paid Director	**-**	-

Pension contributions are accruing for one director. The highest paid director has not exercised any share options.

	Year ended 31 March 2019 £	15 months ended 31 March 2018 £
Employment costs including Directors' emoluments, are as follows:		
Wages and salaries	**596,576**	825,860
Social security costs	**73,837**	103,214
Other and pension costs	**42,544**	20,860
	712,957	949,934

At 31 March 2019, the unpaid accrued pension costs amounted to £1,822 (2018: £3,318).

3. Information regarding directors and employees (continued)

	Year ended 31 March 2019 No.	15 months ended 31 March 2018 No.
The average number of persons, including executive Directors, employed by the Company is as below:		
Sales	**3**	3
Administration	**5**	5
	8	8

4. Operating profit

	Year ended 31 March 2019 £	15 months ended 31 March 2018 £
The operating profit is stated after charging:		
Depreciation of plant and equipment	**4,000**	15,809
Operating lease – Newcombe House rent	**65,000**	81,250

Administration costs paid by the Company on behalf of the group company, Milton Homes Properties Limited, are recovered from that entity. A total of £946,774 was recovered during the year (2018: £1,500,000).

5. Auditors' remuneration

	Year ended 31 March 2019 £	15 months ended 31 March 2018 £
Audit of the financial statements	**5,000**	5,000

6. Finance income

	Year ended 31 March 2019 £	15 months ended 31 March 2018 £
Interest receivable from loans to parent company	**453,291**	436,617

7. Finance expense

	Year ended 31 March 2019 £	15 months ended 31 March 2018 £
Interest payable on group loans	**493,338**	330,626

8. Tax charge for the period

The effective rate of corporation tax for the previous period varies from the standard rate in the United Kingdom (19%) as applied to the Company's pre-tax result for the reasons analysed below:

	Year ended 31 March 2019 £	15 months ended 31 March 2018 £
Analysis of tax charge for the period		
Current tax credit	-	-
Deferred tax charge	-	-
Tax charge for the period	-	-
Reconciliation of total tax charge		
Profit on ordinary activities before tax	**414,999**	829,646
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the United Kingdom ((19%) (2018: 19.2%))	**78,850**	159,292
Factors affecting the tax charge for the period:		
Expenses not deductible for tax purposes	**183**	996
Impairment written back in investment in subsidiary	-	-
Impairment written back in amounts due from immediate parent company	-	-
Group relief claimed	**(77,053)**	(159,581)
Other tax adjustments	**(1,980)**	(707)
	-	-

Deferred tax assets are recognised in respect of capital allowance not yet claimed and other temporary differences. The Company had an unrecognised deferred tax asset in 2019 of £10,870 (2018: £11,927).

The Finance (No.2) Act 2015 was enacted on 18 November 2015, which introduced a reduction in the headline rate of corporation tax from 20% to 19% from 1 April 2017. The Finance Act 2016 was enacted on 15 September 2016, and introduced a further reduction of the headline rate of corporation tax to 17% from 1 April 2020.

At the balance sheet date the reductions in the tax rate had been substantively enacted. Deferred tax is calculated at 17% as the temporary differences are expected to unwind after April 2020. The rate changes will impact the amount of future tax payments to be made by the Company.

9. Investment in subsidiary

	£
Cost	
At 1 April 2018 and 31 March 2019	40,750,052
Provision	
At 1 April 2018	(18,206,781)
Impairment written back	-
At 31 March 2019	(18,206,781)
Carrying amount	
At 31 March 2019	**22,543,271**
At 31 March 2018	22,543,271

The Company holds 100% of the issued ordinary share capital and controls 100% of the voting rights of the unlisted subsidiary company, Retirement Plus Property Plans Limited. The subsidiary is incorporated in the United Kingdom and registered in England and Wales and its principal activity is an intercompany financing company. The Company subscribed for 100% of the issued share capital on 6 May 2005.

The provision for diminution in value of the investment in the subsidiary company represents the write down required to recognise the investment at the net asset value of the subsidiary at 31 March 2019.

10. Loans receivable

	31 March 2019 £	31 March 2018 £
Non-current		
Loan to immediate parent company	**25,747,621**	25,311,742

On 20 September 2011, an unsecured subordinated loan facility was provided to the immediate parent company Milton Homes Limited. This facility bears interest at LIBOR plus 1% which may be rolled up into the loan at the company's discretion. The loan and accrued interest are expected to be received after more than one year. This loan ranks behind other group creditors of Milton Homes Limited.

