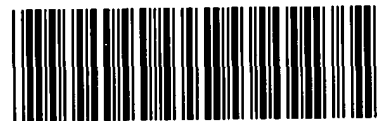


NEW SOVEREIGN REVERSIONS LIMITED

Financial Statements

31st December 2016

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NEW SOVEREIGN REVERSIONS LIMITED

Financial Statements

Year ended 31st December 2016

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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 accountant & 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

Directors' Report

Year ended 31st December 2016

The directors present their report and the financial statements of the group for the year ended 31st December 2016.

Directors

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

Robert J Calnan
Neal Morar

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 18 to the financial statements.

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 regulation.

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" Section 1A, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors 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.

NEW SOVEREIGN REVERSIONS LIMITED

Directors' Report *(continued)*

Year ended 31st December 2016

Auditor

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

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have 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 group and the company's auditor is aware of that information.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 12/4/2017 and signed on behalf of the board by:



Neal Morar
Director

NEW SOVEREIGN REVERSIONS LIMITED

Independent Auditor's Report to the Members of New Sovereign Reversions Limited

Year ended 31st December 2016

Report on the financial statements

Our opinion

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 2016 and of the group's profit for the year then ended;
- The group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- the financial statements 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 consolidated statement of financial position as at 31 December 2016;
- the company statement of financial position as at 31 December 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the company statement of changes in equity for the year 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 group financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A (United Kingdom Generally Accepted Accounting Practice), applicable to Smaller Entities, and applicable law.

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect

NEW SOVEREIGN REVERSIONS LIMITED

Independent Auditor's Report to the Members of New Sovereign Reversions Limited *(continued)*

Year ended 31st December 2016

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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.

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: prepare financial statements in accordance with the small companies regime; 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.

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.

NEW SOVEREIGN REVERSIONS LIMITED

Independent Auditor's Report to the Members of New Sovereign Reversions Limited *(continued)*

Year ended 31st December 2016

What an audit of financial statements involves

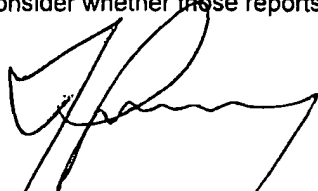
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

- whether the accounting policies are appropriate to the 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.

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. With respect to the Directors' Report, we consider whether these reports include the disclosures required by applicable legal requirements.



Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne

12/4/17.....

NEW SOVEREIGN REVERSIONS LIMITED

Consolidated Statement of Comprehensive Income

Year ended 31st December 2016

	Note	Year to 31 Dec 16 £000	Period from 1 Oct 14 to 31 Dec 15 £000
Turnover		9,319	11,835
Cost of sales		(6,570)	(7,851)
Gross profit		2,749	3,984
Administrative expenses		(1,522)	(1,392)
Other operating income		4	1
Operating profit	4	1,231	2,593
Other interest receivable and similar income	7	39	49
Interest payable and similar expenses	8	(889)	(1,453)
Profit before taxation		381	1,189
Tax on profit	9	(199)	(451)
Profit for the financial year/period and total comprehensive income		182	738

All the activities of the group are from continuing operations.

The notes on pages 12 to 21 form part of these financial statements.

NEW SOVEREIGN REVERSIONS LIMITED

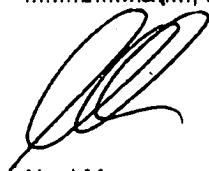
Consolidated Statement of Financial Position

31st December 2016

	Note	2016 £000	2015 £000
Current assets			
Stock	12	40,645	45,087
Debtors	13	1,386	1,641
Cash at bank and in hand		4,520	5,770
		<u>46,551</u>	<u>52,498</u>
Creditors: amounts falling due within one year	14	(19,187)	(21,416)
Net current assets		<u>27,364</u>	<u>31,082</u>
Total assets less current liabilities		<u>27,364</u>	<u>31,082</u>
Net assets		<u>27,364</u>	<u>31,082</u>
Capital and reserves			
Called up share capital	15	5,539	5,539
Merger reserve	16	30,741	30,741
Profit and loss account	16	(8,916)	(5,198)
Shareholders funds		<u>27,364</u>	<u>31,082</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 12/14/2017, and are signed on behalf of the board by:



Neal Morar
Director

Company registration number: 07620195

The notes on pages 12 to 21 form part of these financial statements.

