

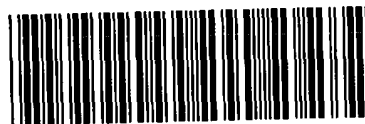
Registered number: 09826520

RETIREMENT BRIDGE INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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RETIREMENT BRIDGE INVESTMENTS LIMITED
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COMPANY INFORMATION

Directors	Ashish Kashyap Shane Law
Registered number	09826520
Registered office	54 Portland Place London W1B 1DY
Independent auditors	PricewaterhouseCoopers LLP Chartered accountants & statutory auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
Bankers	Barclays Bank Plc 5 St Ann's Street Quayside Newcastle upon Tyne NE1 3DX
Solicitors	Womble Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX

RETIREMENT BRIDGE INVESTMENTS LIMITED

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RETIREMENT BRIDGE INVESTMENTS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present their strategic report for the year ended 30 September 2018.

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 business model we 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.

Assets

Reversionary Assets: we acquire tenanted properties at a discount to vacant possession value and sell them when they become vacant. We continue to seek acquisition opportunities for reversionary assets.

Sales

The majority of our recurring sales revenues and profit on sale comes from the sale of properties when they fall vacant thereby releasing the inherent reversionary surplus. In addition, when we decide that a particular property no longer offers attractive future growth we may sell these properties while occupied (tenanted sales). We also take advantage of opportunities for adding value by refurbishing a select number of properties before sale.

Review of the business

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 2018.

The company's directors believe that analysis using financial and non-financial measures is not necessary or appropriate to understand the business' development, performance or position.

During the year, the group launched a new website, www.retbridge.co.uk, to give both new and existing customers access to company and product information. The website incorporates a portal for advisors to submit and track progress on new home reversion plans.

A new home reversion with rent product was launched during the year to satisfy the needs of people aged over 65 who need to release a higher lump sum than available from traditional lifetime mortgages. The 'quick quote' calculator on the website enables customers, or advisors, to get an idea of how much money the new product will release.

RETIREMENT BRIDGE INVESTMENTS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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; a significant Health and Safety incident; and a failure of the supporting control environment. The UK leaving the European Union may lead to a fall in the value of assets and may reduce availability of appropriately priced financing to implement the current strategy.

Future developments

The directors expect the performance of the group to continue satisfactorily for the foreseeable future.

The group is looking to both acquire portfolios of home reversions and similar products that meet our target returns and scale up sales of its new product in the home reversion market in the coming year.

This report was approved by the board on 9 May 2019 and signed on its behalf.



Ashish Kashyap
Director

RETIREMENT BRIDGE INVESTMENTS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Principal activities

The principal activity of the group during the year was that of property trading. The company is a holding investment company for the group.

Results and dividends

The profit for the financial year, amounted to £4,322k (2017 - loss £5,022k).

The directors do not propose the payment of a dividend.

Directors

The directors who served during the year were:

Ashish Kashyap
Shane Law

RETIREMENT BRIDGE INVESTMENTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

Principal risks and uncertainties

The directors have disclosed information relating to principal risks and uncertainties in the strategic report but also note the following;

Financial risk

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 attract fixed rates.

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.

Future developments

The directors have disclosed information relating to future developments in the strategic report.

Disclosure of information to auditors

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

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

Post balance sheet events

On 30 April 2019 the Group agreed with an external lender to obtain debt finance of £74m. This additional finance will be used to repay loan notes owed to group undertakings as at 30 April 2019 and will be repayable in quarterly instalments over 7 years from surplus cash generated in the group.

Independent Auditors

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

This report was approved by the board on

9 May 2019

and signed on its behalf.


