

Registered number: 07838520

Nitro 2 Limited

Unaudited

Annual Report and Financial Statements

For the Year Ended 30 September 2023



Nitro 2 Limited

Company Information

Directors	Paul Barber Antony L Pierce
Registered number	07838520
Registered office	Suite 4, First Floor, Honeycomb The Watermark Gateshead Tyne and Wear NE11 9SZ
Accountants	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

Nitro 2 Limited

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Nitro 2 Limited

The directors present their Strategic Report for the year ended 30 September 2023.

Strategy and Business Model

The Retirement Bridge Group is the market leader in the home reversion segment of the equity release market. Our objective is to be a leader in the home reversions market, delivering sustainable long-term returns to our investors and our partners from a combination of sales, rents and fee income. We will achieve this by maintaining our leadership role within the industry, acquiring portfolios of similar products if they meet our target return thresholds, (subject to regulatory approval where applicable) optimising our financial gearing and managing the cost base.

Through our group business model, the company and group deliver strong returns from our reversionary assets and our expertise allows us to supplement these returns by generating management fee income. Our expertise and the scale of our assets and operations enable us to generate sustainable income streams for both the company and group.

Key performance indicators

The directors of the company use a range of key performance indicators, both financial and non-financial, to assess business performance, there are no individual KPI's for this company. Key metrics for the group are reported in the consolidated financial statements of Retirement Bridge Investments Limited.

Business review

The company is a direct subsidiary of Reversions Financing (No. 1) 2011 Limited. Its ultimate parent undertaking is Retirement Bridge Investments Limited. The directors of Retirement Bridge Investments Limited manage the group's strategy and risks at a group level, rather than at an individual company level. Similarly, the financial and operational performance of the business is assessed at a business unit level. The directors of the group are satisfied with the results for the year ended 30 September 2023.

In order to curtail rising inflation in the UK, the Bank of England has made a series of increases to interest rates. Bank Base Rate has been raised to its highest level in 15 years, reaching 5.25% in August 2023. This has led to higher mortgage costs for new customers, those on floating / variable rate mortgages and customers coming to the end of fixed rate terms. Furthermore, the high inflation has resulted in a reported UK wide cost of living crisis so both customers and mortgage providers have been more cautious and have re-assessed affordability criteria when it comes to purchasing property. This was particularly prevalent in Q3 of the current year where we saw fewer sales agreed and at lower agreed sales prices when measured against our September 2022 valuations. In spite of this, we saw an uplift in the final quarter of the year, with sales revenue £1.3m above budget and sold prices in line with our September 2022 valuations.

Moving forward, we believe the limited supply of homes coming to the market will provide a level of support for house prices and demand for our properties. If interest rates fall back below current levels, as they are predicted to do so either later in 2024 or 2025, demand will also improve. We regularly monitor our asking prices to ensure we move in line with local markets to maintain our sales velocity.

Nitro 2 Limited

Strategic Report (continued) For the Year Ended 30 September 2023

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. The principal risks and uncertainties of the group, which are specific to the company, include.

- a deterioration and/or instability of wider Global/European economic markets leading to long-term flat or negative house price inflation, which in turn would impact the value of assets;
- a lack of availability of finance for the group to achieve its strategic objectives;
- a failure to meet current or increased legal or regulatory obligations;
- a failure to attract, retain and develop our people;
- a significant failure within or by a key third-party supplier or contractor; and
- the UK government's macroeconomic policy may lead to a fall in the value of assets through unstable housing markets

The directors meet regularly to review strategies and monitor available economic data.

The directors monitor progress by means of weekly sales reports and monthly management reports from all areas of the business including operational sales, property management reports, monthly management accounts and risk and compliance reports. Budgets are prepared annually and forecasts reviewed regularly.