NEW SOVEREIGN REVERSIONS LIMITED

Company Statement of Financial Position

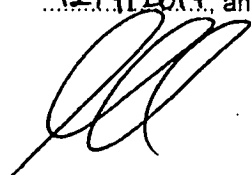
31st December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	11	6,393	6,983
Current assets			
Cash at bank and in hand		2	–
Creditors: amounts falling due within one year	14	(489)	(62)
Net current liabilities		(487)	(62)
Total assets less current liabilities		<u>5,906</u>	<u>6,921</u>
Net assets		<u>5,906</u>	<u>6,921</u>
Capital and reserves			
Called up share capital	15	5,539	5,539
Profit and loss account	16	367	1,382
Shareholders funds		<u>5,906</u>	<u>6,921</u>

The profit for the financial year of the parent company was £2,885,266 (2015: £472,985).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 12/14/2017, and are signed on behalf of the board by:



Neal Morar
Director

Company registration number: 07620195

The notes on pages 12 to 21 form part of these financial statements.

NEW SOVEREIGN REVERSIONS LIMITED

Consolidated Statement of Changes in Equity

Year ended 31st December 2016

		Called up share capital £000	Merger reserve £000	Profit and loss account £000	Total £000
At 1st October 2014		5,539	30,741	(5,368)	30,912
Profit for the period		—	—	738	738
Total comprehensive income for the year		—	—	738	738
Dividends paid and payable	10	—	—	(568)	(568)
Total investments by and distributions to owners		—	—	(568)	(568)
At 31st December 2015		5,539	30,741	(5,198)	31,082
Profit for the year		—	—	182	182
Total comprehensive income for the year		—	—	182	182
Dividends paid and payable	10	—	—	(3,900)	(3,900)
Total investments by and distributions to owners		—	—	(3,900)	(3,900)
At 31st December 2016		<u>5,539</u>	<u>30,741</u>	<u>(8,916)</u>	<u>27,364</u>

The notes on pages 12 to 21 form part of these financial statements.

NEW SOVEREIGN REVERSIONS LIMITED

Company Statement of Changes in Equity

Year ended 31st December 2016

		Called up share capital £000	Profit and loss account £000	Total £000
At 1st October 2014		5,539	1,477	7,016
Profit for the year		—	473	473
Total comprehensive income for the year		—	473	473
Dividends paid and payable	10	—	(568)	(568)
Total investments by and distributions to owners		—	(568)	(568)
At 31st December 2015		5,539	1,382	6,921
Profit for the year		—	2,885	2,885
Total comprehensive income for the year		—	2,885	2,885
Dividends paid and payable	10	—	(3,900)	(3,900)
Total investments by and distributions to owners		—	(3,900)	(3,900)
At 31st December 2016		<u>5,539</u>	<u>367</u>	<u>5,906</u>

The notes on pages 12 to 21 form part of these financial statements.

NEW SOVEREIGN REVERSIONS LIMITED

Notes to the Financial Statements

Year ended 31st December 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 17 Dominion Street, London, EC2M 2EF.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

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.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1st October 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 21.

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.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

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.

NEW SOVEREIGN REVERSIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

3. Accounting policies *(continued)*

Judgements 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.

Revenue recognition

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 group has entered into a legally binding contract.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Stocks

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

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

NEW SOVEREIGN REVERSIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Operating profit

Operating profit or loss is stated after charging:

	Year to 31 Dec 16 £000	Period from 1 Oct 14 to 31 Dec 15 £000
Impairment of trade debtors	<u>1</u>	<u>-</u>

5. Auditor's remuneration

	Year to 31 Dec 16 £000	Period from 1 Oct 14 to 31 Dec 15 £000
Fees payable for the audit of the financial statements	<u>48</u>	<u>41</u>

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to Nil (2015: Nil).

