

Retirement Housing No.1 (2007) Limited

Directors' Report and Financial Statements

30 September 2018



Retirement Housing No.1 (2007) Limited

Company Information

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

Retirement Housing No.1 (2007) Limited

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Retirement Housing No.1 (2007) Limited

**Directors' Report
For the Year Ended 30 September 2018**

The directors present their report and the audited financial statements for the year ended 30 September 2018.

Directors' responsibilities statement

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 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 investment.

Results and dividends

The loss for the year, after taxation, amounted to £557,993 (2017 - profit £657,199).

The directors do not recommend the payment of a 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

Retirement Housing No.1 (2007) Limited

**Directors' Report (continued)
For the Year Ended 30 September 2018**

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 company exemptions

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

Independent auditors

The independent 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 *9th May 2019* and signed on its behalf.



Antony L Pierce
Director

Retirement Housing No.1 (2007) Limited

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 2018 and of its loss 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 2018; the statement of comprehensive income, 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

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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 2018 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 Directors' Responsibilities Statement set out on page 1, 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. 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
Date: 9 May 2019

Retirement Housing No.1 (2007) Limited

**Statement of Comprehensive Income
For the Year Ended 30 September 2018**

	Note	2018 £	2017 £
Turnover	4	2,720,450	3,476,450
Cost of sales		(2,725,791)	(3,313,290)
Gross (loss)/profit		(5,341)	163,160
Administrative expenses		761,585	1,821,624
Other operating income	5	7,435	-
Operating profit	6	763,679	1,984,784
Interest receivable and similar income	7	260,583	122,925
Interest payable and expenses	8	(2,072,151)	(1,966,799)
(Loss)/profit before taxation		(1,047,889)	140,910
Tax on (loss)/profit	9	489,896	516,289
(Loss)/profit for the financial year		(557,993)	657,199

There was no other comprehensive income for 2018 (2017: £NIL).

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

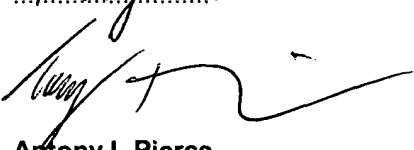
Retirement Housing No.1 (2007) Limited
Registered number: 06352305

Statement of Financial Position
As at 30 September 2018

	Note	2018 £	2017 £
Current assets			
Stocks	10	24,072,722	25,518,687
Debtors: amounts falling due within one year	11	8,952,585	5,991,103
		<u>33,025,307</u>	<u>31,509,790</u>
Creditors: amounts falling due within one year	12	(55,492,476)	(53,418,966)
Net current liabilities		<u>(22,467,169)</u>	<u>(21,909,176)</u>
Total assets less current liabilities		<u>(22,467,169)</u>	<u>(21,909,176)</u>
Net liabilities		<u>(22,467,169)</u>	<u>(21,909,176)</u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	(22,467,170)	(21,909,177)
Total equity		<u>(22,467,169)</u>	<u>(21,909,176)</u>

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

9th Aug 2019



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 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2016	1	(22,566,376)	(22,566,375)
Profit for the year	-	657,199	657,199
As at 30 September 2017 and at 1 October 2017	1	(21,909,177)	(21,909,176)
Loss for the year	-	(557,993)	(557,993)
At 30 September 2018	1	(22,467,170)	(22,467,169)

Retirement Housing No.1 (2007) Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

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, which have been 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 Retirement Bridge Group Holdings Limited as at 30 September 2018 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 2018**

2. Accounting policies (continued)

2.5 Going concern

Retirement Bridge Investments Limited 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 when they fall due.

2.6 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

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:

	2018 £	2017 £
Proceeds from sale of trading properties	2,720,450	3,476,450
	<u>2,720,450</u>	<u>3,476,450</u>

All turnover arose within the United Kingdom.

Retirement Housing No.1 (2007) Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2018**

5. Other operating income

	2018 £	2017 £
Other operating income	7,435	-
	<u>7,435</u>	<u>-</u>

6. Operating 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 (2017: nil).

7. Interest receivable and similar income

	2018 £	2017 £
Interest receivable from group companies	260,583	122,925
	<u>260,583</u>	<u>122,925</u>

8. Interest payable and similar expenses

	2018 £	2017 £
Interest payable to group companies	2,072,151	1,966,799
	<u>2,072,151</u>	<u>1,966,799</u>

Retirement Housing No.1 (2007) Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2018**

9. Tax on (loss)/profit

	2018 £	2017 £
Corporation tax		
Group taxation relief	(494,696)	(597,782)
Total current tax	<u>(494,696)</u>	<u>(597,782)</u>
Deferred tax		
Origination and reversal of timing differences	4,800	81,493
Total deferred tax	<u>4,800</u>	<u>81,493</u>
Taxation on loss on ordinary activities	<u>(489,896)</u>	<u>(516,289)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.5%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before taxation	<u>(1,047,889)</u>	<u>140,910</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.5%)	(199,099)	27,477
Effects of:		
Group relief surrendered	494,696	552,799
Receipt for group relief	(494,696)	(552,799)
Adjustments to tax charge in respect of prior periods	-	(44,983)
Adjustment to opening deferred tax	(258,894)	(397,799)
Adjustment to closing deferred tax	227,779	323,439
Deferred tax not recognised	(259,682)	(424,423)
Total tax charge for the year	<u>(489,896)</u>	<u>(516,289)</u>

Factors that may affect future tax charges

No provisions have been made for the tax that would become receivable if the company's properties were sold at their year end replacement values. The total unprovided tax asset in respect of this is £1,789,312 (2017: £2,051,280).

Retirement Housing No.1 (2007) Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2018**

10. Stocks

	2018 £	2017 £
Trading properties	24,072,722	25,518,687
	<u>24,072,722</u>	<u>25,518,687</u>

The replacement value of stock is £24,238,894 (2017: £25,667,045) based on market value at 30 September 2018, as assessed by external experts.

The stock expense to cost of sales in the income statement amounted to £2,460,232 (2017: £3,047,457).

11. Debtors: amounts falling due within one year

	2018 £	2017 £
Trade debtors	25,409	26,070
Amounts owed by group undertakings	8,808,616	5,841,673
Deferred taxation	118,560	123,360
	<u>8,952,585</u>	<u>5,991,103</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 £260,583 (2017: £122,925).

12. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,459	99
Amounts owed to group undertakings	55,491,017	53,418,867
	<u>55,492,476</u>	<u>53,418,966</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 payable for the year amounted to £2,072,151 (2017: £1,966,799).

Retirement Housing No.1 (2007) Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2018**

13. Deferred taxation

	2018 £
At beginning of year	123,360
Charged to profit or loss	(4,800)
At end of year	118,560

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	118,560	123,360
	<u>118,560</u>	<u>123,360</u>

14. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

15. Reserves

Profit and loss account

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

16. Contingent liabilities

At 30 September 2018, the company together with certain of its fellow group companies, has guaranteed loans of £55,072,435 (2017: £61,826,718) 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 Retirement Bridge Group Holdings Limited.

17. Related party transactions

The company is exempt from disclosing related party transactions as they are with other companies wholly owned within the Group.

Retirement Housing No.1 (2007) Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2018**

18. Controlling party

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

Retirement Bridge Group Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 September 2018. The consolidated financial statements of Retirement Bridge Group Holdings 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 2018. 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 it's 100% shareholding in Retirement Bridge Investments Limited.