

COMPANY REGISTRATION NUMBER 07620195

NEW SOVEREIGN REVERSIONS LIMITED
FINANCIAL STATEMENTS
31st DECEMBER 2015

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NEW SOVEREIGN REVERSIONS LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

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NEW SOVEREIGN REVERSIONS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

| | |
|-------------------------------|--|
| The Board of Directors | Robert J Calnan Neal Morar |
| Company secretary | Neal Morar |
| Registered office | 17 Dominion Street London EC2M 2EF |
| Independent auditors | PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditor Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ |
| Bankers | Citibank 3 Hanover Square Mayfair London W1S 1HD |

NEW SOVEREIGN REVERSIONS LIMITED

STRATEGIC REPORT

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

The directors present their strategic report on the group for the period ended 31 December 2015.

Principal activities

The principal activity of the group during the period was home reversion ownership and property trading. In so doing the company has contributed to the overall strategy of the group as outlined below.

Review of the business and future developments

The Directors are satisfied with the performance of the company for the period reported upon. Throughout the period the company completed 87 property sales compared with the 12m prior period figure of 71. Market conditions were such that the average selling price achieved was £130,000 per property which is an increase of 32.6% over the comparable figure of £98,000 for the previous accounting period. This contributed to an improved gross margin on sales of 33.7% compared to the 27.8% in 2013-14.

The Directors are hopeful of continued stability in UK house prices during the present accounting period.

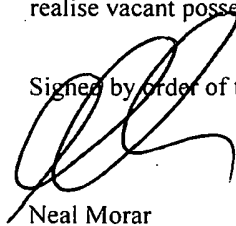
Strategy

Our objective is to deliver sustainable long-term returns to our investors from a combination of sales, rents and fee income. We will achieve this by locating and managing our assets to deliver the best returns, balancing the sources of our income through exploiting changing market opportunities and optimising our financial and operational gearing to match market conditions.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the group remain the inherent uncertainty in the property markets in which the business operates. While the home reversion market is one segment of the overall market, the overall risks are managed through the development of strong relationships across the market chain, in the knowledge of the fact that the business' portfolio continues to mature and realise vacant possession.

Signed by order of the directors



Neal Morar
Company Secretary

Approved by the directors on 4th April 2016

NEW SOVEREIGN REVERSIONS LIMITED

DIRECTORS' REPORT

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

The directors present their report and the audited financial statements of the group for the period from 1st October 2014 to 31st December 2015.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £738,000. Particulars of dividends paid are detailed in note 10 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES:

The activities of the company expose it to a number of financial risks including interest rate risk, and liquidity risk.

Interest Rate Risk

The company has interest bearing assets and liabilities. The majority of the liabilities (including intra-group) attract fixed rates and risk is mitigated on floating debt by way of a hedge via a callable swap product renewable on a quarterly basis.

Liquidity Risk

The funding needs of the business are reviewed in detail on a continuous basis as part of internal planning and forecasting processes. The company maintains a combination of long-term and short-term debt facilities to ensure that sufficient funds are available for operations and planned investment.

DIRECTORS

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

| | |
|-----------------|---------------------------|
| Robert J Calnan | (Appointed 1st June 2015) |
| Neal Morar | (Appointed 1st June 2015) |
| Nicholas P On | (Resigned 1st June 2015) |
| Saira Johnston | (Resigned 1st June 2015) |
| Paul Barber | (Resigned 1st June 2015) |

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company 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 group and the company and of the profit or loss of the group 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 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;

NEW SOVEREIGN REVERSIONS LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES *(continued)*

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

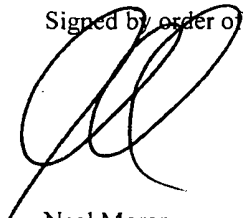
INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP have been re-appointed as auditors for the ensuing period in accordance with section 485 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 group's auditors are 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 auditors are aware of that information.

