

Registered number 5348582

Grainger Equity Release Management Limited

Directors' report and financial statements

for the year ended 30 September 2007



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Grainger Equity Release Management Limited

Company information

Directors	Andrew R Cunningham Peter Q P Couch Marie L Glanville Paul Barber
Company secretary	Marie L Glanville
Company number	5348582
Registered office	Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Registered Auditors 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 St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE99 1SB

Grainger Equity Release Management Limited

Contents

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 10

Grainger Equity Release Management Limited

Directors' report for the year ended 30 September 2007

The directors present their report and the audited financial statements for the year ended 30 September 2007

Principal activity

The principal activity of the company is property management.

The company has taken advantage of the exemption from the requirement to produce a business review because it is a small company

Results and dividends

The results for the year are set out on page 5

The directors do not recommend the payment of a dividend (2006 £nil)

Auditors and disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and establish that the company's auditors are aware of that information

Directors and their interests

The directors who served during the year, and up to the date of signing, are as stated below

Andrew R Cunningham

Rupert J Dickinson Resigned 22/01/2007

Geoffrey J Davis Resigned 02/11/2006

Peter Q P Couch

Marie L Glanville Appointed 31/07/2007

Paul Barber Appointed 11/05/2007

The directors have no beneficial interest in the share capital of the company

Grainger Equity Release Management Limited

Directors' report for the year ended 30 September 2007

Statement of Directors' responsibilities

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards 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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

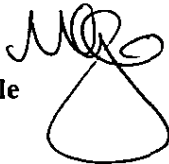
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 21 December 2007 and signed on its behalf by

Marie L Glanville
Secretary



Grainger Equity Release Management Limited

Independent auditors' report to the members of Grainger Equity Release Management Limited

We have audited the financial statements of Grainger Equity Release Management Limited for the year ended 30 September 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Grainger Equity Release Management Limited

Independent auditors' report to the members of Grainger Equity Release Management Limited

Opinion

In our opinion

The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended,

The financial statements have been properly prepared in accordance with the Companies Act 1985, and

The information given in the directors' report is consistent with the financial statements

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP
Chartered Accountants & Registered Auditors
Newcastle Upon Tyne
21 December 2007

Grainger Equity Release Management Limited

**Profit and loss account
for the year ended 30 September 2007**

	Notes	2007 £	2006 £
Turnover	2	<u>3,695,313</u>	<u>1,963,500</u>
Management fees		<u>3,695,313</u>	<u>1,963,500</u>
Administrative expenses		<u>(3,486,730)</u>	<u>(1,870,000)</u>
Profit on ordinary activities before taxation	3	208,583	93,500
Tax on profit on ordinary activities	4	<u>(62,575)</u>	<u>(28,050)</u>
Profit on ordinary activities after taxation		<u>146,008</u>	<u>65,450</u>
Retained profit for the year		146,008	65,450
Retained profit brought forward		<u>65,450</u>	<u>-</u>
Retained profit carried forward		<u><u>211,458</u></u>	<u><u>65,450</u></u>

All amounts relate to continuing operations

There are no recognised gains or losses other than the profit for the above two financial years and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the financial years stated above, and their historical cost equivalents

The notes on pages 7 to 10 form an integral part of these financial statements.

Grainger Equity Release Management Limited

**Balance sheet
as at 30 September 2007**

		2007		2006	
	Notes	£	£	£	£
Fixed assets					
Investments	5		3,000		2,000
Current assets					
Debtors	6	3,009,458		864,451	
		<u>3,009,458</u>		<u>864,451</u>	
Creditors: amounts falling due within one year	7	<u>(801,000)</u>		<u>(801,000)</u>	
Net current assets			<u>2,208,458</u>		<u>63,451</u>
Net assets			<u><u>2,211,458</u></u>		<u><u>65,451</u></u>
Capital and reserves					
Called up equity share capital	8		2,000,000		1
Profit and loss account			<u>211,458</u>		<u>65,450</u>
Equity shareholders' funds	9		<u><u>2,211,458</u></u>		<u><u>65,451</u></u>

The financial statements were approved by the Board on 21 December 2007 and signed on its behalf by

Marie L Glanville
Director



The notes on pages 7 to 10 form an integral part of these financial statements.

Grainger Equity Release Management Limited

Notes to the financial statements for the year ended 30 September 2007

1. Statement of accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

1.1. Accounting convention

These financial statements are prepared on the going concern basis under the historical cost convention and applicable accounting standards in the United Kingdom which have been applied consistently throughout the year.

1.2. Cash flow statement

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

1.3. Turnover

Turnover comprises management fees and sundry other income, and is exclusive of VAT. Management fees are recognised on an accruals basis.

1.4. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5. 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.