Ashish Kashyap
Director

RETIREMENT BRIDGE INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RETIREMENT BRIDGE INVESTMENTS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Retirement Bridge Investments Limited's group financial statement 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 30 September 2018 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 30 September 2018; the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity for the year then ended; the consolidated statement of cash flows; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

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

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

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

RETIREMENT BRIDGE INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RETIREMENT BRIDGE INVESTMENTS LIMITED

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

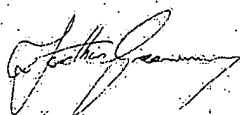
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jonathan Greenaway (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Newcastle upon Tyne
Date: 9 May 2019

RETIREMENT BRIDGE INVESTMENTS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	4	54,798	50,642
Cost of sales		(32,825)	(38,510)
Gross profit		21,973	12,132
Administrative expenses		(2,376)	(2,009)
Other operating income	5	452	1,079
Operating profit	6	20,049	11,202
Interest receivable and similar income	10	30	-
Interest payable and similar expenses	11	(13,673)	(13,625)
Profit/(loss) before taxation		6,406	(2,423)
Tax on profit/(loss)	12	(2,084)	(2,599)
Profit/(loss) for the financial year		4,322	(5,022)
Cash flow hedge reserve		114	283
Other comprehensive income for the year		114	283
Total comprehensive income/ (expense) for the year		4,436	(4,739)
Profit/ (loss) for the year attributable to:			
Non-controlling interests		-	-
Owners of the parent Company		4,322	(5,022)
		4,322	(5,022)

The notes on pages 13 to 30 form part of these financial statements.

RETIREMENT BRIDGE INVESTMENTS LIMITED
REGISTERED NUMBER: 09826520

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	13	(26,923)	(29,772)
Tangible assets	14	52	55
		<u>(26,871)</u>	<u>(29,717)</u>
Current assets			
Stocks	17	308,573	341,103
Debtors: amounts falling due after more than one year	18	397	-
Debtors: amounts falling due within one year	18	685	1,392
Cash at bank and in hand	19	22,099	14,990
		<u>331,754</u>	<u>357,485</u>
Creditors: amounts falling due within one year	20	(100,749)	(115,669)
Net current assets		<u>231,005</u>	<u>241,816</u>
Total assets less current liabilities		<u>204,134</u>	<u>212,099</u>
Creditors: amounts falling due after more than one year	21	(204,371)	(216,772)
Net liabilities		<u>(237)</u>	<u>(4,673)</u>
Capital and reserves			
Called up share capital	24	980	980
Other reserves	25	397	283
Profit and loss account	25	(1,614)	(5,936)
Total debt		<u>(237)</u>	<u>(4,673)</u>

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

9 May 2019


Ashish Kashyap
 Director

The notes on pages 13 to 30 form part of these financial statements.

RETIREMENT BRIDGE INVESTMENTS LIMITED
REGISTERED NUMBER: 09826520

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	15,16	97,004	107,004
		<u>97,004</u>	<u>107,004</u>
Current assets			
Debtors: amounts falling due within one year	18	1,346	-
		<u>1,346</u>	<u>-</u>
Creditors: amounts falling due within one year	20	(84,524)	(107,226)
		<u>(83,178)</u>	<u>(107,226)</u>
Net current liabilities		<u>(83,178)</u>	<u>(107,226)</u>
Net assets/(liabilities)		<u>13,826</u>	<u>(222)</u>
Capital and reserves			
Called up share capital	24	980	980
Profit and loss account brought forward		(1,202)	(844)
Profit/(loss) for the year		14,048	(358)
		<u>12,846</u>	<u>(1,202)</u>
Profit and loss account carried forward		<u>12,846</u>	<u>(1,202)</u>
Total equity/ (debt)		<u>13,826</u>	<u>(222)</u>

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

9 May 2019


Ashish Kashyap
 Director

RETIREMENT BRIDGE INVESTMENTS LIMITED
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 October 2016	(10,575)	-	(914)	(11,489)
Comprehensive income for the year				
Loss for the financial year	-	-	(5,022)	(5,022)
Cash flow hedge reserve movement	-	283	-	283
Shares issued during the year	11,555	-	-	11,555
At 30 September 2017 and 1 October 2018	980	283	(5,936)	(4,673)
Comprehensive income for the year				
Profit for the financial year	-	-	4,322	4,322
Cash flow hedge reserve movement	-	114	-	114
At 30 September 2018	980	397	(1,614)	(237)