Signed by order of the directors



Neal Morar
Company Secretary

Approved by the directors on 4th April 2016

NEW SOVEREIGN REVERSIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW SOVEREIGN REVERSIONS LIMITED

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

Report on the financial statements

In our opinion, New Sovereign Reversions Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 and of the group's profit and cash flows for the 15 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Financial Statements (the "Annual Report"), comprise:

- the group and parent company balance sheets as at 31 December 2015;
- the profit and loss account for the period then ended;
- the group cash flow statement for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

NEW SOVEREIGN REVERSIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW SOVEREIGN REVERSIONS LIMITED *(continued)*

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

NEW SOVEREIGN REVERSIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW SOVEREIGN REVERSIONS LIMITED *(continued)*

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jonathan Greenaway (Senior Statutory Auditor)
For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditor
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

4th April 2016

NEW SOVEREIGN REVERSIONS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

| | Note | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|--|----------|---|------------------------------|
| GROUP TURNOVER | 2 | 11,835 | 7,505 |
| Cost of sales | | (7,851) | (5,418) |
| GROSS PROFIT | | 3,984 | 2,087 |
| Administrative expenses | | (1,392) | (835) |
| Other operating income | | 1 | — |
| OPERATING PROFIT | 3 | 2,593 | 1,252 |
| Interest receivable | 6 | 49 | 31 |
| Interest payable and similar charges | 7 | (1,453) | (1,252) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 1,189 | 31 |
| Tax on profit on ordinary activities | 8 | (451) | 508 |
| PROFIT FOR THE FINANCIAL PERIOD/YEAR | 9 | 738 | 539 |

All of the activities of the group are classed as continuing.
The group has no recognised gains or losses other than the results for the
Period/year as set out above.

The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account.

The notes on pages 12 to 24 form part of these financial statements.

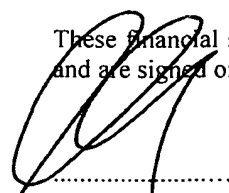
NEW SOVEREIGN REVERSIONS LIMITED

GROUP BALANCE SHEET

AS AT 31st DECEMBER 2015

| | Note | 31 Dec 15 £000 | 30 Sep 14 £000 |
|--|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Stocks | 12 | 45,087 | 51,245 |
| Debtors | 13 | 1,641 | 1,893 |
| Cash at bank and in hand | 14 | 5,770 | 2,031 |
| | | 52,498 | 55,169 |
| CREDITORS: amounts falling due within one year | 15 | (21,416) | (3,544) |
| NET CURRENT ASSETS | | 31,082 | 51,625 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 31,082 | 51,625 |
| CREDITORS: amounts falling due after more than one year | 16 | — | (20,713) |
| | | 31,082 | 30,912 |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 20 | 5,539 | 5,539 |
| Other reserves | 21 | 30,741 | 30,741 |
| Profit and loss account | 21 | (5,198) | (5,368) |
| TOTAL SHAREHOLDERS' FUNDS | 22 | 31,082 | 30,912 |

These financial statements were approved by the directors and authorised for issue on 4th April 2016 and are signed on their behalf by:



 Neal Morar
 Director

The notes on pages 12 to 24 form part of these financial statements.

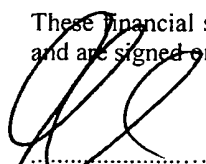
NEW SOVEREIGN REVERSIONS LIMITED
COMPANY REGISTRATION NUMBER 07620195

BALANCE SHEET

AS AT 31st DECEMBER 2015

| | Note | 31 Dec 15 £000 | 30 Sep 14 £000 |
|---|------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Investments | 11 | 6,983 | 7,061 |
| CREDITORS: amounts falling due within one year | 15 | (62) | (45) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>6,921</u> | <u>7,016</u> |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 20 | 5,539 | 5,539 |
| Profit and loss account | 21 | <u>1,382</u> | <u>1,477</u> |
| TOTAL SHAREHOLDERS' FUNDS | | <u>6,921</u> | <u>7,016</u> |

These financial statements were approved by the directors and authorised for issue on 4th April 2016 and are signed on their behalf by:



 Neal Morar
 Director

The notes on pages 12 to 24 form part of these financial statements.

NEW SOVEREIGN REVERSIONS LIMITED

GROUP CASH FLOW

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

| | | Period from 1 Oct 14 to 31 Dec 15 | | Year to 30 Sep 14 | |
|--|------|---|---------|----------------------|---------|
| | Note | £000 | £000 | £000 | £000 |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 23 | | 8,971 | | 4,261 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | 23 | | (1,404) | | (1,221) |
| TAXATION | 23 | | (389) | | 508 |
| EQUITY DIVIDENDS PAID | | | (568) | | (1,653) |
| CASH INFLOW BEFORE FINANCING | | | 6,610 | | 1,895 |
| FINANCING | 23 | | (2,871) | | (1,796) |
| INCREASE IN CASH | 23 | | 3,739 | | 99 |

The notes on pages 12 to 24 form part of these financial statements.

