

**Grainger Retirement Housing No. 1
(2007) Limited**

Financial statements

30 September 2015

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Grainger Retirement Housing No. 1 (2007) Limited

Financial statements

Year ended 30 September 2015

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Grainger Retirement Housing No. 1 (2007) Limited

Officers and professional advisers

The board of directors	Andrew R Cunningham Paul Barber Nick P On Nicholas M F Jopling Mark Greenwood
Company secretary	Michael P Windle
Registered office	Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE
Auditor	KPMG LLP Quayside House 110 Quayside Newcastle Upon Tyne NE1 3DX
Bankers	Barclays Bank Plc Barclays House 5 St Ann's Street Quayside Newcastle Upon Tyne NE1 2BH
Solicitors	Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE99 1SB

Grainger Retirement Housing No. 1 (2007) Limited

Directors' report

Year ended 30 September 2015

The directors present their report and the financial statements of the company for the year ended 30 September 2015.

Principal activities

The principal activity of the company during the year was property investment. The directors do not recommend the payment of a dividend (2014: £nil).

Directors

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

Andrew R Cunningham
Paul Barber
Nick P On
Nicholas M F Jopling
Mark Greenwood

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditor

KPMG LLP were appointed as auditor during the year, and are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Grainger Retirement Housing No. 1 (2007) Limited

Directors' report *(continued)*

Year ended 30 September 2015

Small company provisions

The directors' report has been prepared taking advantage of the small companies' exemption under section 415A of the Companies Act 2006.

By order of the board



Michael P Windle
Company Secretary

Approved by the directors on 14 December 2015

**Independent auditor's report to the members of
Grainger Retirement Housing No. 1 (2007) Limited**

We have audited the financial statements of Grainger Retirement Housing No. 1 (2007) Limited for the year ended 30 September 2015 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

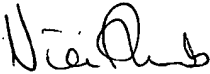
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of
Grainger Retirement Housing No. 1 (2007) Limited (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Nick Plumb (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle Upon Tyne
NE1 3DX
16 December 2015

Grainger Retirement Housing No. 1 (2007) Limited

Profit and loss account

Year ended 30 September 2015

	Note	2015 £	2014 £
Turnover	2	1,546,686	1,502,002
Cost of sales		<u>(199,097)</u>	<u>(212,802)</u>
Operating profit	3	1,347,589	1,289,200
Loss on disposal of fixed assets	4	<u>(26,143)</u>	<u>(19,525)</u>
		1,321,446	1,269,675
Interest receivable		–	10
Interest payable and similar charges	8	(1,985,845)	(2,044,963)
Loss on ordinary activities before taxation		<u>(664,399)</u>	<u>(775,278)</u>
Tax on loss on ordinary activities	5	420,398	399,902
Loss for the financial year	13	<u>(244,001)</u>	<u>(375,376)</u>

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

The notes on pages 9 to 13 form part of these financial statements.

Grainger Retirement Housing No. 1 (2007) Limited

Year ended 30 September 2015

Statement of total recognised gains and losses

	2015 £	2014 £
Loss for the financial year	(244,001)	(375,376)
Unrealised profit on revaluation of certain tangible fixed assets	<u>1,896,696</u>	<u>916,375</u>
Total gains and losses recognised since the last annual report	<u>1,652,695</u>	<u>540,999</u>

Note of historical cost profits and losses

	2015 £	2014 £
Reported loss on ordinary activities before taxation	(664,399)	(775,278)
Realisation of revaluation losses recognised in previous periods	<u>(1,457,275)</u>	<u>(1,007,311)</u>
Historical cost loss on ordinary activities before taxation	<u>(2,121,674)</u>	<u>(1,782,589)</u>
 Historical cost loss for the year after taxation	 <u>(1,701,276)</u>	 <u>(1,382,687)</u>

The notes on pages 9 to 13 form part of these financial statements.