RETIREMENT BRIDGE INVESTMENTS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 October 2016	866	(844)	22
Comprehensive expense for the period			
Loss for the financial year	-	(358)	(358)
Shares issued during the year	114	-	114
At 30 September 2017 and 1 October 2017	980	(1,202)	(222)
Comprehensive income for the period			
Profit for the financial year	-	14,048	14,048
At 30 September 2018	980	12,846	13,826

RETIREMENT BRIDGE INVESTMENTS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	2018 £000	2017 £000
Cash flows from operating activities		
Profit/(loss) for the financial year	4,322	(5,022)
Adjustments for:		
Amortisation of intangible assets	(2,849)	(3,056)
Depreciation of tangible assets	7	6
Interest paid	13,673	13,625
Interest received	(30)	-
Taxation charge	2,084	2,993
Decrease in stocks	32,530	35,755
Decrease/(increase) in debtors	707	(91)
(Decrease)/increase in creditors	(14,124)	1,964
Corporation tax paid	(2,914)	(2,993)
Net cash generated from operating activities	33,406	43,181
Cash flows from investing activities		
Purchase of tangible fixed assets	(4)	(7)
Acquisition of subsidiaries	-	(49,167)
Interest received	30	-
Net cash generated from/ (used in) investing activities	26	(49,174)
Cash flows from financing activities		
Issue of ordinary shares	-	114
(Repayment of)/ proceeds from debenture loans	(23,860)	24,167
Interest paid	(2,463)	(13,625)
Net cash (used in)/ generated from financing activities	(26,323)	10,656
Net increase in cash and cash equivalents	7,109	4,663
Cash and cash equivalents at beginning of year	14,990	10,327
Cash and cash equivalents at the end of year	22,099	14,990
Cash at bank and in hand	22,099	14,990
	22,099	14,990

The notes on pages 13 to 30 form part of these financial statements.

RETIREMENT BRIDGE INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

1. General information

The company is a private company limited by shares, registered in England and Wales, United Kingdom. The address of the registered office is 54 Portland Place, London, W1B 1DY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within the 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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

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.

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases to exist.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 30 September 2016.

2.3 Revenue recognition

Turnover comprises gross rentals, gross sale proceeds of trading properties and land, 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. Gross rentals are recognised on a straight line basis over the lease term on an accruals basis. Sundry other income is recognised when it becomes receivable.

RETIREMENT BRIDGE INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. Accounting policies (continued)

2.4 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.

2.5 Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation is credited on negative goodwill so as to be release to the profit and loss account on the sale of the underlying assets required.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 5 to 10 years straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

RETIREMENT BRIDGE INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. Accounting policies (continued)

2.7 Fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Trading properties are shown in the financial statements at the lower of cost and net realisable value. Cost 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 to the income statement as incurred. Improvement costs are capitalised.

2.9 Hedge accounting

The Group uses variable to fixed interest rate swaps to manage its exposure to cash flow risk on its bank loans. These derivatives are measured at fair value at each balance sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

Gains and losses on the hedging instruments and the hedged items are recognised in profit or loss for the year. When a hedged item is an unrecognised firm commitment, the cumulative hedging gain or loss on the hedged item is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

RETIREMENT BRIDGE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

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

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

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

4. Turnover

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

	2018 £000	2017 £000
Rental income	571	570
Proceeds from sale of trading properties	54,227	50,072
	<u>54,798</u>	<u>50,642</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £000	2017 £000
Other operating income	22	6
Management fees receivable	430	1,073
	<u>452</u>	<u>1,079</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2018 £000	2017 £000
Depreciation of tangible fixed assets	7	6
Amortisation of intangible assets, including goodwill	(2,849)	(3,056)
Defined contribution pension cost	88	79

RETIREMENT BRIDGE INVESTMENTS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

