

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023



EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

COMPANY INFORMATION

Directors	Shane Edward Law (Non Executive) Paul Barber Antony L Pierce
Registered number	11858177
Registered office	Suite 4, First Floor, Honeycomb The Watermark Gateshead Tyne and Wear NE11 9SZ
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 The Spark Draymans Way Newcastle Helix Newcastle upon Tyne NE4 5DE

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

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EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present their strategic report for the year ended 30 September 2023.

Strategy and business model

Equity Release Investment Company 2 Limited is a direct subsidiary of Equity Release Investment Company Limited and its ultimate parent undertaking is Retirement Bridge Investments Limited. The company was incorporated to separate the property owning and property management companies within the Retirement Bridge Group in order to facilitate the utilisation of debenture loans, secured against the property assets, from funders.

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.

Financial position

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 and other similar assets in the sector.

During the year, the group paid off an outstanding debenture loan facility of £10,327k, secured against property assets, that was used to facilitate the re-organisation of the group in 2019. Furthermore, in July 2023 the company increased one of its lending facility's by £12.5m on the same terms as the existing facility.

Over the course of the year, total assets less current liabilities dropped to £176,621k from £186,812k as we continue to sell our stock of reversionary assets. The directors are pleased with the company's financial performance during the year, and position at the year end, as explained in the Business Review section.

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.

Key performance indicators

The Retirement Bridge Group management team uses a range of key performance indicators, both financial and non-financial, to assess business performance. Key analysis figures for the group are shown below;

	2023	2022
Turnover (£'000)	64,077	61,520
Gross profit (£'000)	23,688	21,146
Gross profit margin (%)	37	34

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

Business review

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.

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 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 and may reduce availability of appropriately priced financing to implement the current strategies.

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.

The directors 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.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

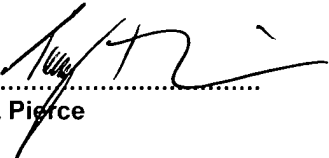
Directors' statement of compliance with duty to promote the success of the Group

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.

Future developments

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

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


.....
Antony L Pierce
Director

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

The directors present their report and the audited consolidated 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 Annual Report and consolidated financial statements in accordance with applicable law and regulation.

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

In preparing the audited 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; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are 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.

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

Principal activities

The principal activity of the company during the year, and for the foreseeable future, is that of a holding and investment company. The principal activity of the group is that of property trading.

Results and dividends

The loss for the year, after taxation, amounted to £1,812k (2022 - loss of £3,306k).

The directors do not recommend the payment of a final dividend.

Directors

The directors of the Company who were in office during the year and up to the date of the signing of the financial statements were:

Shane Edward Law (Non Executive)
Paul Barber
Antony L Pierce

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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 group expose it to a number of financial risks including interest rate risk and liquidity risk.

Interest rate risk

The group has interest bearing assets and liabilities. The majority of liabilities attract fixed rates of interest therefore, overall interest rate risk is low.

Liquidity risk

The funding needs of the business are reviewed in detail on a continuous basis as part of the internal planning and forecasting processes. The group maintains long term debt facilities to ensure that sufficient funds are available for operations and planned investments and therefore liquidity risk is also low.

Going concern

Retirement Bridge Investments Limited, a parent undertaking, has confirmed to the directors of the company and group that it will continue to provide financial and operational support, for at least 12 months from the signing of these financial statements and thereafter for the foreseeable future, to allow the company and group to meet its ongoing liabilities as and when they become due.

Despite the net liabilities position at the year end, the directors are confident that the group is a going concern as the group's trading properties, which are classed as stocks, are stated at the lower of cost and net realisable value at £252,843k (2022: £289,546k) in the financial statements. If the trading properties were stated at their replacement value (sale at market value of the property subject to occupations by a resident) of £337,320k (2022: £393,191k) the net liabilities position would reverse and result in net assets of £46,895k (2022: £67,875k).

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the year is below 40,000kWh. The group's calculation of its energy consumption only includes energy related to the administrative functions of the group. It does not include the energy consumption of trading properties, classed as stocks, as individual property energy consumption is the responsibility of the plan owners.

Matters covered in the Group Strategic Report

The company and group 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).

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

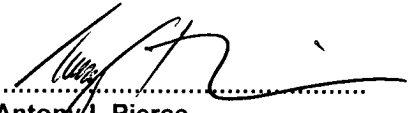
Post balance sheet events

On 18 December 2023 the company agreed with an external lender to obtain debt finance of £30.0m. This additional finance will be used to make a distribution to the parent company, and will be repayable in monthly 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 19 December 2023 and signed on its behalf.