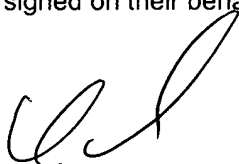
Grainger Retirement Housing No. 1 (2007) Limited

Balance sheet

30 September 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	6	<u>36,700,391</u>	<u>38,042,095</u>
Current assets			
Debtors	7	<u>969,283</u>	<u>432,803</u>
Creditors: Amounts falling due within one year	8	<u>(59,381,350)</u>	<u>(61,839,269)</u>
Net current liabilities		<u>(58,412,067)</u>	<u>(61,406,466)</u>
Net liabilities		<u>(21,711,676)</u>	<u>(23,364,371)</u>
Capital and reserves			
Called-up equity share capital	11	<u>1</u>	<u>1</u>
Revaluation reserve	12	<u>(9,836,456)</u>	<u>(13,190,427)</u>
Profit and loss account	13	<u>(11,875,221)</u>	<u>(10,173,945)</u>
Shareholders' deficit	14	<u>(21,711,676)</u>	<u>(23,364,371)</u>

These accounts were approved by the directors and authorised for issue on 14 December 2015, and are signed on their behalf by:



Mark Greenwood
Director

Company Registration Number: 06352305

The notes on pages 9 to 13 form part of these financial statements.

Grainger Retirement Housing No. 1 (2007) Limited

Notes to the financial statements

Year ended 30 September 2015

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable UK accounting standards.

The financial statements are prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, which have been applied consistently throughout the year.

Going concern

Grainger plc has confirmed to the directors of the company that it will provide such financial support, for at least 12 months from the signing of these accounts and thereafter for the foreseeable future, to allow the company to meet its liabilities as they become due.

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 FRS 1 from preparing a cash flow statement.

Turnover

Turnover comprises gross rentals and sundry other income, exclusive of VAT. Gross rentals are recognised on a straight line basis over the lease term on an accruals basis. Sundry other income is recognised when it becomes receivable.

Investment properties

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Repairs are expensed to the profit and loss account as incurred. Improvement costs are capitalised. In accordance with SSAP 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, unless any diminution in value of an individual property is considered permanent, in which case the deficit is taken to the profit and loss account and (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 2006 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that to depreciate such properties would not give a true and fair view, but that a true and fair view is given by following SSAP 19 as described above. Full valuations are made by independent professionally qualified valuers every year. The basis of valuation is explained in the tangible fixed assets note.

Grainger Retirement Housing No. 1 (2007) Limited

Notes to the financial statements

Year ended 30 September 2015

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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.

Deferred life tenancies

Where the company grants a lifetime lease on an investment property and receives from the lessee an upfront payment in respect of the grant of the lease, the upfront payment is treated as deferred rent in the balance sheet. This deferred rent is released to the profit and loss account on a straight line basis over the projected term of the lease.

At each year end the projected term of the lease is revised on an actuarial basis and the remaining deferred rent is released to the profit and loss account on a straight line basis over this revised lease term.

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 crediting:

	2015 £	2014 £
Auditor's remuneration		
- audit of these financial statements	<u>—</u>	<u>—</u>

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

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, in respect of their services to the company.

4. Loss on disposal of fixed assets

	2015 £	2014 £
Loss on disposal of fixed assets	<u>(26,143)</u>	<u>(19,525)</u>

Grainger Retirement Housing No. 1 (2007) Limited

Notes to the financial statements

Year ended 30 September 2015

5. Taxation on ordinary activities

(a) Analysis of credit in the year

	2015 £	2014 £
Current tax:		
UK Corporation tax based on the results for the year at 20.50% (2014 - 22%)	(420,398)	(399,902)
Total current tax	<u>(420,398)</u>	<u>(399,902)</u>

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

(b) Factors affecting current tax credit

The tax assessed on the loss on ordinary activities for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20.50% (2014 - 22%).

	2015 £	2014 £
Loss on ordinary activities before taxation	<u>(664,399)</u>	<u>(775,278)</u>
Loss on ordinary activities by rate of tax	(136,202)	(170,561)
Accounting loss on disposal of fixed assets	5,359	4,296
Capital losses on disposal of fixed assets	<u>(289,555)</u>	<u>(233,637)</u>
Total current tax (note 5(a))	<u>(420,398)</u>	<u>(399,902)</u>

(c) Factors that may affect future tax charges

No tax would become payable if the company's investment properties were to be sold at their year end valuation.

