

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

**Directors' Report and Financial Statements**

**For the Year Ended 30 September 2020**

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<b>Retirement Housing No.1 (2007) Limited</b>
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**Company Information**

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<b>Directors</b>	Paul Barber Antony L Pierce
<b>Registered number</b>	06352305
<b>Registered office</b>	Cross House Westgate Road Newcastle upon Tyne NE1 4XX
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
<b>Bankers</b>	Barclays Bank PLC 59 High Street Gosforth Newcastle upon Tyne NE3 4AA
<b>Solicitors</b>	Womble Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX

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**Directors' Report  
For the Year Ended 30 September 2020**

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The directors present their report and the audited financial statements for the year ended 30 September 2020.

**Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Principal activities**

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

**Results and dividends**

The profit for the year, after taxation, amounted to £45,700,331 (2019 - £238,832).

The directors do not recommend the payment of a final dividend.

**Directors**

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

Paul Barber  
Antony L Pierce

<b>Retirement Housing No.1 (2007) Limited</b>
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**Directors' Report (continued)**  
**For the Year Ended 30 September 2020**

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**Disclosure of information to auditors**

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

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

**Small companies exemptions**


In preparing this report, the directors have taken advantage of the small companies' exemption provided by section 415A of the Companies Act 2006.

The directors have also taken advantage of the small companies' exemption from preparation of a strategic report in accordance with section 414B of Companies Act 2006.

**Independent auditors**

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

This report was approved by the board on 18 December 2020 and signed on its behalf.



**Antony L Pierce**  
Director

**Independent Auditors' Report to the Members of Retirement Housing No.1 (2007) Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Retirement Housing No.1 (2007) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and financial statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 September 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

### **Basis for opinion**

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

### **Independence**

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

### **Conclusions relating to going concern**

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

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

### **Reporting on other information**

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

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

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

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

### **Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

## Independent Auditors' Report to the Members of Retirement Housing No.1 (2007) Limited

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

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

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

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

#### *Auditors' responsibilities for the audit of the financial statements*

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

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

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

#### **Entitlement to exemptions**

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



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

# Retirement Housing No.1 (2007) Limited

## Statement of Comprehensive Income For the Year Ended 30 September 2020

	Note	2020 £	2019 £
Turnover	4	1,556,750	2,166,450
Cost of sales		(1,671,146)	(1,651,150)
<b>Gross (loss)/profit</b>		<b>(114,396)</b>	<b>515,300</b>
Administrative expenses		(68,725)	(114,672)
Other operating income	5	11,255	14,146
<b>Operating (loss)/profit</b>	6	<b>(171,866)</b>	<b>414,774</b>
Amounts written back to investments	7	46,545,533	-
Interest receivable and similar income	8	81,438	400,411
Interest payable and similar expenses	9	-	(2,383,290)
<b>Profit/(loss) before tax</b>		<b>46,455,105</b>	<b>(1,568,105)</b>
Tax on profit/(loss)	10	(754,774)	1,806,937
<b>Profit for the financial year</b>		<b>45,700,331</b>	<b>238,832</b>

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 8 to 14 form part of these financial statements.

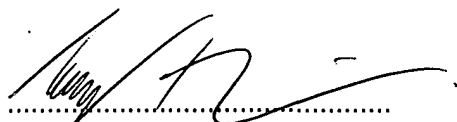


**Retirement Housing No.1 (2007) Limited**  
**Registered number: 06352305**

**Statement of Financial Position**  
**As at 30 September 2020**

	Note	2020 £	2019 £
<b>Current assets</b>			
Stocks	11	21,410,284	22,757,130
Debtors: amounts falling due within one year	12	2,084,682	12,915,998
		<u>23,494,966</u>	<u>35,673,128</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	13	(22,972)	(57,901,465)
<b>Net current assets/(liabilities)</b>		<u>23,471,994</u>	<u>(22,228,337)</u>
<b>Total assets less current liabilities</b>		<u>23,471,994</u>	<u>(22,228,337)</u>
<b>Net assets/(liabilities)</b>		<u>23,471,994</u>	<u>(22,228,337)</u>
<b>Capital and reserves</b>			
Called up share capital	15	1	1
Profit and loss account	16	23,471,993	(22,228,338)
<b>Total equity</b>		<u>23,471,994</u>	<u>(22,228,337)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2020.