Antony L Pierce
Director

Independent auditors' report to the directors of Equity Release Investment Company 2 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Equity Release Investment Company 2 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 30 September 2023 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 Statement of Financial Position as at 30 September 2023; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the group 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the directors of Equity Release Investment Company 2 Limited (continued)

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.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2023 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 company and their 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 Statement of directors' responsibilities in respect of the financial statements, 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the directors of Equity Release Investment Company 2 Limited (continued)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to direct laws and regulations e.g. UK tax legislation and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to overstate profit or through manipulation of key judgements around property valuations. Audit procedures performed by the engagement team included:

- Discussions with management including those charged with governance, inquiring specifically as to whether there was any known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of legal expenditure in the year to identify potential non-compliance with laws and regulations;
- Engaged with experts to review the third party valuation of properties;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Review of board minutes.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 directors 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.

Independent auditors' report to the directors of Equity Release Investment Company 2 Limited (continued)

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

We have no exceptions to report arising from this responsibility.

Toni Alderson

Toni Alderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
19 December 2023

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Note	2023 £000	2022 £000
Turnover	4	64,077	61,520
Cost of sales		(40,389)	(40,374)
Gross profit		23,688	21,146
Administrative expenses		(3,450)	(1,655)
Other operating income	5	10	21
Operating profit	6	20,248	19,512
Interest receivable and similar income	9	379	108
Interest payable and similar expenses	10	(19,580)	(19,922)
Profit/(loss) before taxation		1,047	(302)
Tax on profit/(loss)	11	(2,859)	(3,004)
Loss for the financial year		(1,812)	(3,306)
Loss for the year attributable to:			
Non-controlling interests		-	-
Owners of the parent Company		(1,812)	(3,306)
		(1,812)	(3,306)

There was no other comprehensive income for 2023 (2022: £NIL).


The notes on pages 17 to 32 form part of these financial statements.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED
REGISTERED NUMBER: 11858177

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	12	931	1,058
		<u>931</u>	<u>1,058</u>
Current assets			
Stock	14	252,843	289,546
Debtors: amounts falling due within one year	15	6,823	5,597
Cash at bank and in hand	16	7,266	3,999
		<u>266,932</u>	<u>299,142</u>
Creditors: amounts falling due within one year	17	(91,242)	(113,388)
Net current assets		<u>175,690</u>	<u>185,754</u>
Total assets less current liabilities		<u>176,621</u>	<u>186,812</u>
Creditors: amounts falling due after more than one year	18	(214,203)	(222,582)
Net liabilities		<u>(37,582)</u>	<u>(35,770)</u>
Capital and reserves			
Called up share capital	21	-	-
Other reserves	22	-	-
Profit and loss account	22	(37,582)	(35,770)
Equity attributable to owners of the parent Company		<u>(37,582)</u>	<u>(35,770)</u>
Total equity		<u>(37,582)</u>	<u>(35,770)</u>

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


Antony L. Pierce
 Director

The notes on pages 17 to 32 form part of these financial statements.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED
REGISTERED NUMBER: 11858177

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investments	13	170,154	170,154
		<u>170,154</u>	<u>170,154</u>
Current assets			
Debtors: amounts falling due within one year	15	-	9
		<u>-</u>	<u>9</u>
Creditors: amounts falling due within one year	17	(216,007)	(202,858)
		<u>(216,007)</u>	<u>(202,858)</u>
Net current liabilities		(216,007)	(202,849)
Total assets less current liabilities		(45,853)	(32,695)
Net liabilities		(45,853)	(32,695)
Capital and reserves			
Called up share capital	21	-	-
Profit and loss account brought forward		(32,695)	(24,745)
Loss for the year		(13,158)	(7,950)
		<u>(45,853)</u>	<u>(32,695)</u>
Profit and loss account carried forward		(45,853)	(32,695)
Total equity		(45,853)	(32,695)

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



Antony L. Pierce
 Director

The notes on pages 17 to 32 form part of these financial statements.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Called up share capital £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Total equity £000
At 1 October 2021	-	(32,464)	(32,464)	(32,464)
Comprehensive expense for the year				
Loss for the year	-	(3,306)	(3,306)	(3,306)
At 30 September 2022 and 1 October 2022	-	(35,770)	(35,770)	(35,770)
Comprehensive expense for the year				
Loss for the year	-	(1,812)	(1,812)	(1,812)
At 30 September 2023	-	(37,582)	(37,582)	(37,582)