1.6. Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

2. Turnover

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

Grainger Equity Release Management Limited

Notes to the financial statements for the year ended 30 September 2007

3. Profit on ordinary activities before taxation

	2007	2006
	£	£
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration	400	400

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

4. Tax on profit on ordinary activities

Analysis of charge in year	2007	2006
	£	£
Current tax		
UK corporation tax	62,575	28,050

Factors affecting tax charge for year

There is no difference between the tax assessed for the year and the standard rate of corporation tax in the UK (30 per cent).

	2007	2006
	£	£
Profit on ordinary activities before taxation	208,583	93,500
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (30 September 2006 30%)	62,575	28,050

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

Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. Some of the changes had been substantively enacted at the balance sheet date and, therefore, are included in these financial statements where appropriate. There are no other factors that are expected to significantly affect the taxation charge in future years.

Grainger Equity Release Management Limited

Notes to the financial statements for the year ended 30 September 2007

5.	Fixed asset investments	Subsidiary undertakings shares £
	Cost	
	At 1 October 2006	2,000
	Additions	1,000
	At 30 September 2007	<u>3,000</u>
	Net book values	
	At 30 September 2007	<u>3,000</u>
	At 30 September 2006	<u>2,000</u>

5.1. Principal interests of the company

All companies are incorporated in England & Wales unless otherwise indicated

Company	Nature of business	Investment £
Subsidiary undertaking		
Homesafe Equity Release Limited Partnership	Property investment	1,000
Grainger Home Reversions Limited Partnership	Property investment	1,000
Grainger Treasury Property (2006) Limited Liability Partnership	Property investment	1,000

During the year the company invested £1,000 in Grainger Treasury Property (2006) LLP as General Partner

6.	Debtors	2007 £	2006 £
	Amounts owed by group undertakings	<u>3,009,458</u>	<u>864,451</u>
7.	Creditors: amounts falling due within one year	2007 £	2006 £
	Amounts owed to group undertakings	<u>801,000</u>	<u>801,000</u>

Grainger Equity Release Management Limited

Notes to the financial statements for the year ended 30 September 2007

8. Called up equity share capital	2007	2006
	£	£
Authorised		
2,000,000 Ordinary shares of £1 each (2006 100)	2,000,000	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
2,000,000 Ordinary shares of £1 each (2006 1)	2,000,000	1
	<u> </u>	<u> </u>

During the year the company authorised and issued 1,999,999 ordinary £1 shares Grainger Equity Release Limited acquired 100% of these shares

9. Reconciliation of movements in equity shareholders' funds	2007	2006
	£	£
Profit for the year	146,008	65,450
Net proceeds of equity share issue	1,999,999	-
	<u> </u>	<u> </u>
Net addition to shareholders' funds	2,146,007	65,450
Opening equity shareholders' funds	65,451	1
	<u> </u>	<u> </u>
Closing equity shareholders' funds	2,211,458	65,451
	<u> </u>	<u> </u>

10. Related party disclosures

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

11. Ultimate parent undertaking

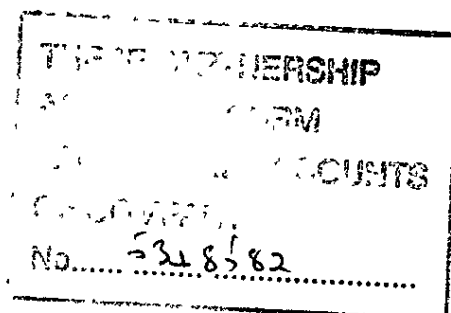
The directors regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial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

12. Immediate parent

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

Grainger Home Reversions Limited Partnership
Annual report
for the year ended 30 September 2007

Registered Number LP011316



Grainger Home Reversions Limited Partnership

Annual report

for the year ended 30 September 2007

Contents

Partnership information for the year ended 30 September 2007	1
General Partner's report for the year ended 30 September 2007	2
Independent auditors' report to the partners of Grainger Home Reversions Limited Partnership	3-4
Profit and loss account for the year ended 30 September 2007	5
Balance sheet as at 30 September 2007	6
Notes to the financial statements for the year ended 30 September 2007	7-10

Grainger Home Reversions Limited Partnership

Partnership information for the year ended 30 September 2007

General Partner

Grainger Equity Release Management Limited

Limited Partner

Grainger Equity Release Investment Properties Limited

Registered office

Citygate
St James' Boulevard
Newcastle Upon Tyne
NE1 4JE

Independent auditors

PricewaterhouseCoopers LLP
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
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 1SB

Grainger Home Reversions Limited Partnership

General Partner's report for the year ended 30 September 2007

The general partner presents its annual report together with the audited financial statements for the year ended 30 September 2007

Principal activities

The principal activity of Grainger Home Reversions Limited Partnership is property trading

Results

The results for the year are set out on page 5

General Partner

The general partner is Grainger Equity Release Management Limited, and its interest totals £1,000. The General Partner is neither entitled to nor receives any remuneration or share of profits from the partnership other than a reimbursement of its expenses.

Limited Partner

The limited partner is Grainger Equity Release Investment Properties Limited, whose investment totals £5,050,000.

