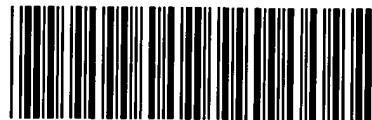


Bridgewater (Home Reversions Number 2) Limited

Directors' Report and Financial Statements

For the Year Ended 30 September 2020

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Bridgewater (Home Reversions Number 2) Limited

Company Information

Directors	Paul Barber Antony L Pierce
Registered number	04319671
Registered office	Cross House Westgate Road Newcastle upon Tyne NE1 4XX
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
Bankers	Barclays Bank PLC 59 High Street Gosforth Newcastle upon Tyne NE3 4AA
Solicitors	Womble Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX

Bridgewater (Home Reversions Number 2) Limited

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Bridgewater (Home Reversions Number 2) Limited

Directors' Report
For the Year Ended 30 September 2020

The directors present their report and the audited financial statements for the year ended 30 September 2020.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors 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 of the profit or loss of the Company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activity of the company during the year was property trading.

Results and dividends

The profit for the year, after taxation, amounted to £998,364 (2019 - £1,020,891).

During the year, the directors proposed and paid an interim dividend of £3m (2019: £nil). 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:

Paul Barber
Antony L Pierce

Bridgewater (Home Reversions Number 2) Limited

Directors' Report (continued)
For the Year Ended 30 September 2020

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'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's auditors are aware of that information.

Small companies exemptions


In preparing this report, the directors have taken advantage of the small companies' exemption provided by Section 415A of the Companies Act 2006.

The directors have also taken advantage of the small companies' exemption from preparation of a strategic report in accordance with section 414B of Companies Act 2006.

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 18 December 2020 and signed on its behalf.


.....
Antony L Pierce
Director

Bridgewater (Home Reversions Number 2) Limited

Independent Auditors' Report to the Members of Bridgewater (Home Reversions Number 2) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bridgewater (Home Reversions Number 2) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit 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 Directors' Report and financial statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 September 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity 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 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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 company'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.

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

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

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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Independent Auditors' Report to the Members of Bridgewater (Home Reversions Number 2) Limited

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the 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 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

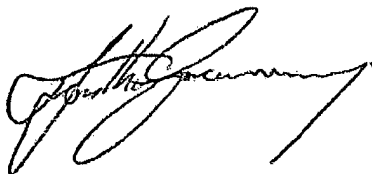
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Jonathan Greenaway (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Newcastle upon Tyne
18 December 2020

Bridgewater (Home Reversions Number 2) Limited

Statement of Comprehensive Income For the Year Ended 30 September 2020

	Note	2020 £	2019 £
Turnover	4	1,358,775	1,469,250
Cost of sales		(339,771)	(394,042)
Gross profit		1,019,004	1,075,208
Administrative expenses		(24,633)	(42,922)
Other operating income	5	50	1,368
Operating profit	6	994,421	1,033,654
Interest receivable and similar income	7	238,127	226,705
Profit before tax		1,232,548	1,260,359
Tax on profit	8	(234,184)	(239,468)
Profit for the financial year		998,364	1,020,891
Other comprehensive income for the year			
Total comprehensive income for the year		998,364	1,020,891

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

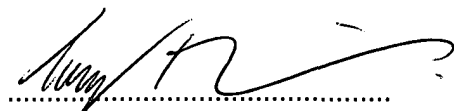
The notes on pages 8 to 13 form part of these financial statements.

Bridgewater (Home Reversions Number 2) Limited
Registered number: 04319671

Statement of Financial Position
As at 30 September 2020

	Note	2020 £	2019 £
Current assets			
Stocks	10	2,636,211	2,967,135
Debtors: amounts falling due within one year	11	4,705,699	6,375,419
		<u>7,341,910</u>	<u>9,342,554</u>
Current liabilities			
Creditors: amounts falling due within one year	12	(7,849)	(6,857)
Net current assets		<u>7,334,061</u>	<u>9,335,697</u>
Total assets less current liabilities		<u>7,334,061</u>	<u>9,335,697</u>
Net assets		<u>7,334,061</u>	<u>9,335,697</u>
Capital and reserves			
Called up share capital	13	5,639,255	5,639,255
Profit and loss account	14	1,694,806	3,696,442
Total equity		<u>7,334,061</u>	<u>9,335,697</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2020.


.....
Antony L Pierce
Director

The notes on pages 8 to 13 form part of these financial statements.