7. Auditors' remuneration

	2018	2017
	£000	£000
Fees payable to the Group's auditors and their associates for the audit of the Group's annual financial statements	108	105
Fees payable to the Group's auditors and their associates in respect of:		
Other services relating to taxation	12	17
	12	17

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2018	2017
	£000	£000
Wages and salaries	1,061	994
Social security costs	122	114
Other pension costs	88	79
	1,271	1,187

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

	2018	2017
	No.	No.
Management Staff	8	5
Directors	2	2
Finance and co-ordinating staff	17	17
	27	24

RETIREMENT BRIDGE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

9. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2018 £000	2017 £000
Remuneration	313	295
Company contributions to defined contribution plans	25	23
	<u>338</u>	<u>318</u>

There was £nil accruing to directors under money purchase schemes (2017: £2k).

The highest paid director received remuneration of £189k (2017: £185k).

10. Interest receivable and similar income

	2018 £000	2017 £000
Other interest receivable	30	-
	<u>30</u>	<u>-</u>

11. Interest payable and similar expenses

	2018 £000	2017 £000
Interest on debentures and bank loans	13,673	13,625
	<u>13,673</u>	<u>13,625</u>

RETIREMENT BRIDGE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

12. Tax on profit/ (loss)

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	2,483	2,725
Adjustments in respect of previous periods	(409)	-
Total current tax	<u>2,074</u>	<u>2,725</u>
Deferred tax		
Deferred tax	10	(126)
Total deferred tax	<u>10</u>	<u>(126)</u>
Taxation on profit on ordinary activities	<u>2,084</u>	<u>2,599</u>

Factors affecting tax charge for the year

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

	2018 £000	2017 £000
Profit/(loss) on ordinary activities before tax	<u>6,406</u>	<u>(2,423)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.5%)	1,217	(469)
Effects of:		
Expenses not deductible for tax purposes	2,368	347
Income not taxable for tax purposes	(564)	(900)
Adjustments to tax charge in respect of prior periods	(409)	(8)
Adjust closing deferred tax to average rate	473	446
Adjust opening deferred tax to average rate	(529)	(103)
Deferred tax not recognised	(472)	(306)
Other timing differences leading to an increase in taxation	-	77
Amalgamated consolidation adjustments not deductible	-	3,515
Total tax charge for the year	<u>2,084</u>	<u>2,599</u>

RETIREMENT BRIDGE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

12. Tax on profit/ (loss) (continued)

Factors that may affect future tax charges

No provisions have been made for the tax that would become payable if the company's properties were sold at their year end replacement values. The total unprovided tax in respect of this is £22,525k (2017: £21,988k) There are no other factors that are expected to significantly affect the taxation charge in future years.

13. Intangible assets

Group and Company

	Negative goodwill £000
Cost or valuation	
At 1 October 2017	(33,927)
At 30 September 2018	(33,927)
Amortisation	
At 1 October 2017	(4,155)
Charge for the year	(2,849)
At 30 September 2018	(7,004)
Net book value	
At 30 September 2018	(26,923)
At 30 September 2017	(29,772)

Intangible assets relate to negative goodwill acquired on acquisition of the Retirement Solutions division of Grainger Plc and on acquisition of the New Sovereign Reversions Limited group.

The company has no intangible assets.

RETIREMENT BRIDGE INVESTMENTS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

14. Tangible assets

Group

	Office equipment £000
Cost or valuation	
At 1 October 2017	62
Additions	4
	66
At 30 September 2018	66
Depreciation	
At 1 October 2017	7
Charge for the year	7
	14
At 30 September 2018	14
Net book value	
At 30 September 2018	52
<i>At 30 September 2017</i>	55

Company

The company has no tangible fixed assets.

RETIREMENT BRIDGE INVESTMENTS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

15. Investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 October 2017	107,004
Disposals	(10,000)
At 30 September 2018	<u>97,004</u>
 Net book value	
At 30 September 2018	<u>97,004</u>
At 30 September 2017	<u><u>107,004</u></u>

On 9 November 2017, the wholly owned subsidiary, Retirement Bridge Group Holdings Limited, cancelled 10,000,000 ordinary shares of £1 each, amounting to £10,000,000.