Statement of general partner's responsibilities

The General Partner shall prepare and keep such accounting and other records and prepare such accounting statements as are required by law or the Deed of Limited Partnership.

The General Partner shall ensure that proper books of account shall be kept and that all entries thereto are promptly made so that at all times the books of account are complete, accurate and up to date and in accordance with generally accepted accounting standards in the UK.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the annual general meeting.

Grainger Equity Release Management Limited

On behalf of Grainger Homes Reversions Limited Partnership



Marie L. Glanville
Secretary

21 December 2007

Grainger Home Reversions Limited Partnership

Independent auditors report to the partners of Grainger Home Reversions Limited Partnership

We have audited the financial statements of Grainger Home Reversions Limited Partnership for the year ended 30 September 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the General Partner and auditors

The General Partner's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of General Partner's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Partners as a body in accordance with the Limited Partnership Agreement, and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Limited Partnership Agreement. We also report to you if, in our opinion, the General Partner's Report is not consistent with the financial statements, if the limited partnership has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the General Partner's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the General Partner in the preparation of the financial statements, and of whether the accounting policies are appropriate to the limited partnership's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Grainger Home Reversions Limited Partnership

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the limited partnership's affairs as at 30 September 2007 and of its profit for the year then ended, and
- have been properly prepared in accordance with the provisions of the Limited Partnership Agreement

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle Upon Tyne

21 December 2007

Grainger Home Reversions Limited Partnership

Profit and loss account for the year ended 30 September 2007

	Note	2007 £	2006 £
Turnover	2	33,751	-
Gross rentals		33,751	-
Administrative expenses		(12,097)	-
Profit for the financial year before partners' remuneration and profit shares	3	21,654	-
Partners' remuneration		-	-
Profit for the financial year available for division to the Limited Partner		21,654	-

All amounts relate to continuing operations

The limited partnership has no recognised gains or losses other than the profit above therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit available for division to the Limited Partner and its historical cost equivalents

The notes on pages 7 to 10 form an integral part of these financial statements.

Grainger Home Reversions Limited Partnership

Partnership balance sheet as at 30 September 2007

	Note	2007 £	2006 £
Current assets			
Stock	4	8,527,286	-
Debtors	5	90,595	51,000
Total Current Assets		8,617,881	51,000
Creditors – amounts falling due within one year	6	(3,545,227)	-
Net Assets		5,072,654	51,000
Capital and reserves			
Partners' capital	7	5,051,000	51,000
Other reserves	8	21,654	-
Partners' Fund	9	5,072,654	51,000

The financial statements on pages 5 to 10 were approved by the General Partner on 21 December 2007 and signed on its behalf by



Marie L Glanville
Director

The notes on pages 7 – 10 form an integral part of these financial statements.

Grainger Home Reversions Limited Partnership

Notes to the financial statements for the year ended 30 September 2007

1. Statement of accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

1.1 Accounting Convention

These financial statements have been prepared on the going concern basis, under the historical cost convention and applicable accounting standards in the United Kingdom which have been applied consistently throughout the period.

1.2 Cash flow statement

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

1.3 Turnover

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

1.4 Stock

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

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

1.5 Taxation

No provision is made in the accounts of the partnership for tax liabilities (if any) arising on the partner's shares of net income or capital gains.

2. Turnover

The total turnover of the partnership for the year has been derived from its principal activity wholly undertaken in the UK as defined in the General Partner's report.

Grainger Home Reversions Limited Partnership

3. Profit for the financial year

Profit for the financial year is stated after charging.

	2007	2006
	£	£
Auditors remuneration	400	400

There are no persons holding service contracts with the partnership

4. Stock

	2007	2006
	£	£
Trading Properties	8,527,286	-

5. Debtors

	2007	2006
	£	£
Amounts owed by group undertakings	51,000	51,000
Other debtors	39,595	-
	90,595	51,000

6. Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	6,252	-
Amounts owed to group undertakings	3,438,317	-
Accruals	100,658	-
	3,545,227	-

Grainger Home Reversions Limited Partnership

7. Partners' Capital

	£
At 30 September 2006	51,000
Partners' capital introduced during the year	5,000,000
At 30 September 2007	5,051,000

Grainger Equity Release Investment Properties Limited is the Limited Partner. It contributed a further £5,000,000 during the year to partnership capital, and is entitled to the profits of the limited partnership.

8. Reserves

	Profit and loss account £
At 1 October 2006	-
Profit for the year	21,654
At 30 September 2007	21,654

9. Reconciliation of movement in partners' funds

	2007 £	2006 £
Total recognised gain for the year	21,654	-
Capital introduced in the year (see note 7)	5,000,000	51,000
Net increase in partnership funds	5,021,654	-
Partnership funds brought forward	51,000	-
Partnership funds carried forward	5,072,654	51,000

Grainger Home Reversions Limited Partnership

10. Related party transactions

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

The financial statements of the General Partner are obtainable from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ

11. Ultimate Parent Undertaking

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