NEW SOVEREIGN REVERSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of the Company and all its subsidiary companies. As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

Turnover

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

Stocks

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

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

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Going concern

The directors have reviewed the cash flow projections for the company and the group and have considered the financial resources available including bank finance. The directors have an expectation that the company and the group have adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Investments

Investments are stated at cost less provisions for any impairment in value.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issues costs. Finance charges, including premiums payable on settlement or redemption and direct issues costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

NEW SOVEREIGN REVERSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

2. TURNOVER

The turnover and profit on ordinary activities before taxation are attributable to the one principal activity of the group.

An analysis of turnover is given below:

| | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|----------------|---|------------------------------|
| United Kingdom | <u>11,835</u> | <u>7,505</u> |

3. OPERATING PROFIT

Operating profit is stated after charging:

| | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|---|---|------------------------------|
| Auditors' remuneration - as auditors | <u>41</u> | <u>34</u> |

Audit fees are statutory fees only.

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial period amounted to Nil (2014 – Nil).

The aggregate payroll costs of the above were:

| | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|--------------------|---|------------------------------|
| Wages and salaries | <u>-</u> | <u>-</u> |

5. DIRECTORS' REMUNERATION

The directors' aggregate fees in respect of qualifying services were:

| | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|----------------|---|------------------------------|
| Directors fees | <u>18</u> | <u>-</u> |

NEW SOVEREIGN REVERSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

6. INTEREST RECEIVABLE

| | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|-------------------------------|---|------------------------------|
| Bank interest receivable | 5 | 2 |
| Interest from related parties | 44 | 29 |
| | <u>49</u> | <u>31</u> |

7. INTEREST PAYABLE AND SIMILAR CHARGES

| | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|------------------------------------|---|------------------------------|
| Interest payable on bank borrowing | 1,116 | 983 |
| Other similar charges payable | 337 | 269 |
| | <u>1,453</u> | <u>1,252</u> |

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge/(credit) in the period

| | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|---|---|------------------------------|
| Current tax: | | |
| UK Corporation tax based on the results for the period at 20.40% (2014 - 22%) | 451 | (473) |
| (Over)/under provision in prior year | - | (35) |
| Total current tax | <u>451</u> | <u>(508)</u> |

NEW SOVEREIGN REVERSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

8. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 20.40% (2014 - 22%).

Deferred tax assets have not been recognised in respect of the group's net losses. The tax value of these assets is £64,000 (2014 - £135,261).

| | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|--|---|------------------------------|
| Profit on ordinary activities before taxation | <u>1,189</u> | <u>31</u> |
| Profit on ordinary activities by rate of tax | 243 | 7 |
| Expenses not deductible for tax purposes | 3 | - |
| Utilisation of tax losses not previously provided for | - | (340) |
| Unrelieved tax losses and other deductions in the period | (62) | - |
| Deferred tax assets not recognised | - | 54 |
| Prior year adjustment - group relief surrendered for tax value of losses | - | (508) |
| Tax on group fair value adjustments | 268 | 293 |
| Income not taxable for tax purposes | <u>(1)</u> | <u>(14)</u> |
| Total current tax (note 8(a)) | <u>451</u> | <u>(508)</u> |

9. PROFIT FOR THE FINANCIAL PERIOD/YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit for the financial period/year dealt with in the financial statements of the parent company was £473,000 (2014 - £2,042,000).

NEW SOVEREIGN REVERSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

10. DIVIDENDS

Equity dividends

| | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|---|---|------------------------------|
| Paid during the period/year: | | |
| Dividends on equity shares | <u>568</u> | <u>1,653</u> |
| Proposed and paid after the year-end (not recognised as a liability): | | |
| Dividends on equity shares | <u>2,300</u> | <u>—</u> |

Paid during the period/year - this represents a dividend per share of £0.1026 (2014 - £0.2986)

Proposed and paid after the year-end (not recognised as a liability) - this represents a dividend per share of £0.4152 (2014 - £Nil)

11. INVESTMENTS

Company

Group companies £000

COST

At 1st October 2014 and 31st December 2015 8,655

AMOUNTS WRITTEN OFF

At 1st October 2014 1,594

Written off in period 78

At 31st December 2015 1,672

NET BOOK VALUE

At 31st December 2015 6,983

At 30th September 2014 7,061

The company owns 100% of the issued share capital of the companies listed below:

Name

Sovereign Reversions Holdings Limited
Sovereign Reversions Limited

Nature of business

Holding company
Investment in equity release assets

The directors believe that the carrying value of the investments is supported by their underlying net assets.