The notes on pages 17 to 32 form part of these financial statements.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 October 2021	-	(24,745)	(24,745)
Comprehensive expense for the year			
Loss for the year	-	(7,950)	(7,950)
At 30 September 2022 and 1 October 2022	-	(32,695)	(32,695)
Comprehensive expense for the year			
Loss for the year	-	(13,158)	(13,158)
At 30 September 2023	-	(45,853)	(45,853)

The notes on pages 17 to 32 form part of these financial statements.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	2023 £000	2022 £000
Cash flows from operating activities		
Loss for the financial year	(1,812)	(3,306)
Adjustments for:		
Amortisation of intangible assets	127	123
Interest paid	19,580	19,922
Interest received	(379)	(108)
Taxation charge	2,859	3,004
Decrease in stock	36,703	37,638
(Increase)/decrease in debtors	(90)	61
Decrease in creditors	(240)	(3,392)
Corporation tax paid	(2,547)	(2,173)
Net cash generated from operating activities	54,201	51,769
Cash flows from investing activities		
Interest received	124	2
Loans advanced to group companies	(1,203)	(3,053)
Net cash used in investing activities	(1,079)	(3,051)
Cash flows from financing activities		
Purchase of debenture loans	12,500	1,426
Repayment of debenture loans	(44,352)	(58,333)
Interest paid	(970)	(881)
Loans advanced to group companies	-	3,485
Loans repaid from group companies	(17,033)	-
Net cash used in financing activities	(49,855)	(54,303)
Net increase/(decrease) in cash and cash equivalents	3,267	(5,585)
Cash and cash equivalents at beginning of year	3,999	9,584
Cash and cash equivalents at the end of year	7,266	3,999
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	7,266	3,999

The notes on pages 17 to 32 form part of these financial statements.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

1. General information

The company is a private company limited by shares and is registered in England and Wales, United Kingdom. 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 Group management to exercise judgment 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.

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.

Retirement Bridge Investments Limited, a parent undertaking, has confirmed to the directors of the company and group that it will continue to provide financial and operational support, for at least 12 months from the signing of these financial statements and thereafter for the foreseeable future, to allow the company and group to meet its ongoing liabilities as and when they become due.

Despite the net liabilities position at the year end, the directors are confident that the group is a going concern as the group's trading properties, which are classed as stocks, are stated at the lower of cost and net realisable value at £252,843k (2022: £289,546k) in the financial statements. If the trading properties were stated at their replacement value (sale at market value of the property subject to occupations by a resident) of £337,320k (2022: £393,191k) the net liabilities position would reverse and result in net assets of £46,895k (2022: £67,875k).

2.3 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 Balance Sheet, 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.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. Accounting policies (continued)

2.4 Revenue recognition

Turnover comprises gross property rentals and gross sale proceeds of trading properties and land, exclusive of VAT. Sales of properties are only accounted for when the cash proceeds are received in full or the company enters into a legally binding contract. Gross rentals are recognised on a straight line basis over the lease or rental term.

2.5 Interest receivable/payable

Interest is recognised by applying the effective interest rate. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments through the expected life of the debt instrument to the net carrying amount on initial recognition.

2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.7 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. Accounting policies (continued)

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group 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 Consolidated 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 Stock

Trading properties are stated at the lower of cost and net realisable value. Costs include legal and surveying charges incurred during acquisition plus improvement costs. Net realisable value is the net sales proceeds which the company expects on sale of a property with vacant possession.

Repairs are expensed to the income statements as incurred.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less any estimated improvement costs to sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 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.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. Accounting policies (continued)

2.13 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.

2.14 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.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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.

Stock

In determining that the value of trading properties is not carried at more than their recoverable amount an external valuation has been applied. A number of factors are used by the valuers in their external valuations, including the age, location and condition of the property. Where a property has not been inspected internally, the valuer makes assumptions about the internal condition of the property in establishing the vacant possession value, and in some cases applies indexation from when the property was last valued. Furthermore, in assessing the current market value of properties that are not vacant, assumptions are applied as to the likely tenure of the occupation of the property, and other factors, using actuarial models.

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 group estimates the recoverable amount of the investment. When determining the estimate, it is assumed that the recoverable amount is equal to the underlying 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.