  
**Antony L Pierce**  
 Director

The notes on pages 8, to 14 form part of these financial statements.

Retirement Housing No.1 (2007) Limited
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**Statement of Changes in Equity**  
**For the Year Ended 30 September 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
<b>At 1 October 2018</b>	<b>1</b>	<b>(22,467,170)</b>	<b>(22,467,169)</b>
Profit for the year	-	238,832	238,832
<b>As at 30 September 2019 and at 1 October 2019</b>	<b>1</b>	<b>(22,228,338)</b>	<b>(22,228,337)</b>
Profit for the year	-	45,700,331	45,700,331
<b>At 30 September 2020</b>	<b>1</b>	<b>23,471,993</b>	<b>23,471,994</b>

<b>Retirement Housing No.1 (2007) Limited</b>
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**Notes to the Financial Statements  
For the Year Ended 30 September 2020**

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**1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Cross House, Westgate Road, Newcastle upon Tyne, NE1 4XX.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

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

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

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

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

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

This information is included in the consolidated financial statements of Equity Release Investment Company 2 Limited as at 30 September 2020 and these financial statements may be obtained from Cross House, Westgate Road, Newcastle upon Tyne, NE1 4XX.

**2.3 Revenue recognition**

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.

**2.4 Stocks**

Trading properties are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

## Retirement Housing No.1 (2007) Limited

### Notes to the Financial Statements For the Year Ended 30 September 2020

#### 2. Accounting policies (continued)

##### 2.5 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

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

In determining that the value of trading properties are not carried at more than their recoverable amount an external valuation has been applied.

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

#### 4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Proceeds from sale of trading properties	<u>1,556,750</u>	<u>2,166,450</u>

All turnover arose within the United Kingdom.

<b>Retirement Housing No.1 (2007) Limited</b>
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**Notes to the Financial Statements  
For the Year Ended 30 September 2020**

**5. Other operating income**

	2020 £	2019 £
Other operating income	11,255	14,146

**6. Operating (loss)/profit**

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

None of the directors received any remuneration from the company during the year, or in the previous year, in respect of their services to the company. There are no other persons holding service contracts with the Company (2019: nil).

**7. Amounts written back to investments**

	2020 £	2019 £
Amounts written off loans owed to group undertakings	46,545,533	-

**8. Interest receivable and similar income**

	2020 £	2019 £
Interest receivable from group companies	25,051	400,411
Other interest receivable	56,387	-
	<u>81,438</u>	<u>400,411</u>

**9. Interest payable and similar expenses**

	2020 £	2019 £
Interest payable to group companies	-	2,330,332
Other interest payable	-	52,958
	<u>-</u>	<u>2,383,290</u>

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

**Notes to the Financial Statements  
For the Year Ended 30 September 2020**

**10. Tax on profit/(loss)**

	2020 £	2019 £
<b>Current tax</b>		
Adjustments in respect of previous periods	488,390	-
Group taxation relief	(17,181)	(297,940)
<b>Total current tax</b>	<u>471,209</u>	<u>(297,940)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	283,565	(1,508,997)
<b>Total deferred tax</b>	<u>283,565</u>	<u>(1,508,997)</u>
<b>Tax on profit/(loss) on ordinary activities</b>	<u>754,774</u>	<u>(1,806,937)</u>

**Factors affecting tax charge/(credit) for the year**

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	<u>46,455,105</u>	<u>(1,568,105)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	8,826,470	(297,940)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(8,843,651)	-
Group relief surrendered	(17,181)	297,940
Receipt for group relief	17,181	(297,940)
Adjustments to tax charge in respect of prior periods	913,427	-
Tax rate changes	(141,472)	177,529
Deferred tax at the standard UK tax rate of 19%, not previously recognised, now recognised	-	(1,686,526)
<b>Total tax charge/(credit) for the year</b>	<u>754,774</u>	<u>(1,806,937)</u>

<b>Retirement Housing No.1 (2007) Limited</b>
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**Notes to the Financial Statements  
For the Year Ended 30 September 2020**

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**10. Tax on profit/(loss) (continued)**

**Factors that may affect future tax charges**

No provisions have been made for the tax that would become payable if the company's properties were sold at their year end replacement values. The total unprovided tax in respect of this is £41,559 (2019: £25,684).