NEW SOVEREIGN REVERSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

12. STOCKS

| | Group | | Company | |
|---------------|---------------|---------------|-----------|-----------|
| | 31 Dec 15 | 30 Sep 14 | 31 Dec 15 | 30 Sep 14 |
| | £000 | £000 | £000 | £000 |
| Raw materials | <u>45,087</u> | <u>51,245</u> | <u>—</u> | <u>—</u> |

The replacement value of stock (sale at market, value of the property subject to occupation by a resident) is £57,096,462 (2014: £60,680,465) based on market value at 31 December 2015.

Stock is stated in the balance sheet at the lower of cost and net realisable value. Net realisable value is the net sales proceeds which the company expects on sale of a property with vacant possession. The directors have reviewed the vacant possession valuations 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.

13. DEBTORS

| | Group | | Company | |
|------------------------------------|--------------|--------------|-----------|-----------|
| | 31 Dec 15 | 30 Sep 14 | 31 Dec 15 | 30 Sep 14 |
| | £000 | £000 | £000 | £000 |
| Trade debtors | 326 | 481 | — | — |
| Amounts owed by group undertakings | 1,240 | 1,196 | — | — |
| Other debtors | 42 | 170 | — | — |
| Prepayments and accrued income | 33 | 46 | — | — |
| | <u>1,641</u> | <u>1,893</u> | <u>—</u> | <u>—</u> |

14. CASH AT BANK AND IN HAND

| | Group | | Company | |
|--------------------------|--------------|--------------|-----------|-----------|
| | 31 Dec 15 | 30 Sep 14 | 31 Dec 15 | 30 Sep 14 |
| | £000 | £000 | £000 | £000 |
| Cash at bank and in hand | <u>5,770</u> | <u>2,031</u> | <u>—</u> | <u>—</u> |

NEW SOVEREIGN REVERSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

15. CREDITORS: amounts falling due within one year

| | Group | | Company | |
|-------------------------------------|---------------|--------------|-----------|-----------|
| | 31 Dec 15 | 30 Sep 14 | 31 Dec 15 | 30 Sep 14 |
| | £000 | £000 | £000 | £000 |
| Bank loans and overdrafts | 20,820 | 2,978 | – | – |
| Trade creditors | 206 | 26 | – | – |
| Amounts owed to group undertakings | – | – | 53 | – |
| Other creditors including taxation: | | | | |
| Corporation tax | 62 | – | – | – |
| VAT | 16 | 9 | – | – |
| Other creditors | 6 | – | – | – |
| Accruals and deferred income | 306 | 531 | 9 | 45 |
| | <u>21,416</u> | <u>3,544</u> | <u>62</u> | <u>45</u> |

The following liabilities disclosed under creditors falling due within one year are secured by the company:

| | Group | | Company | |
|------------|---------------|--------------|-----------|-----------|
| | 31 Dec 15 | 30 Sep 14 | 31 Dec 15 | 30 Sep 14 |
| | £000 | £000 | £000 | £000 |
| Bank loans | <u>20,820</u> | <u>2,978</u> | <u>–</u> | <u>–</u> |

The bank loan is repayable over 5 years from its inception in July 2011. Interest is charged on the loan at a floating rate of 3 month LIBOR plus a margin of 2.35%, although part of the loan is subject to a fixed interest rate swap and cap. The bank loan is secured on the property portfolio.

16. CREDITORS: amounts falling due after more than one year

| | Group | | Company | |
|---------------------------|-----------|---------------|-----------|-----------|
| | 31 Dec 15 | 30 Sep 14 | 31 Dec 15 | 30 Sep 14 |
| | £000 | £000 | £000 | £000 |
| Bank loans and overdrafts | <u>–</u> | <u>20,713</u> | <u>–</u> | <u>–</u> |

| | Group | | Company | |
|---------------------------|-----------|---------------|-----------|-----------|
| | 31 Dec 15 | 30 Sep 14 | 31 Dec 15 | 30 Sep 14 |
| | £000 | £000 | £000 | £000 |
| Bank loans and overdrafts | <u>–</u> | <u>20,713</u> | <u>–</u> | <u>–</u> |