NEW SOVEREIGN REVERSIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

7. Other interest receivable and similar income

	Year to 31 Dec 16 £000	Period from 1 Oct 14 to 31 Dec 15 £000
Interest on cash and cash equivalents	4	5
Interest from related parties	35	44
	<u>39</u>	<u>49</u>

8. Interest payable and similar expenses

	Year to 31 Dec 16 £000	Period from 1 Oct 14 to 31 Dec 15 £000
Interest on banks loans and overdrafts	646	1,116
Other interest payable and similar charges	243	337
	<u>889</u>	<u>1,453</u>

9. Tax on profit

Major components of tax expense

	Year to 31 Dec 16 £000	Period from 1 Oct 14 to 31 Dec 15 £000
Current tax:		
UK current tax expense	236	451
Adjustments in respect of prior periods	(37)	—
Total current tax	<u>199</u>	<u>451</u>
Tax on profit	<u>199</u>	<u>451</u>

NEW SOVEREIGN REVERSIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

9. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.40%).

	Year to 31 Dec 16 £000	Period from 1 Oct 14 to 31 Dec 15 £000
Profit on ordinary activities before taxation	381	1,189
Profit on ordinary activities by rate of tax	76	243
Adjustment to tax charge in respect of prior periods	(37)	–
Effect of expenses not deductible for tax purposes	2	3
Unused tax losses	(50)	(62)
Income not taxable for tax purposes	(14)	(1)
Tax on group fair value adjustments	222	268
Tax on profit	199	451

Deferred tax assets have not been recognised in respect of the group's net losses. The tax value of these assets is £18,503, (2015 - £64,000).

10. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016 £000	2015 £000
Dividends on equity shares	3,900	568

Dividends proposed after the year end and not recognised as a liability:

	2016 £000	2015 £000
Dividends on equity shares	1,283	2,300

NEW SOVEREIGN REVERSIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

11. Investments

Company	Shares in group undertakings £000
Cost	
At 1 Jan 2016 and 31 Dec 2016	8,655
Impairment	
Impairment losses	2,262
At 31st December 2016	2,262
Carrying amount	
At 31st December 2016	6,393
At 31st December 2015	8,655

NEW SOVEREIGN REVERSIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

11. Investments *(continued)*

The company directly owns 100% of the issued share capital of Sovereign Reversions Holdings Limited, a company registered in England and Wales which acts as a holding company.

The company directly owns 100% of the issued share capital of Sovereign Reversions Limited, a company registered in England and Wales which invests in equity release assets.

The company indirectly owns 100% of the issued share capital of The Welfare Dwellings Trust Limited, a company registered in England and Wales which invests in equity release assets.

The company indirectly owns 100% of the issued share capital of The Home & Capital Trust Group Limited, a company registered in England and Wales which acts as a holding company.

The company indirectly owns 100% of the issued share capital of Home & Capital Trust Limited, a company registered in England and Wales which arranges and manages home reversion plans.

The company indirectly owns 100% of the issued share capital of Home & Capital Trustee Company Limited, a company registered in England and Wales which holds property investments in trust.

The company indirectly owns 100% of the issued share capital of the following companies registered in England and Wales which are dormant:

- Sovereign Nominees Limited
- Sovereign Nominees No.2 Limited
- Second Spring Reversions Limited
- Capital Reversions Limited
- Sovereign Property Solutions Limited
- Sovereign Retirement Capital Limited
- Sovereign Equity Release Limited
- Home and Capital Nominees Limited
- Home Equity Limited
- Home & Capital Advisers Limited
- Hinton & Wild Limited
- Home & Capital Trust Partners Limited

The company indirectly owns 100% of the issued share capital of the following companies registered in Scotland which are dormant:

- Reversionary Gains I Limited
- Reversionary Gains II Limited
- Reversionary Gains III Limited
- Reversionary Gains IV Limited
- Unchained Reversions Limited

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 *(continued)*

Year ended 31st December 2016

12. Stock

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trading properties	<u>40,645</u>	<u>45,087</u>	<u>-</u>	<u>-</u>

The replacement value of stock (sale at market, value of the property subject to occupation by a resident) is £54,205,059 (2015: £57,096,462) based on market value at 31 December 2016.