RETIREMENT BRIDGE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

16. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Country of incorporation
Retirement Bridge Group Holdings Limited	Ordinary	100 %	England
Retirement Bridge Limited*	Ordinary	100 %	England
Home Properties Limited*	Preference	100 %	England
Hamsard 2518 Limited*	Ordinary	100 %	England
Reversions Financing Limited*	Ordinary	100 %	England
Bridgewater Property Holdings Limited*	Ordinary	100 %	England
Retirement Bridge Group Limited*	Ordinary	100 %	England
Reversions Financing (No1) 2011 Limited*	Ordinary	100 %	England
Bridgewater Equity Release (No.2) Limited*	Ordinary	100 %	England
Hamsard 2342 Limited*	Ordinary	100 %	England
Bridgewater Equity Release Nominees (No.1) Limited*	Ordinary	100 %	England
Nitro 2 Limited*	Ordinary	100 %	England
Bridgewater Tenancies Nominees Limited*	Ordinary	100 %	England
Bridgewater (Home Reversions) Number 1 Limited*	Ordinary	100 %	England
Bridgewater Equity Release Limited*	Ordinary	100 %	England
Bridgewater (Home Reversions Number 2) Limited*	Ordinary	100 %	England
Bridgewater Tenancies Limited*	Ordinary	100 %	England
Hamsard 2492 Limited*	Ordinary	100 %	England
BPT (Full Reversions) Limited*	Ordinary	100 %	England
BPT Bridgewater (Home Reversions) Limited*	Ordinary	100 %	England
Hamsard 2517 Limited*	Ordinary	100 %	England
Hamsard 2517 (New Business) Limited*	Ordinary	100 %	England
EL Investments Limited*	Ordinary	100 %	England
Equity Release Investment Properties Limited*	Ordinary	100 %	England
Retirement Bridge Management Limited*	Ordinary	100 %	England
Retirement Bridge Housing Limited*	Preference	100 %	England
Homesafe Equity Release LP*	Ordinary	100 %	England
Retirement Bridge Home Reversions LP*	Ordinary	100 %	England
Equity Release (Increments) Limited*	Ordinary	100 %	England
Retirement Housing Management (Guernsey) Limited*	Ordinary	100 %	Guernsey
Retirement Housing No.1 (2007) Limited*	Ordinary	100 %	England
Bridgewater Lifetime Mortgages Limited*	Ordinary	100 %	England
Bridgewater Contractual Tenancies Limited*	Ordinary	100 %	England
Retirement Housing Management (Isle of Man) Limited*	Ordinary	100 %	Isle of Man
The Capital Appreciation Trust (Isle of Man) Limited*	Ordinary	100 %	Isle of Man
The Capital Appreciation Trust Limited*	Ordinary	100 %	Guernsey
Milford Reversions Limited*	Ordinary	100 %	England