4. Turnover

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

	2023 £000	2022 £000
Rental income	506	541
Proceeds from sale of trading properties	63,571	60,979
	<u>64,077</u>	<u>61,520</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2023 £000	2022 £000
Other operating income	10	21

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

6. Operating profit

The operating profit is stated after charging:

	2023	2022
	£000	£000
Amortisation of intangible fixed assets including goodwill	127	123

7. Auditors' remuneration

	2023	2022
	£000	£000
Fees payable to the Group's auditors and their associates for the audit of the Group's financial statements	78	76

The Group has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated financial statements of the parent company, Retirement Bridge Investments Limited.

8. Employees

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

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
Directors	3	3	3	3

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.

9. Interest receivable and similar income

	2023	2022
	£000	£000
Interest receivable from group companies	255	106
Other interest receivable	124	2
	379	108

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

10. Interest payable and similar expenses

	2023	2022
	£000	£000
Interest on debentures and loans	13,706	16,781
Interest payable to group companies	5,860	3,128
Other interest payable	14	13
	<u>19,580</u>	<u>19,922</u>

11. Tax on profit/(loss)

	2023	2022
	£000	£000
Current tax		
Current tax on profit/(loss)	3,719	2,145
Group taxation relief	(1,172)	(533)
Total current tax	<u>2,547</u>	<u>1,612</u>
Deferred tax		
Origination and reversal of timing differences	275	1,058
Effect of changes in tax rates	37	334
Total deferred tax	<u>312</u>	<u>1,392</u>
Taxation on profit/(loss)	<u>2,859</u>	<u>3,004</u>

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 22% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Profit/(loss) before taxation	1,047	(302)
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 22% (2022 - 19%)	230	(57)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	28	23
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,569	2,708
Changes to tax rates affecting tax losses carried forward	37	334
Payment/(receipt) for group relief	(1,172)	(533)
Group relief (claimed)/surrendered	1,172	533
Deductible expenses not in income statement – Indexation Allowance	(5)	(4)
Total tax charge for the year	2,859	3,004

Factors that may affect future tax charges

No provisions have been made for the tax that would become payable if the group's properties were sold at their year end replacement values. The total unprovided tax in respect of this is £40,111k (2022: £47,820k). There are no other factors that are expected to significantly affect the taxation charge in future years.

In the Spring Budget of 2021, the Government announced that the rate of corporation tax would increase from 1 April 2023 to 25% on profits over £250k. The rate for small profits under £50k will remain at 19% and there will be taper relief for businesses with profits between £50k and £250k. The corporation tax rate increase was included in The Finance Bill 2021 and the Bill was substantively enacted on 24 May 2021. In both the Autumn Statement in November 2022 and the Spring Statement in March 2023, the Government confirmed the increase in corporation tax rate to 25% from April 2023.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

12. Intangible assets

Group

	Goodwill £000
Cost	
At 1 October 2022	1,516
At 30 September 2023	<u>1,516</u>
Accumulated amortisation	
At 1 October 2022	458
Charge for the year on owned assets	127
At 30 September 2023	<u>585</u>
Net book value	
At 30 September 2023	<u><u>931</u></u>
At 30 September 2022	<u><u>1,058</u></u>

Intangible assets are made up of goodwill on acquisition of Retirement Bridge Group Holdings Limited on 30 April 2019.

The Company has no intangible assets.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

13. Investments

Company

	Investments in subsidiary companies £000
Cost and net book value	
At 1 October 2022	170,154
At 30 September 2023	170,154

On 30 April 2019 the company acquired 100% of the share capital of Retirement Bridge Group Holdings Limited for consideration of £170,154k. The investment in Retirement Bridge Group Holdings Limited, and its subsidiaries, has been included in the company's balance sheet at its fair value at the date of acquisition.

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Retirement Bridge Group Holdings Limited	England and Wales	Ordinary	100%