Bridgewater (Home Reversions Number 2) Limited

**Statement of Changes in Equity
For the Year Ended 30 September 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 October 2018	5,639,255	2,675,551	8,314,806
Profit for the year	-	1,020,891	1,020,891
At 30 September 2019 and 1 October 2019	5,639,255	3,696,442	9,335,697
Profit for the year	-	998,364	998,364
Dividends: Equity capital	-	(3,000,000)	(3,000,000)
At 30 September 2020	5,639,255	1,694,806	7,334,061

Bridgewater (Home Reversions Number 2) Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2020**

1. General information

The entity is a private company limited by shares, incorporated in England and Wales. The address of the registered office is Cross House, Westgate Road, Newcastle upon Tyne, NE1 4XX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

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

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

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Equity Release Investment Company 2 Limited as at 30 September 2020 and these financial statements may be obtained from Cross House, Westgate Road, Newcastle upon Tyne, NE1 4XX.

2.3 Revenue recognition

Turnover comprises of 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.

Bridgewater (Home Reversions Number 2) Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2020**

2. Accounting policies (continued)

2.4 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.

2.5 Taxation

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 operates and generates income.

2.6 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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.

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:

	2020 £	2019 £
Gross sale proceeds	1,358,775	1,469,250
	<u>1,358,775</u>	<u>1,469,250</u>

All turnover arose within the United Kingdom.

Bridgewater (Home Reversions Number 2) Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2020**

5. Other operating income

	2020 £	2019 £
Other operating income	50	1,368
	<u>50</u>	<u>1,368</u>

6. Operating profit

Audit fees are statutory audit fees only and are borne by another group company.

None of the directors received any remuneration from the company during the year, or in the previous year, in respect of their services to the company. There are no other persons holding service contracts with the Company (2019: Nil).

7. Interest receivable and similar income

	2020 £	2019 £
Interest receivable from group companies	238,127	226,705
	<u>238,127</u>	<u>226,705</u>

8. Tax on profit

	2020 £	2019 £
Group taxation relief	234,184	239,468
Total current tax	<u><u>234,184</u></u>	<u><u>239,468</u></u>

Bridgewater (Home Reversions Number 2) Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2020**

8. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 - *the same as*) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	2020 £	2019 £
Profit before tax	<u>1,232,548</u>	<u>1,260,359</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	234,184	239,468
Effects of:		
Group relief claimed	(234,184)	(239,468)
Payment for group relief	234,184	239,468
Total tax charge for the year	<u><u>234,184</u></u>	<u><u>239,468</u></u>

Factors that may affect future tax charges

No provisions have been made for the tax that would have become payable if the company's properties had been sold at their year end replacement values. The total unprovided deferred tax in respect of this is £960,175 (2019: £891,451).

There are no other factors that are expected to significantly affect the taxation charge in future years.

9. Dividends

	2020 £	2019 £
Interim equity dividends on ordinary shares	<u>3,000,000</u>	-
	<u><u>3,000,000</u></u>	<u><u>-</u></u>

Bridgewater (Home Reversions Number 2) Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2020**

10. Stocks

	2020 £	2019 £
Trading properties	2,636,211	2,967,135
	2,636,211	2,967,135

The replacement value of stock (sale at market value of the property subject to occupation by a resident) is £7,689,762 (2019: £8,210,964) based on market value at 30 September 2020, 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 book cost of the properties and therefore no provision against the carrying value of stock is required.

The stock expense to cost of sales in the income statement amounted to £310,923 (2019: £364,903).

11. Debtors: amounts falling due within one year

	2020 £	2019 £
Trade debtors	1,522	618
Amounts owed by group undertakings	4,704,177	6,374,801
	4,705,699	6,375,419

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. Interest receivable for the year amounted to £238,127 (2019: £266,705).

12. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,427	245
Other creditors	6,422	6,612
	7,849	6,857

Bridgewater (Home Reversions Number 2) Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2020**

13. Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
5,639,255 (2019 - 5,639,255) Ordinary shares of £1 each	<u>5,639,255</u>	<u>5,639,255</u>

14. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

15. Contingent liabilities

At 30 September 2020, the company, together with certain of its fellow group companies, has guaranteed loans of £91,691,813 (2019: £93,524,984) of certain fellow group companies by means of a legal charge over its assets and book debts. Details of the debt repayment profile are shown in the statutory financial statements of Retirement Bridge Investments Limited.

16. Related party transactions

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

17. Controlling party

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

Equity Release Investment Company 2 Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 September 2020. The consolidated financial statements of Equity Release Investment Company 2 Limited can be obtained from Cross House, Westgate Road, Newcastle Upon Tyne, NE1 4XX.

Retirement Bridge Investments Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2020. The consolidated financial statements of Retirement Bridge Investments Limited can be obtained from Cross House, Westgate Road, Newcastle Upon Tyne, NE1 4XX.

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.