RETIREMENT BRIDGE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

16. Subsidiary undertakings (continued)

Economic Reversions Limited*	Ordinary	100 %	England
Equity Release (Increments) No.1 Limited*	Ordinary	100 %	England
Equity Release (Increments) No.2 Limited*	Ordinary	100 %	England
Equity Release (Increments) No.3 Limited*	Ordinary	100 %	England
Equity Release (Increments) No.4 Limited*	Ordinary	100 %	England
Equity Release (Increments) No.5 Limited*	Ordinary	100 %	England
Equity Release (Increments) No.6 Limited*	Ordinary	100 %	England
Equity Release (Increments) No.7 Limited*	Ordinary	100 %	England
Equity Release (Increments) No.8 Limited*	Ordinary	100 %	England
Equity Release (Increments) No.9 Limited*	Ordinary	100 %	England
Equity Release (Increments) No.10 Limited*	Ordinary	100 %	England
Elm Property Investments LLP*	Ordinary	100 %	England
Elm Reversions Limited*	Ordinary	100 %	England
New Sovereign Reversions Limited*	Ordinary	100 %	England
Sovereign Reversions Holdings Limited*	Ordinary	100 %	England
Sovereign Reversions Limited*	Ordinary	100 %	England
The Welfare Dwellings Trust Limited*	Ordinary	100 %	England
The Home & Capital Trust Group Limited*	Ordinary	100 %	England
Home & Capital Trustee Company Limited*	Ordinary	100 %	England
Sovereign Nominees Limited*	Ordinary	100 %	England
Sovereign Nominees No.2 Limited*	Ordinary	100 %	England
Second Spring Reversions Limited*	Ordinary	100 %	England
Capital Reversions Limited*	Ordinary	100 %	England
Sovereign Property Solutions Limited*	Ordinary	100 %	England
Sovereign Retirement Capital Limited*	Ordinary	100 %	England
Sovereign Equity Release Limited*	Ordinary	100 %	England
Home & Capital Nominees Limited*	Ordinary	100 %	England
Home Equity Limited*	Ordinary	100 %	England
Home & Capital Advisers Limited*	Ordinary	100 %	England
Hinton & Wild Limited*	Ordinary	100 %	England
Home & Capital Trust Partners Limited*	Ordinary	100 %	England
Reversionary Gains I Limited*	Ordinary	100 %	Scotland
Reversionary Gains II Limited*	Ordinary	100 %	Scotland
Reversionary Gains III Limited*	Ordinary	100 %	Scotland
Reversionary Gains IV Limited*	Ordinary	100 %	Scotland
Unchained Reversions Limited	Ordinary	100 %	Scotland

RETIREMENT BRIDGE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

16. Subsidiary undertakings (continued)

* held indirectly.

The registered office of the subsidiaries incorporated in England is Cross House, Westgate Road, Newcastle upon Tyne, NE1 4XX.

The registered office of the subsidiaries incorporated in Guernsey is C/O Intertrust, Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB.

The registered office of the subsidiaries incorporated in Isle of Man is C/O FIM Capital, IOMA House, Hope St, Douglas, Isle of Man, IM1 1AP.

The registered office of the subsidiaries incorporated in Scotland is C/O Pinsent Masons, 13 Queens Road, Aberdeen, AB15 4YL.

17. Stocks

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trading properties	308,573	341,103	-	-
	<u>308,573</u>	<u>341,103</u>	<u>-</u>	<u>-</u>

At the year end, the replacement value of stock as assessed by external valuers is £370,001k (2017: £388,996k).

The carrying value is equal to the net realisable value at the year end reporting date.

The stock expense to cost of sales in the income statement amounted to £33,619k (2017: £36,666k).

RETIREMENT BRIDGE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

18. Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Amounts falling due after more than one year				
Financial instruments	397	-	-	-
	<u>397</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Amounts falling due within one year				
Trade debtors	336	386	-	-
Amounts owed by group undertakings	-	-	1,346	-
Other debtors	64	779	-	-
Deferred taxation	118	125	-	-
Prepayments and accrued income	167	102	-	-
	<u>685</u>	<u>1,392</u>	<u>1,346</u>	<u>-</u>

Amounts owed by group undertakings bore interest at 3.3% above LIBOR, are unsecured with no fixed date of repayment and are repayable on demand.

19. Cash at bank and in hand

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Cash at bank and in hand	22,099	14,990	-	-
	<u>22,099</u>	<u>14,990</u>	<u>-</u>	<u>-</u>

RETIREMENT BRIDGE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

20. Creditors: amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Debenture loans	10,345	10,594	-	-
Trade creditors	40	1,794	-	-
Amounts owed to group undertakings	84,524	97,502	84,524	107,226
Corporation tax	1,283	-	-	-
Other taxation and social security	15	363	-	-
Other creditors	664	1,659	-	-
Accruals and deferred income	3,878	3,757	-	-
	<u>100,749</u>	<u>115,669</u>	<u>84,524</u>	<u>107,226</u>

Debenture loans are mainly fixed rate, are secured by specific assets held by the group's subsidiaries and bear interest at average rate of 6.1%. There are three loans in place with £61m of the loans maturing on 31 December 2020. The remainder of the loans have maturity dates linked to the sale of the underlying assets.