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

NEW SOVEREIGN REVERSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

17. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 31 Dec 15 | 30 Sep 14 | 31 Dec 15 | 30 Sep 14 |
| | £000 | £000 | £000 | £000 |
| Amounts repayable: | | | | |
| In one year or less or on demand | 20,977 | 2,978 | — | — |
| In more than one year but not more than two years | — | 21,205 | — | — |
| | <u>20,977</u> | <u>24,183</u> | <u>—</u> | <u>—</u> |
| Unamortised loan issue expenses | 157 | 492 | — | — |
| | <u>20,820</u> | <u>23,691</u> | <u>—</u> | <u>—</u> |

18. CONTINGENCIES

At 31 December 2015 the group has guaranteed the £20,882,745 (2014: £23,886,946) bank loans by means of a legal charge over the groups inventory.

NEW SOVEREIGN REVERSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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19. 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 New Sovereign Reversions Limited group.

During the period the group has been charged management fees totalling £1,689,177 (2014 - £1,161,056) from Grainger Equity Release Management Limited and has been charged for the supply of personnel totalling £110,002 (2014 - £Nil) from Grainger Equity Release Management Limited. At the period end the balance outstanding and included within trade creditors was £140,000 (2014 - £219,322 outstanding in relation to these management fees). Also during the period the group received interest totalling £11,680 (2014 - £14,719) from Grainger Equity Release Management Limited on a loan which was novated on 1st June 2015 therefore there is no balance at the period end (2014 - £597,799).

During the period the group has been charged asset management fees totalling £158,367 (2014 - £Nil) from Moorfield Group Limited. At the period end the balance outstanding and included within trade creditors was £44,285 (2014 - £Nil). Also during the period the group received interest totalling £11,680 (2014 - £14,719) from MERF II Equity Release Limited on a loan which was novated on 1st June 2015 therefore there is no balance at the period end (2014 - £597,799).

The companies above are deemed to be related parties in the period by virtue of their ultimate parent companies for part of the period being Grainger plc, Moorfield Real Estate Fund II A Limited Partnership and Moorfield Real Estate Fund II B Limited Partnership, holding a 50% interest in Home & Capital Trust Limited's ultimate parent company, New Sovereign Reversions Limited.

During the period the loan referred to above was novated to LSREF III Laser Investments (Sovereign) Limited and during the period the group received interest totalling £20,985 (2014 - £Nil) from LSREF III Laser Investments (Sovereign) Limited. At the period end the balance outstanding and included within other debtors was £1,239,944 (2014 - £Nil).

LSREF III Laser Investments (Sovereign) Limited is deemed to be a related party in the period by virtue of acquiring 100% of the share capital of New Sovereign Reversions Limited in the period.

20. SHARE CAPITAL

Allotted, called up and fully paid:

| | 31 Dec 15 | | 30 Sep 14 | |
|---------------------------------------|-------------------|--------------|-------------------|--------------|
| | No | £000 | No | £000 |
| Ordinary shares of £0.32 each | 8,654,976 | 2,770 | 8,654,976 | 2,770 |
| Ordinary Class 2 shares of £0.32 each | 8,654,976 | 2,770 | 8,654,976 | 2,770 |
| | <u>17,309,952</u> | <u>5,539</u> | <u>17,309,952</u> | <u>5,539</u> |

NEW SOVEREIGN REVERSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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21. RESERVES

| Group | Other reserves £000 | Profit and loss account £000 |
|---------------------------------|------------------------|------------------------------------|
| Balance brought forward | 30,741 | (5,368) |
| Profit for the financial period | – | 738 |
| Equity dividends | – | (568) |
| Balance carried forward | <u>30,741</u> | <u>(5,198)</u> |

| Company | Profit and loss account £000 |
|---------------------------------|------------------------------------|
| Balance brought forward | 1,477 |
| Profit for the financial period | 473 |
| Equity dividends | (568) |
| Balance carried forward | <u>1,382</u> |

On 25th July 2011 the company acquire 100% of the issued share capital of Sovereign Reversions Limited and Sovereign Reversions Holdings Limited. In accordance with 'Section 612 - Merger Relief' of the Companies Act 2006, the company has taken no account of any premium on the shares issued and has recorded the cost of the investment at the nominal value of the shares issues. The resulting difference on consolidation has been credited to other reserves.