They are responsible for the development and maintenance of an appropriate system of internal controls and reviews its effectiveness. The review is ongoing but can only provide reasonable rather than absolute assurance, managing risk accordingly. Improvements in internal controls are incorporated into the group's policies and procedure manuals and are communicated to staff as they are identified and updated.

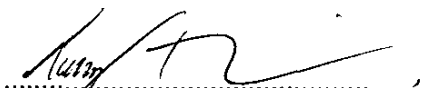
Future developments

The directors expect the performance of the company to continue satisfactorily for the foreseeable future based on the resilience of the UK housing market.

Directors' statement of compliance with duty to promote the success of the Company

From the perspective of the directors, as a result of the company board of directors being embedded within the group board of directors, the matters that they are responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the group board in relation to both the group and to the company. The directors have also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the entity, an explanation of how the group board has considered the matters set out in s172 (for the group and for the entity) is set out in the Retirement Bridge Investments Limited group's annual report, which does not form part of this report.

This report was approved by the board on 19 December 2023 and signed on its behalf.


.....
Antony L Pierce
Director

Nitro 2 Limited

Directors' Report For the Year Ended 30 September 2023

The directors present their report and the financial statements for the year ended 30 September 2023.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' 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' and applicable law). Under company law, 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS102, 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 an investment holding company. The company has not traded during the year or during the preceding financial year. During these periods, the company received no income and incurred no expenditure and therefore made neither a profit or a loss.

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

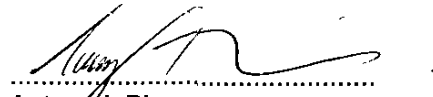
Matters covered in the Strategic Report

The company has chosen to set out in the group's strategic report information required by Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch 7 to be contained in the directors report. This information relates to future developments and has been included in the strategic report in accordance with the Companies Act 2006 s.414C(11).

Nitro 2 Limited

Directors' Report (continued)
For the Year Ended 30 September 2023

This report was approved by the board on 19 December 2023 and signed on its behalf.


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Antony L Pierce
Director

Nitro 2 Limited
Registered number: 07838520

Statement of Financial Position
As at 30 September 2023


	Note	2023 £	2022 £
Fixed assets			
Investments	5	43,000,001	43,000,001
		<u>43,000,001</u>	<u>43,000,001</u>
Creditors: amounts falling due within one year	6	(1)	(1)
Net current liabilities		<u>(1)</u>	<u>(1)</u>
Total assets less current liabilities		<u>43,000,000</u>	<u>43,000,000</u>
Net assets		<u>43,000,000</u>	<u>43,000,000</u>
Capital and reserves			
Called up share capital	7	43,000,001	43,000,001
Profit and loss account	8	(1)	(1)
Total equity		<u>43,000,000</u>	<u>43,000,000</u>

For the year ended 30 September 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2023.


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Antony L Pierce
Director

The notes on pages 7 to 12 form part of these financial statements.

Nitro 2 Limited

**Statement of Changes in Equity
For the Year Ended 30 September 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2021	43,000,001	(1)	43,000,000
Comprehensive income for the year			
Result for the year	-	-	-
As at 30 September 2022 and at 1 October 2022	43,000,001	(1)	43,000,000
Comprehensive income for the year			
Result for the year	-	-	-
At 30 September 2023	43,000,001	(1)	43,000,000

Nitro 2 Limited

Notes to the Financial Statements For the Year Ended 30 September 2023

1. General information

The entity is a private company limited by shares and is incorporated in England and Wales. The address of the registered office is Suite 4, First Floor, Honeycomb, The Watermark, Gateshead, Tyne and Wear, NE11 9SZ.

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).

2.2 Going concern

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

2.3 Exemption from preparing consolidated financial statements

The financial statements contain information about Nitro 2 Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of the ultimate parent company, Retirement Bridge Investments Limited, a company registered in England and Wales.