Amounts owed to group undertakings bore no interest, are unsecured with no fixed date of repayment and are repayable on demand.

21. Creditors: amounts falling due after more than one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Debenture loans	204,371	216,772	-	-
	<u>204,371</u>	<u>216,772</u>	<u>-</u>	<u>-</u>

Debenture loans are mainly fixed rate, are secured by specific assets held by the group's subsidiaries and bear interest at average rate of 6.1%. There are three loans in place with £61m of the loans maturing on 31 December 2020. The remainder of the loans have maturity dates linked to the sale of the underlying assets.

RETIREMENT BRIDGE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

22. Financial instruments

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Financial assets				
Financial assets measured at fair value through profit or loss	397	283	-	-
Financial assets that are debt instruments measured at amortised cost	400	1,165	1,346	-
	<u>797</u>	<u>1,448</u>	<u>1,346</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(299,944)	(328,221)	(84,524)	(107,226)
	<u>(299,944)</u>	<u>(328,221)</u>	<u>(84,524)</u>	<u>(107,226)</u>

Financial assets measured at fair value through profit or loss comprise of two interest rate swaps that were entered into on 3 December 2016 and 13 July 2017 to receive interest at LIBOR plus a fixed rate. The interest swaps were entered into to mitigate the cash flow risk of fluctuating interest rates. The swaps were based on an initial principal amount of £49.4m and amortise in line with the expected debt profile over time, maturing on 31 December 2020.

Financial assets that are debt instruments measured at amortised cost comprise of all other financial assets of the group.

Financial liabilities measured at amortised cost comprise of all other financial liabilities of the group.

23. Deferred taxation

Group

	2018 £000	2017 £000
At beginning of year	125	517
Charged to profit or loss	(7)	(392)
At end of year	<u>118</u>	<u>125</u>

RETIREMENT BRIDGE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

23. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	Group 2018 £000	Group 2017 £000
Accelerated capital allowances	118	125
	<u>118</u>	<u>125</u>

24. Share capital

	2018 £000	2017 £000
Shares classified as equity		
Allotted, called up and fully paid		
547,223 Ordinary shares of £1 each	547	547
432,822 Ordinary B shares of £1 each	433	433
10 Ordinary C shares of £1 each	-	-
	<u>980</u>	<u>980</u>

25. Reserves

Other reserves

Cash flow hedge reserve - this reserve records the movement in the fair value of the hedging instrument.

Profit and loss account

Profit and loss account - This reserve records retained earnings and accumulated losses.

26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £88k (2017: £79k). Contributions totalling £10k (2017: £8k) were payable to the fund at the reporting date and are included in creditors due within one year.

RETIREMENT BRIDGE INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

27. Related party transactions

Company

The company has taken advantage under paragraph 33.1A of FRS 102, of not disclosing transactions with other group companies. There are no other transactions which are required to be disclosed under the terms of FRS 102.

Group

The directors believe that the Key Management Personnel of the Group are the same as the Directors. Remuneration (see note 9 for details of directors' remuneration).

The group has taken advantage under paragraph 33.1A of FRS 102, of not disclosing transactions with other group companies. There are no other transactions which are required to be disclosed under the terms of FRS 102.

28. Post balance sheet events

On 30 April 2019 the Group agreed with an external lender to obtain debt finance of £74m. This additional finance will be used to repay loan notes owed to group undertakings as at 30 April 2019 and will be repayable in quarterly instalments over 7 years from surplus cash generated in the group.

29. Controlling party

Patron Capital V L.P is deemed to be the ultimate controlling party by virtue of its 100% shareholding in the company and majority shareholding in the group.