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 group 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	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade debtors	115	326	-	-
Amounts owed by group undertakings and undertakings in which the company has a participating interest	1,155	1,240	-	-
Other debtors	<u>116</u>	<u>75</u>	<u>-</u>	<u>-</u>
	<u>1,386</u>	<u>1,641</u>	<u>-</u>	<u>-</u>

14. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Bank loans and overdrafts	18,563	20,820	-	-
Trade creditors	304	206	7	-
Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	-	473	53
Corporation tax	27	62	-	-
Social security and other taxes	19	16	-	-
Other creditors	<u>274</u>	<u>312</u>	<u>9</u>	<u>9</u>
	<u>19,187</u>	<u>21,416</u>	<u>489</u>	<u>62</u>

The bank loan was originally repayable over 5 years from its inception in July 2011 with interest charged on the loan at a floating rate of 3 month LIBOR plus a margin of 2.35%. The loan has been rolled for a further 12 months with interest charged on the loan at a floating rate of 3 month LIBOR plus a margin of 1.85%. The bank loan is secured on the property portfolio.

NEW SOVEREIGN REVERSIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

15. Called up share capital

Issued, called up and fully paid

	2016		2015	
	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	8,654,977	2,769	8,654,977	2,769
	<u>17,309,953</u>	<u>5,539</u>	<u>17,309,953</u>	<u>5,539</u>

16. Reserves

Merger reserve

On 25th July 2011 the company acquired 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 merger reserve.

Profit and loss account

This reserve records retained earnings and accumulated losses.

17. Contingencies

At 31 December 2016 the group has guaranteed the £18,652,814 (2015 - £20,882,745) bank loans by means of a legal charge over the groups inventory.

18. Events after the end of the reporting period

There were no subsequent events which required disclosure in, or adjustments to the financial statements.

NEW SOVEREIGN REVERSIONS LIMITED

Notes to the Financial Statements *(continued)*

Year ended 31st December 2016

19. Related party transactions

LHSBM Limited is a related company by virtue of Gary Dixon being a director of a group company. During the year the group has been charged consultancy fees and expenses totalling a gross value of £264,826 (2015 - £46,745) from LHSBM Limited. At the year end the balance outstanding and included within other creditors was £24,050 (2015 - £16,972).

Latum Consulting Limited is a related company by virtue of Mark W Broadhead being a director of a group company. During the year the group has been charged consultancy fees and expenses totalling a gross value of £57,501 (2015 - £Nil) from Latum Consulting Limited. At the year end the balance outstanding and included within other creditors was £4,320 (2015 - £Nil).

Nick On is a related party by virtue of being a director of a group company for part of year. During the year Nick On charged fees for services as a director of £4,072 (2015 - £7,500).

Paul Barber is a related party by virtue of being a director of a group company for part of year. During the year Paul Barber charged fees for services as a director of £4,072 (2015 - £7,500).

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

20. Controlling party

LSREF III Laser Investments (Sovereign) DAC is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.

The immediate and ultimate parent undertaking of LSREF III Laser Investments (Sovereign) DAC is Castlewood CS Holdings Limited, holding on trust for the LS XLI Charitable Trust. The registered office is 4th Floor, 76 Baggot Street Lower, Dublin 2, D02 EK81, 662881, Ireland.

The directors consider there to be no ultimate controlling party.

21. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1st October 2014.

No transitional adjustments were required in equity or profit or loss for the period.