The gross outstanding balance receivable at 31 March 2019 is £25,827,042 (2018: £25,373,857) and the impairment is £nil (2018: £nil).

11. Plant and equipment

	Office and IT equipment £
Cost	
At 1 April 2018	269,825
Additions	1,511
At 31 March 2019	271,336
Accumulated depreciation	
At 1 April 2018	265,406
Charge for the period	4,000
At 31 March 2019	269,406
Carrying amount	
At 31 March 2019	**1,930**
At 31 March 2018	4,419

12. Trade and other receivables

	31 March 2019 £	31 March 2018 £
Accrued interest receivable on loan to immediate parent undertaking	**79,421**	62,115
Amounts owed by group companies	**3,895,304**	3,657,037
Prepayments and other debtors	**106,211**	93,262
	4,080,936	3,812,414

13. Trade and other payables

	31 March 2019 £	31 March 2018 £
Trade payables	**48,351**	47,979
Other tax and social security	**43,729**	43,432
Loan owed to subsidiary undertaking	**24,109,134**	23,615,796
Amounts owed to group companies	**1,024,192**	1,028,290
Accruals and deferred income	**73,044**	229,497
	25,298,450	24,964,994

Under IAS 7, the current loan owed to subsidiary undertaking represents the outstanding loan balance payable on the loan facility issued by Retirement Plus Property Plans

13. Trade and other payables (continued)

Limited on 20 September 2011. The loan facility bears interest at LIBOR plus 1%, is repayable on demand and has moved by £493,338 from £23,615,796 to £24,109,134 due to the interest charge in the year. Current loans and borrowings owed to group companies have moved by £4,098 from £1,028,290 to £1,024,192 due to payments made by the Company on behalf of another group company, Living Plus Limited.

14. Financial instruments

The Company's principal financial instruments comprise cash, loans receivable, trade and other receivables, and trade and other payables. Cash and cash equivalents are considered to be cash at bank and cash in hand. The main purpose of these instruments is to meet operating, administrative and finance costs.

IFRS 9 'Financial Instruments' which is the replacement for IAS 39 'Financial Instruments: recognition and measurement' has been applied for the first time in these financial statements.

The Company has elected not to restate comparatives on initial application of IFRS 9. IFRS 9 introduces new requirements for:

- classification and measurement of financial assets and financial liabilities
- impairment methodology and
- hedge accounting.

As the Company does not use any hedging instruments, the IFRS 9 requirements on these do not apply.

Classification and measurement

A single classification and measurement model is to be used for financial assets, which is dependent on the entity's business model for managing financial assets and the contractual cash flow characteristics of those financial assets.

Financial assets fall into one of three principal classification categories: (i) amortised cost, (ii) fair value through profit and loss or (iii) fair value through other comprehensive income. Equity investments in scope of IFRS 9 are measured at fair value with gains and losses recognised in profit or loss unless an irrevocable election is made to recognise gains or losses in other comprehensive income.

The financial assets and liabilities of the Company and the basis of measurement are set out below. The adoption of IFRS 9 with effect from 1 April 2018 has not resulted in any changes in classification categories nor in the basis of measurement of items within each category:

Finance leases, hire purchase agreements and loans: These are held solely for the collection of contractual cash flows, being interest, fees and repayments of principal. These assets continue to be held at amortised cost.

Trade payables, financial liabilities and trade receivables are held solely for the collection and payment of contractual cash flows, being payments of principal and interest where applicable. These continue to be held at amortised cost.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, credit risk, capital management risk and market risk.

14. Financial instruments (continued)

Interest rate risk and market risk
The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's floating interest rate debt obligations.

Interest rate risk profile of financial assets and liabilities
The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's result before tax (through the impact on floating rate borrowings).

	Increase/ decrease in basis points	**Effect on profit before tax**	**Effect on Equity**
	£	**£**	**£**
Period ended 31 March 2018			
Interest Rate	+25	(59,039)	(59,039)
Interest Rate	-25	59,039	59,039
Year ended 31 March 2019			
Interest Rate	+25	(60,273)	(60,273)
Interest Rate	-25	60,273	60,273

Liquidity risk
Liquidity risk is the risk that the Company is unable to meet its cash obligations. The Company obtains financing from its parent to fund overheads and the financing requirements of its subsidiary company. There is no risk at the year end.