There are no other factors that are expected to significantly affect the taxation charge in future years.

6. Tangible fixed assets

	Investment Properties £
Cost or valuation	
At 1 October 2014	38,042,095
Disposals	(3,238,400)
Revaluation	1,896,696
At 30 September 2015	<u>36,700,391</u>
Net book value	
At 30 September 2015	<u>36,700,391</u>
At 30 September 2014	<u>38,042,095</u>

Grainger Retirement Housing No. 1 (2007) Limited

Notes to the financial statements

Year ended 30 September 2015

6. Tangible fixed assets *(continued)*

The company's investment properties have been valued at their open market value at the balance sheet date by valuers Allsop LLP, Chartered Surveyors, who are independent of the company. These represent estimates of the open market value of the properties subject to the tenancies then existing. The historical cost of these properties is £46,536,847 (2014: £51,232,522).

7. Debtors

	2015	2014
	£	£
Trade debtors	40,150	32,860
Amounts owed by group undertakings	929,133	399,943
	<u>969,283</u>	<u>432,803</u>

8. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	2,208	5,437
Amounts owed to group undertakings	50,800,487	51,620,983
Other creditors	8,578,655	10,212,849
	<u>59,381,350</u>	<u>61,839,269</u>

Included within amounts owed to group undertakings is an unsecured loan with a year end balance of £50,800,487 (2014: £51,620,983). The loan bears interest at LIBOR plus margin plus costs, which averaged 3.87% in the year (2014: 3.83%), and is repayable on demand but is not expected to be repaid within the next 12 months. Interest payable for the year amounted to £1,985,845 (2014: £2,044,963). All other amounts owed to group undertakings are unsecured, bear no interest, and are repayable on demand.

Included within other creditors are deferred life tenancies of £8,574,059 (2014: £10,209,528) which pertain to the investment properties.

9. Contingent liabilities

At 30 September 2015 the company, together with certain of its fellow group companies, has guaranteed the £275,000,000 (2014: £275,000,000) corporate bond issued by Grainger plc together with bank loans and a loan from a non-financial institution of £583,303,000 (2014: £557,080,000) of certain fellow group companies by means of a legal charge over its assets and book debts. Details of the debt repayment profile are shown in the statutory financial statements of the ultimate parent undertaking, Grainger plc.

10. Related party transactions

The company has taken advantage of the exemption available under FRS 8 and has not disclosed transactions with companies that are wholly owned members of the Grainger plc group.

11. Share capital

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Grainger Retirement Housing No. 1 (2007) Limited

Notes to the financial statements

Year ended 30 September 2015

12. Revaluation reserve

	2015 £	2014 £
Balance brought forward	(13,190,427)	(15,114,113)
Revaluation of fixed assets	1,896,696	916,375
Transfer from the Profit and Loss Account on realisation	1,457,275	1,007,311
Balance carried forward	<u>(9,836,456)</u>	<u>(13,190,427)</u>

13. Profit and loss account

	2015 £	2014 £
Balance brought forward	(10,173,945)	(8,791,258)
Loss for the financial year	(244,001)	(375,376)
Transfer to revaluation reserve	(1,457,275)	(1,007,311)
Balance carried forward	<u>(11,875,221)</u>	<u>(10,173,945)</u>

14. Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Loss for the financial year	(244,001)	(375,376)
Other net recognised gains and losses	1,896,696	916,375
Transfer from revaluation reserve	(1,457,275)	(1,007,311)
Transfer to profit and loss account	1,457,275	1,007,311
Net reduction in shareholders' deficit	1,652,695	540,999
Opening shareholders' deficit	(23,364,371)	(23,905,370)
Closing shareholders' deficit	<u>(21,711,676)</u>	<u>(23,364,371)</u>

15. 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 Retirement Housing Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.