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

13. Investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Retirement Bridge Limited	England and Wales	Ordinary	100%
Home Properties Limited	England and Wales	Ordinary	100%
Bridgewater Property Holdings Limited	England and Wales	Ordinary	100%
Hamsard 2518 Limited	England and Wales	Ordinary	100%
Reversions Financing Limited	England and Wales	Ordinary	100%
New Sovereign Reversions Limited	England and Wales	Ordinary	100%
Bridgewater Lifetime Mortgages Limited	England and Wales	Ordinary	100%
Bridgewater Contractual Tenancies Limited	England and Wales	Ordinary	100%
Retirement Bridge Housing Limited	England and Wales	Preference	100%
EL Investments Limited	England and Wales	Ordinary	100%
Equity Release Investment Properties Limited	England and Wales	Ordinary	100%
Retirement Bridge Home Reversions LP	England and Wales	N/A	100%
Milford Reversions Limited	England and Wales	Ordinary	100%
Economic Reversions Limited	England and Wales	Ordinary	100%
Elm Property Investments LLP	England and Wales	N/A	100%
Elm Reversions Limited	England and Wales	Ordinary	100%
Retirement Housing No.1 (2007) Limited	England and Wales	Ordinary	100%
Retirement Housing Management (Isle of Man) Limited	Isle of Man	Preference	100%
Retirement Housing Management (Guernsey) Limited	Guernsey	Preference	100%
The Capital Appreciation Trust Limited	Guernsey	Preference	100%
The Capital Appreciation Trust (Isle of Man) Limited	Isle of Man	Preference	100%
BPT (Full Reversions) Limited	England and Wales	Ordinary	100%
BPT Bridgewater (Home Reversions) Limited	England and Wales	Ordinary	100%
Hamsard 2517 Limited	England and Wales	Ordinary	100%
Reversions Financing (No.1) 2011 Limited	England and Wales	Ordinary	100%
Hamsard 2492 Limited	England and Wales	Ordinary	100%
Hamsard 2342 Limited	England and Wales	Ordinary	100%
Bridgewater (Home Reversions Number 1) Limited	England and Wales	Ordinary	100%
Bridgewater (Home Reversions Number 2) Limited	England and Wales	Ordinary	100%
Bridgewater Equity Release Limited	England and Wales	Ordinary	100%
Bridgewater Equity Release Nominees (No.1) Limited	England and Wales	Ordinary	100%
Bridgewater Equity Release Nominees (No.2) Limited	England and Wales	Ordinary	100%
Nitro 2 Limited	England and Wales	Ordinary	100%
Bridgewater Tenancies Limited	England and Wales	Ordinary	100%
Bridgewater Tenancies Nominees Limited	England and Wales	Ordinary	100%
Equity Release (Increments) Limited	England and Wales	Ordinary	100%
Equity Release (Increments) Nominees No.1 Limited	England and Wales	Ordinary	100%
Equity Release (Increments) Nominees No.2 Limited	England and Wales	Ordinary	100%
Equity Release (Increments) Nominees No.3 Limited	England and Wales	Ordinary	100%
Equity Release (Increments) Nominees No.4 Limited	England and Wales	Ordinary	100%
Equity Release (Increments) Nominees No.5 Limited	England and Wales	Ordinary	100%
Equity Release (Increments) Nominees No.6 Limited	England and Wales	Ordinary	100%
Equity Release (Increments) Nominees No.7 Limited	England and Wales	Ordinary	100%
Equity Release (Increments) Nominees No.8 Limited	England and Wales	Ordinary	100%
Equity Release (Increments) Nominees No.9 Limited	England and Wales	Ordinary	100%
Equity Release (Increments) Nominees No.10 Limited	England and Wales	Ordinary	100%

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

13. Investments (continued)

Indirect subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
Sovereign Reversions Limited	England and Wales	Ordinary	100%
The Welfare Dwellings Trust Limited	England and Wales	Ordinary	100%
Sovereign Nominees Limited	England and Wales	Ordinary	100%
Sovereign Nominees No.2 Limited	England and Wales	Ordinary	100%

The registered office of all subsidiaries incorporated in England and Wales is Suite 4, 1st Floor, Honeycomb, The Watermark, Gateshead, Tyne and Wear, NE11 9SZ.

The registered office of subsidiaries incorporated in Guernsey is C/O Lancaster Guernsey, 2nd Floor, West Wing, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 4LL.

The registered office of subsidiaries incorporated in the Isle of Man is C/O Turnstone Group, 3rd Floor, James House, 11-13 Hill Street, Douglas, Isle of Man, IM1 1EF.

14. Stock

	Group 2023 £000	Group 2022 £000
Trading properties	<u>252,843</u>	<u>289,546</u>

The replacement value of stock (sale at market value of the property subject to occupation by a resident) is £337,320k (2022: £393,191k) based on market value at 30 September 2023, as assessed by external experts.

The directors have reviewed the net realisable value of the properties. They have concluded that the net realisable value exceeds the carrying value of the properties and therefore no further provision against the carrying value of stock is required.

The stock expense to cost of sales in the income statement amounted to £38,033k (2022: £37,774k).