2.4 Exemption from audit

The Company has taken the exemption from an audit for the year ended 30 September 2023 by virtue of s479A of the Companies Act 2006. In order to allow the Company to take the audit exemption, per s479C of the Companies Act 2006, the ultimate parent company, Retirement Bridge Investments Limited, has given a statutory guarantee of all the outstanding liabilities of the Company as at 30 September 2023. Such guarantees are enforceable against Retirement Bridge Investments Limited by any person to whom any such liability is due.

2.5 Exemption for small companies

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

Nitro 2 Limited

Notes to the Financial Statements For the Year Ended 30 September 2023

2. Accounting policies (continued)

2.6 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Equity Release Investment Company 2 Limited as at 30 September 2023 and these financial statements may be obtained from Suite 4, First Floor, Honeycomb, The Watermark, Gateshead, Tyne and Wear, NE11 9SZ.

2.7 Income statement

The company received no income and incurred no expenditure during the current or prior years and therefore no income statement is presented within these financial statements. There have been no movements in shareholders funds during the current or prior years.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.9 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Nitro 2 Limited

Notes to the Financial Statements For the Year Ended 30 September 2023

2. Accounting policies (continued)

2.10 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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.

Investments

The directors make an assessment as to the appropriateness of the carrying value of investments based on the trading performance and underlying asset values and assesses at each reporting date whether an investment should be impaired or written back. If any such indication exists, the Company estimates the recoverable amount of the investment. When determining the estimate, it is assumed that the recoverable amount is equal to the underlying net asset values. If the recoverable amount is different from the value of the investment, the impairment/ write back is charged/ credited through the Statement of Comprehensive Income.

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.

Nitro 2 Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2023**

4. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Directors	2	2

The Company has no employees other than the directors. The directors' remuneration was borne by another group entity (2022: £nil). Their services to this company and to a number of fellow subsidiaries are of a non-executive nature and their remuneration is deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no remuneration in respect of the directors.

5. Investments

	Investments in subsidiary companies £
Cost and net book value	
At 1 October 2022	43,000,001
At 30 September 2023	43,000,001

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Bridgewater Tenancies Nominees Limited	Suite 4, First Floor, Honeycomb, The Watermark, Gateshead, Tyne & Wear, NE11 9SZ	Dormant	Ordinary	100%
Bridgewater Tenancies Limited	Suite 4, First Floor, Honeycomb, The Watermark, Gateshead, Tyne & Wear, NE11 9SZ	Property trading	Ordinary	100%

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**Notes to the Financial Statements
For the Year Ended 30 September 2023**

6. Creditors: amounts falling due within one year

	2023 £	2022 £
Amounts owed to group undertakings	1	1
	<u>1</u>	<u>1</u>

7. Called up share capital

	2023 £	2022 £
Allotted, called up and fully paid		
43,000,001 (2022 - 43,000,001) Ordinary shares of £1 each	<u>43,000,001</u>	<u>43,000,001</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

8. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

9. Contingent liabilities

At 30 September 2023, the company, together with certain of its fellow group companies, has guaranteed loans of £78,716,819 (2022: £82,515,075) of certain fellow group companies by means of a legal charge over its assets and book debts. Details of the debt repayment profile are shown in the statutory financial statements of Retirement Bridge Investments Limited.

10. Related party transactions

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

Nitro 2 Limited

Notes to the Financial Statements For the Year Ended 30 September 2023

11. Controlling party

Reversions Financing (No.1) 2011 Limited is the immediate parent company by virtue of its 100% shareholding in the company.

Retirement Bridge Investments Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2023. The consolidated financial statements of Retirement Bridge Investments Limited can be obtained from Suite 4, First Floor, Honeycomb, The Watermark, Gateshead, Tyne and Wear, NE11 9SZ.

Equity Release Investment Company 2 Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 September 2023. The consolidated financial statements of Equity Release Investment Company 2 Limited can be obtained from Suite 4, First Floor, Honeycomb, The Watermark, Gateshead, Tyne and Wear, NE11 9SZ.

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