Commitments and contingencies
The table below summarises the maturity profile of the company's financial liabilities and commitments at 31 March 2018 and 31 March 2019 based on contractual undiscounted payments:

	Interest rate (%)	**Within 1 year £'000**	**1-5 years £'000**	**More than 5 years £'000**	**Total £'000**
31 March 2018					
Amount owed to group undertakings	-	1,028	-	-	1,028
Operating lease – Newcombe House	-	22	-	-	22
Subsidiary company borrowings	LIBOR+1	23,616	-	-	23,616
31 March 2019					
Amount owed to group undertakings	-	1,024	-	-	**1,024**
Operating lease – Newcombe House	-	22	-	-	**22**
Subsidiary company borrowings	LIBOR+1	24,109	-	-	**24,109**

14. Financial instruments (continued)

Operating leases - lessee
The Company maintains one leased property at Newcombe House, 45 Notting Hill Gate, London, W11 3LQ. The terms of this property lease are tenant repairing with a mutual rolling break clause of 4 months. The table above shows the total future value of the minimum lease payments due which equates to 4 months rent at £65,000 per annum.

Credit risk
The Company's exposure to credit risk arises from cash and cash equivalents and parent company loans. Exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There is no risk at the year end.

Capital management
Through efficient capital management, the Company aims to maximise corporate value whilst reducing the financial risks to which it is exposed.

Fair Values of financial assets and financial liabilities
The Directors consider that there are no material differences between the carrying values and the fair values of financial assets and liabilities at each period end, and therefore are not subject to the reclassification requirements of IFRS 9.

15. Share Capital

	31 March 2019 £	31 March 2018 £
Authorised:		
50,000,000 (2018: 50,000,000) ordinary shares of £1 each	**50,000,000**	50,000,000

	31 March 2019 £	31 March 2018 £
Allotted, issued and fully paid:		
41,304,447 (2018: 41,304,447) ordinary shares of £1 each	**41,304,447**	41,304,447

16. Reserves

	Accumulated losses £
At 1 April 2018	(14,525,034)
Total comprehensive income for the period	414,999
At 31 March 2019	**(14,110,035)**

17. Notes to the cashflow statement

For the purpose of the cashflow statement, cash and cash equivalents comprise the following:

	31 March 2019 £	31 March 2018 £
Cash at bank and in hand	**119,104**	72,561

18. Ultimate parent undertaking and controlling party

At 31 March 2019 the immediate parent, for which consolidated financial statements are prepared and of which the Company is a member, was Milton Homes Limited. Copies of the consolidated financial statements of Milton Homes Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

At 31 March 2019, the ultimate parent undertaking and controlling party was City of London Group plc, a company registered in England and Wales.

19. Related party transactions

On 20 September 2011, an unsecured subordinated loan facility was provided to the immediate parent company Milton Homes Limited. This facility bears interest at LIBOR plus 1% which is rolled up into the loan and is expected to be received after more than one year. The interest income in the period to 31 March 2019 was £453,291 (2018: £436,617). The gross outstanding balance receivable from Milton Homes Limited (including accrued interest) at 31 March 2019 was £25,827,042 (2018: £25,373,857). The impairment recognised on this outstanding receivable at 31 March 2019 was £nil (2018: £nil).

On 20 September 2011 Retirement Plus Property Plans Limited (a subsidiary undertaking) issued a loan facility to the Company. The loan facility bears interest at LIBOR plus 1% and is repayable on demand. The interest charge in the period to 31 March 2019 was £493,338 (2018: £330,626). At 31 March 2019, the outstanding loan balance (including accrued interest) payable to Retirement Plus Property Plans Limited was £24,109,134 (2018: £23,615,796).

The Company receives a fee from Milton Homes Properties Limited (a fellow subsidiary undertaking) for the management of its portfolio of home reversion plan assets and investment properties. The total fees earned for the period ended 31 March 2019 were £376,256 (2018: £570,174).

The Company is also reimbursed by Milton Homes Properties Limited the administration expenses incurred for the performance of these ancillary services. The total fees earned for the period ended 31 March 2019 were £946,774 (2018: £1,500,000).

Amounts payable to other group undertakings are set out in note 13 and amounts due from other group undertakings are set out in note 12.

Interest income and expenses receivable and payable to companies within the group are disclosed in note 6 and 7 respectively.

19. Related party tranactions (continued)

Transactions with key management personnel (comprising the Directors) of the Company are:

	Year ended 31 March 2019 £	15 months ended 31 March 2018 £
Short-term employee benefits	**334,419**	479,742
Employers NI	**43,221**	62,956