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 31 Dec 15 £000 | 30 Sep 14 £000 |
|---|-------------------|-------------------|
| Profit for the financial period/year | 738 | 539 |
| Equity dividends | (568) | (1,653) |
| Net addition/(reduction) to shareholders' funds | <u>170</u> | <u>(1,114)</u> |
| Opening shareholders' funds | 30,912 | 32,026 |
| Closing shareholders' funds | <u>31,082</u> | <u>30,912</u> |

NEW SOVEREIGN REVERSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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23. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|---|---|------------------------------|
| Operating profit | 2,593 | 1,252 |
| Decrease in stocks | 6,158 | 4,074 |
| Decrease/(increase) in debtors | 252 | (987) |
| Decrease in creditors | (32) | (78) |
| Net cash inflow from operating activities | <u>8,971</u> | <u>4,261</u> |

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

| | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|---|---|------------------------------|
| Interest received | 49 | 31 |
| Interest paid | (1,453) | (1,252) |
| Net cash outflow from returns on investments and servicing of finance | <u>(1,404)</u> | <u>(1,221)</u> |

TAXATION

| | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|----------|---|------------------------------|
| Taxation | <u>(389)</u> | <u>508</u> |

FINANCING

| | Period from 1 Oct 14 to 31 Dec 15 £000 | Year to 30 Sep 14 £000 |
|---------------------------------|---|------------------------------|
| Repayment of bank loans | <u>(2,871)</u> | <u>(1,796)</u> |
| Net cash outflow from financing | <u>(2,871)</u> | <u>(1,796)</u> |

NEW SOVEREIGN REVERSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2014 TO 31st DECEMBER 2015

23. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | 31 Dec 15 | | 30 Sep 14 | |
|--|--------------|-----------------|--------------|-----------------|
| | £000 | £000 | £000 | £000 |
| Increase in cash in the period/year | 3,739 | | 99 | |
| Net cash outflow from bank loans | <u>2,871</u> | | <u>1,796</u> | |
| | | <u>6,610</u> | | <u>1,895</u> |
| Change in net debt | | 6,610 | | 1,895 |
| Net debt at 1 October | | <u>(21,660)</u> | | <u>(23,555)</u> |
| Net debt at 31 December and 30 September | | <u>(15,050)</u> | | <u>(21,660)</u> |

ANALYSIS OF CHANGES IN NET DEBT

| | At 1 Oct 2014 £000 | Cash flows £000 | Other changes £000 | At 31 Dec 2015 £000 |
|--------------------------|--------------------------|--------------------|--------------------------|---------------------------|
| Net cash: | | | | |
| Cash in hand and at bank | <u>2,031</u> | <u>3,739</u> | <u>—</u> | <u>5,770</u> |
| Debt: | | | | |
| Debt due within 1 year | <u>(2,978)</u> | <u>2,871</u> | <u>(20,713)</u> | <u>(20,820)</u> |
| Debt due after 1 year | <u>(20,713)</u> | <u>—</u> | <u>20,713</u> | <u>—</u> |
| | <u>(23,691)</u> | <u>2,871</u> | <u>—</u> | <u>(20,820)</u> |
| Net debt | <u>(21,660)</u> | <u>6,610</u> | <u>—</u> | <u>(15,050)</u> |

NEW SOVEREIGN REVERSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Up until 31st May 2015 the director regarded New Sovereign Reversions Limited, a company registered in England and Wales, as the ultimate parent undertaking, being the parent undertaking of the smallest and largest group to consolidate these financial statements.

Up until 31st May 2015 New Sovereign Reversions Limited was a 50/50 joint venture between MREF II Equity Release Limited ("Moorfield", a company registered in Jersey) and Grainger Equity Release Limited ("GERL" a company registered in England and Wales). The ultimate controlling party of GERL is Grainger plc, a company registered in England and Wales. The ultimate controlling parties of MREF II Equity Release Limited are Moorfield Real Estate Fund II A Limited Partnership and Moorfield Real Estate Fund II B B Limited Partnership which are qualifying partnerships registered in England and Wales.

From 1st June 2015 New Sovereign Reversions Limited's financial statements are consolidated into LSREF III Laser Investments (Sovereign) Limited, a company registered in Ireland. The immediate and ultimate parent undertaking of LSREF III Laser Investments (Sovereign) Limited is Castlewood CS Holdings Limited, holding on trust for the LS XLI Charitable Trust.