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

15. Debtors: amounts falling due within one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Trade debtors	150	161	-	-
Amounts owed by group undertakings	4,607	3,159	-	-
Other debtors	100	-	-	-
Deferred taxation	1,892	2,204	-	-
Tax recoverable	1	-	-	-
Prepayments and accrued income	73	73	-	9
	6,823	5,597	-	9

Amounts owed by group undertakings of £114k (2022: £113k) are interest free and amounts owed by group undertakings of £4,504k (2022: £3,046k) bore interest at 3.3% above SONIA (2022: £3.3% above SONIA). All amounts owed by group undertakings are unsecured with no fixed date of repayment and are repayable on demand. Interest receivable for the year amounted to £255k (2022: £106k).

16. Cash at bank and in hand

	Group 2023 £000	Group 2022 £000
Available cash at bank and in hand	5,982	2,774
Restricted cash at bank and in hand	1,284	1,225
	7,266	3,999

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

17. Creditors: amounts falling due within one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Debenture loans	19,921	30,658	-	10,327
Trade creditors	124	2	-	-
Amounts owed to group undertakings	68,386	79,571	216,007	192,266
Corporation tax	269	253	-	-
Other creditors	25	-	-	-
Accruals and deferred income	2,517	2,904	-	265
	91,242	113,388	216,007	202,858

Group debenture loans are mainly fixed rate, are secured by specific assets held by the group's subsidiaries and bear interest at average rate of 5.69% (2022: 5.82%). There are three (2022: four) loans in place with repayments linked to the cashflows generated from the sale of the underlying trading assets.

The Company debenture loan was secured via fixed and floating charges over the trading properties of the Group and all other assets and undertakings of the Company and its Group. It incurred interest at a rate of 11% per annum and was repayable in monthly instalments over 7 years, based on surplus cash generated in the Group, instead of having a fixed repayment profile. The company debenture loan was repaid in full in April 2023.

Amounts owed to group undertakings of £114k (2022: £635k) are interest free, amounts owed to group undertakings of £nil (2022: £478k) bore interest at 11.0% and amounts owed to group undertakings of £68,272k (2022: £78,458k) bore interest at 3.3% above SONIA (2022: 3.3% above SONIA). All amounts owed to group undertakings are unsecured with no fixed date of repayment and are repayable on demand. Interest payable for the year amounted to £5,860k (2022: £3,128k).

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

	Group 2023 £000	Group 2022 £000
Debenture loans	214,203	222,582

Group debenture loans are mainly fixed rate, are secured by specific assets held by the group's subsidiaries and bear interest at average rate of 5.69% (2022: 5.82%). There are three (2022: four) loans in place with repayments linked to the cashflows generated from the sale of the underlying trading assets.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

19. Financial instruments

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	4,857	<i>3,320</i>	-	<i>-</i>
Financial liabilities				
Financial liabilities measured at amortised cost	(302,659)	<i>(332,813)</i>	(216,008)	<i>(202,593)</i>

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

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

20. Deferred taxation

Group

	2023 £000
At beginning of year	2,204
Charged to profit or loss	(312)
At end of year	1,892

	Group 2023 £000	<i>Group 2022 £000</i>
Tax losses carried forward	1,889	<i>2,201</i>
Short term timing differences	3	<i>3</i>
	1,892	<i>2,204</i>

The provision for deferred tax is made up of unused tax losses and short term timing differences. The group has short term timing differences of £12k (2022: £12k) and unused tax losses of £7,555k (2022: £8,804k) arising in the United Kingdom that are available for offset against future taxable profits in the group.

EQUITY RELEASE INVESTMENT COMPANY 2 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

21. Called up share capital

	2023	2022
	£000	£000
Allotted, called up and fully paid		
1 (2022 - 1) Ordinary share of £0.01	-	-
	<u> </u>	<u> </u>

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

22. Reserves

Other reserves

The cash flow hedge reserve records the movement in the fair value of the hedging instrument.

Profit and loss account

This reserve records retained earnings and accumulated losses.

23. Contingent liabilities

At 30 September 2023, the company guaranteed loans of £nil (2022: £10,327k) by means of a legal charge over its assets and book debts. At the same date, the group guaranteed loans of £234,124k (2022: £253,239k) by means of legal charges over the group's assets and book debts. Details of the repayment profiles are shown in the statutory financial statements of Retirement Bridge Investments Limited.

24. Related party transactions

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

25. Controlling party

Equity Release Investment Company Limited is the immediate parent company, and the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 September 2023, by virtue of its 100% shareholding in the Company. The consolidated financial statements of Equity Release Investment Company Limited can be obtained from Suite 4, First Floor, Honeycomb, The Watermark, Gateshead, Tyne and Wear, NE11 9SZ.

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.

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