**11. Stocks**

	2020 £	2019 £
Trading properties	<u>21,410,284</u>	<u>22,757,130</u>

The replacement value of stock is £21,629,015 (2019: £22,908,210) based on market value at 30 September 2020, as assessed by external experts.

The directors have reviewed the net realisable value of the properties. They have concluded that the net realisable value exceeds the book cost of the properties and therefore no provision against the carrying value of stock is required.

The stock expense to cost of sales in the income statement amounted to £1,388,047 (2019: £1,857,807).

**12. Debtors: amounts falling due within one year**

	2020 £	2019 £
Trade debtors	8,771	7,677
Amounts owed by group undertakings	731,919	11,280,764
Deferred taxation	1,343,992	1,627,557
	<u>2,084,682</u>	<u>12,915,998</u>

Amounts owed from group undertakings bore interest at 3.3% above LIBOR, are unsecured with no fixed date of repayment and are repayable on demand. Interest receivable for the year amounted to £25,051 (2019: £400,411).

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

**Notes to the Financial Statements  
For the Year Ended 30 September 2020**

**13. Creditors: amounts falling due within one year**

	2020 £	2019 £
Trade creditors	5,699	3,883
Amounts owed to group undertakings	-	57,826,297
Corporation tax	-	52,958
Other creditors	17,273	18,327
	<u>22,972</u>	<u>57,901,465</u>

Amounts owed to group undertakings bore interest at 3.3% above LIBOR, are unsecured with no fixed date of repayment and are repayable on demand. Interest receivable for the year amounted to £nil (2019: £2,330,332).

**14. Deferred taxation**

	2020 £
At beginning of year	1,627,557
Charged to profit or loss	(283,565)
<b>At end of year</b>	<u><b>1,343,992</b></u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Tax losses carried forward	1,343,992	1,627,557
	<u>1,343,992</u>	<u>1,627,557</u>

The provision for deferred tax is solely made up of unused tax losses. The company has tax losses of £7,073,644 (2019: £9,573,863) arising in the United Kingdom that are available for offset against future taxable profits in the company.

**15. Called up share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
1 (2019 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>



<b>Retirement Housing No.1 (2007) Limited</b>
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**Notes to the Financial Statements  
For the Year Ended 30 September 2020**

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**16. Reserves**

**Profit and loss account**

This reserve is made up of retained earnings and accumulated losses.

**17. Contingent liabilities**

At 30 September 2020, the company together with certain of its fellow group companies, has guaranteed loans of £64,809,423 (2019: £74,476,270) 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 Equity Release Investment Company 2 Limited.

**18. Related party transactions**

The company is exempt from disclosing related party transactions under Section 33 Related Party Disclosures as all related party transactions are with companies that are wholly owned within the Group.

**19. Controlling party**

Retirement Bridge Housing Limited is the immediate parent company by virtue of its 100% shareholding in the company.

Equity Release Investment Company 2 Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 September 2020. The consolidated financial statements of Equity Release Investment Company 2 Limited can be obtained from Cross House, Westgate Road, Newcastle Upon Tyne, NE1 4XX.

Retirement Bridge Investments Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2020. The consolidated financial statements of Retirement Bridge Investments Limited can be obtained from Cross House, Westgate Road, Newcastle Upon Tyne, NE1 4XX.

Patron Capital V L.P is deemed to be the ultimate controlling party by virtue of its level of control over Retirement Bridge Investments Limited.