

COMPANY REGISTRATION NUMBER 5348582

**Grainger Equity Release Management  
Limited**

**Financial statements**

**30 September 2008**

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# **Grainger Equity Release Management Limited**

## **Financial statements**

**Year ended 30 September 2008**

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# **Grainger Equity Release Management Limited**

## **Officers and professional advisers**

<b>The board of directors</b>	Andrew R Cunningham Peter Q P Couch Marie L Glanville Paul Barber
<b>Company secretary</b>	Marie L Glanville
<b>Registered office</b>	Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE
<b>Auditor</b>	PricewaterhouseCoopers LLP Chartered Accountants & Registered Auditors 89 Sandyford Road Newcastle Upon Tyne NE1 8HW
<b>Bankers</b>	Barclays Bank Plc Barclays House 71 Grey Street Newcastle Upon Tyne NE99 1JP
<b>Solicitors</b>	Dickinson Dees St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE99 1SB

# **Grainger Equity Release Management Limited**

## **The directors' report**

**Year ended 30 September 2008**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2008.

### **Principal activities**

The principal activity of the company during the year was property management.

### **Directors**

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

Andrew R Cunningham  
Peter Q P Couch  
Marie L Glanville  
Paul Barber

### **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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

# Grainger Equity Release Management Limited

The directors' report (*continued*)

Year ended 30 September 2008

## Auditor

A resolution to re-appoint PricewaterhouseCoopers LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

## Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors



Marie L Glanville  
Company Secretary

Approved by the directors on 17 December 2008

# **Grainger Equity Release Management Limited**

## **Independent auditors' report to the shareholders of Grainger Equity Release Management Limited**

**Year ended 30 September 2008**

We have audited the financial statements of Grainger Equity Release Management Limited for the year ended 30 September 2008, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses and the Balance Sheet. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditor**

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 judgments 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 shareholders of  
Grainger Equity Release Management Limited (*continued*)**

**Year ended 30 September 2008**

## **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 2008 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.



**PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Newcastle Upon Tyne**

17 December 2008

# Grainger Equity Release Management Limited

## Profit and loss account

Year ended 30 September 2008

	Note	2008 £	2007 £
Turnover	2	4,355,940	3,695,313
Cost of sales		(4,181,130)	(3,486,730)
Gross profit		<u>174,810</u>	<u>208,583</u>
 Profit on ordinary activities before taxation		<u>174,810</u>	<u>208,583</u>
Tax on profit on ordinary activities	4	(50,695)	(62,575)
 Profit for the financial year		<u>124,115</u>	<u>146,008</u>
Balance brought forward		211,458	65,450
Balance carried forward		<u>335,573</u>	<u>211,458</u>

All of the activities of the company are classed as continuing.

### Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £124,115 attributable to the shareholders for the year ended 30 September 2008 (2007 - profit of £146,008).

The notes on pages 8 to 11 form part of these financial statements.



# Grainger Equity Release Management Limited

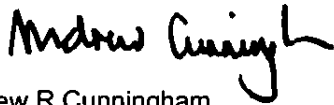
## Balance sheet

30 September 2008

	Note	2008 £	2007 £
<b>Fixed assets</b>			
Investments	5	<u>3,000</u>	<u>3,000</u>
<b>Current assets</b>			
Debtors	6	3,133,573	3,009,458
<b>Creditors: Amounts falling due within one year</b>	7	<u>(801,000)</u>	<u>(801,000)</u>
<b>Net current assets</b>		<u>2,332,573</u>	<u>2,208,458</u>
<b>Total assets less current liabilities</b>		<u>2,335,573</u>	<u>2,211,458</u>
<b>Capital and reserves</b>			
Called-up equity share capital	9	2,000,000	2,000,000
Profit and loss account		<u>335,573</u>	<u>211,458</u>
<b>Shareholders' funds</b>	10	<u>2,335,573</u>	<u>2,211,458</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors and authorised for issue on 17 December 2008, and are signed on their behalf by:



Andrew R Cunningham  
Director

The notes on pages 8 to 11 form part of these financial statements.

# Grainger Equity Release Management Limited

## Notes to the financial statements

Year ended 30 September 2008

### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

The financial statements are prepared on the going concern basis in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom, which have been applied consistently throughout the year.

#### Consolidation

The financial statements contain information about Grainger Equity Release Management Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of the ultimate parent company, Grainger plc, a company registered in England and Wales.

#### 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.

#### Turnover

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

#### 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.

### 2. Turnover

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

### 3. Operating profit

Operating profit is stated after charging:

	2008	2007
	£	£
Auditor's fees	<u>400</u>	<u>400</u>

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

# Grainger Equity Release Management Limited

## Notes to the financial statements

Year ended 30 September 2008

### 4. Taxation on ordinary activities (a) Analysis of charge in the year

	2008 £	2007 £
Current tax:		
UK Corporation tax based on the results for the year at 29% (2007 - 30%)	50,695	62,575
Total current tax	<u>50,695</u>	<u>62,575</u>

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

### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 29% (2007 - 30%).

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>174,810</u>	<u>208,583</u>
Profit on ordinary activities by rate of tax	50,695	62,575
Total current tax (note 4(a))	<u>50,695</u>	<u>62,575</u>

### (c) Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the 2008 Budget Statement and were enacted in the 2008 Finance Act. All changes that had been enacted or substantively enacted at the balance sheet date are included in these financial statements where applicable. There are no other factors that are expected to significantly affect the taxation charge in future years.

### 5. Investments

	Investment in Limited Liability Partnerships £
Cost	
At 1 October 2007 and 30 September 2008	<u>3,000</u>
Net book value	
At 30 September 2008	<u>3,000</u>
At 30 September 2007	<u>3,000</u>

# Grainger Equity Release Management Limited

## Notes to the financial statements

Year ended 30 September 2008

### 5. Investments *(continued)*

#### Principal interests of the company

The company is the General Partner in the partnerships listed below:

Homesafe Equity Release Limited Partnership  
Grainger Home Reversions Limited Partnership  
Grainger Treasury Property (2006) Limited Liability Partnership

### 6. Debtors

	2008	2007
	£	£
Amounts owed by group undertakings	<u>3,133,573</u>	<u>3,009,458</u>

### 7. Creditors: Amounts falling due within one year

	2008	2007
	£	£
Amounts owed to group undertakings	<u>801,000</u>	<u>801,000</u>

The amount owed to group undertakings is unsecured, is repayable on demand, and does not bear interest.

### 8. 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.

### 9. Share capital

#### Authorised share capital:

	2008	2007
	£	£
2,000,000 Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

#### Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

### 10. Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit for the financial year	124,115	146,008
New ordinary share capital subscribed	—	1,999,999
Net addition to shareholders' funds	<u>124,115</u>	<u>2,146,007</u>
Opening shareholders' funds	2,211,458	65,451
Closing shareholders' funds	<u>2,335,573</u>	<u>2,211,458</u>

# **Grainger Equity Release Management Limited**

## **Notes to the financial statements**

**Year ended 30 September 2008**

### **11. Ultimate parent undertaking and controlling party**

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.

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