

# **Bridgewater (Home Reversions Number 2) Limited**

**Unaudited**

**Directors' Report and Financial Statements**

**For the Year Ended 30 September 2022**

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**Bridgewater (Home Reversions Number 2) Limited**

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**Company Information**

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<b>Directors</b>	Paul Barber Antony L Pierce
<b>Registered number</b>	04319671
<b>Registered office</b>	Suite 4, First Floor, Honeycomb The Watermark Gateshead Tyne and Wear NE11 9SZ
<b>Accountants</b>	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
<b>Bankers</b>	Barclays Bank PLC 59 High Street Gosforth Newcastle upon Tyne NE3 4AA
<b>Solicitors</b>	Womble Bond Dickinson LLP The Spark Draymans Way Newcastle Helix Newcastle upon Tyne NE4 5DE

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**Bridgewater (Home Reversions Number 2) Limited**

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**Contents**

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	Page
<b>Directors' Report</b>	1 - 2
<b>Statement of Comprehensive Income</b>	3
<b>Statement of Financial Position</b>	4
<b>Statement of Changes in Equity</b>	5
<b>Notes to the Financial Statements</b>	6 - 13

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## **Bridgewater (Home Reversions Number 2) Limited**

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### **Directors' Report For the Year Ended 30 September 2022**

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The directors present their report and the financial statements for the year ended 30 September 2022.

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and 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, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

#### **Principal activities**

The principal activity of the company during the year, and for the foreseeable future, was property trading.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,248,638 (2021 - £555,309).

During the year, the directors proposed and paid an interim dividend of £1,000,000 (2021: £1,500,000). 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

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**Bridgewater (Home Reversions Number 2) Limited**

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**Directors' Report (continued)  
For the Year Ended 30 September 2022**

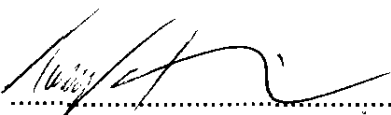
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**Small companies exemptions**

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 the Companies Act 2006.

This report was approved by the board on *28 February 2023* and signed on its behalf.

  
.....  
**Antony L Pierce**  
Director

**Bridgewater (Home Reversions Number 2) Limited**

**Statement of Comprehensive Income  
For the Year Ended 30 September 2022**

	Note	2022 £	2021 £
Turnover	4	1,807,800	753,000
Cost of sales		(430,631)	(197,018)
<b>Gross profit</b>		<b>1,377,169</b>	<b>555,982</b>
Administrative expenses		(24,327)	(23,069)
Other operating income	5	14	20
<b>Operating profit</b>		<b>1,352,856</b>	<b>532,933</b>
Interest receivable and similar income	7	188,672	152,634
<b>Profit before tax</b>		<b>1,541,528</b>	<b>685,567</b>
Tax on profit	8	(292,890)	(130,258)
<b>Profit for the financial year</b>		<b>1,248,638</b>	<b>555,309</b>
<b>Total comprehensive income for the year</b>		<b>1,248,638</b>	<b>555,309</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 6 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 2022**

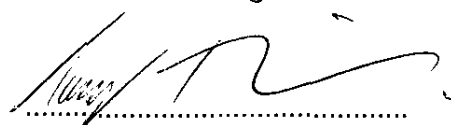
	Note	2022 £	2021 £
<b>Current assets</b>			
Stock	10	2,076,747	2,464,436
Debtors: amounts falling due within one year	11	4,561,388	3,930,831
		<u>6,638,135</u>	<u>6,395,267</u>
Creditors: amounts falling due within one year	12	(127)	(5,897)
<b>Net current assets</b>		<u>6,638,008</u>	<u>6,389,370</u>
<b>Total assets less current liabilities</b>		<u>6,638,008</u>	<u>6,389,370</u>
<b>Net assets</b>		<u>6,638,008</u>	<u>6,389,370</u>
<b>Capital and reserves</b>			
Called up share capital	13	5,639,255	5,639,255
Profit and loss account	14	998,753	750,115
<b>Total equity</b>		<u>6,638,008</u>	<u>6,389,370</u>

For the year ending 30 September 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

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

  
.....  
**Antony L Pierce**  
Director

The notes on pages 6 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 2022**

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 October 2020</b>	<b>5,639,255</b>	<b>1,694,806</b>	<b>7,334,061</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	555,309	555,309
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(1,500,000)	(1,500,000)
<b>At 30 September 2021 and 1 October 2021</b>	<b>5,639,255</b>	<b>750,115</b>	<b>6,389,370</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,248,638	1,248,638
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
<b>At 30 September 2022</b>	<b>5,639,255</b>	<b>998,753</b>	<b>6,638,008</b>



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## **Bridgewater (Home Reversions Number 2) Limited**

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### **Notes to the Financial Statements For the Year Ended 30 September 2022**

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#### **1. General information**

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

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

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

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

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

The company has taken the exemption from an audit for the year ended 30 September 2022 by virtue of s479A of the Companies Act 2006. In order to allow the Company to take the audit exemption, per s479C of the Companies Act 2006, the ultimate parent company, Retirement Bridge Investments Limited, has given a statutory guarantee of all the outstanding liabilities of the Company as at 30 September 2022. Such guarantees are enforceable against Retirement Bridge Investments Limited by any person to whom any such liability is due.

##### **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 2022 and these financial statements may be obtained from Suite 4, First Floor, Honeycomb, The Watermark, Gateshead, Tyne and Wear, NE11 9SZ.

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## **Bridgewater (Home Reversions Number 2) Limited**

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### **Notes to the Financial Statements For the Year Ended 30 September 2022**

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## **2. Accounting policies (continued)**

### **2.3 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.

At the date of signing these financial statements, the directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

### **2.4 Revenue recognition**

Turnover comprises of gross sale proceeds of trading properties and land, exclusive of VAT. Sales of trading properties are only accounted for when the cash proceeds are received in full or the company has entered into a legally binding contract.

### **2.5 Interest receivable**

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 over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

### **2.6 Stock**

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.

### **2.7 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.

### **2.8 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.

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## **Bridgewater (Home Reversions Number 2) Limited**

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### **Notes to the Financial Statements For the Year Ended 30 September 2022**

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## **2. Accounting policies (continued)**

### **2.9 Creditors**

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

### **2.10 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.

### **2.11 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.

### **2.12 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.

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## Bridgewater (Home Reversions Number 2) Limited

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### Notes to the Financial Statements For the Year Ended 30 September 2022

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#### 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 are not carried at more than their recoverable amount an external valuation has been applied.

##### Intercompany recoverability

Amounts owed by group undertakings are reviewed for impairment on an annual basis. In considering the need for a provision, management determines their best estimate of the expected future cash flows. As this estimate relies on a certain number of assumptions about future events which may differ from actual outcomes, including the borrower's ability to repay amounts owed, this gives rise to estimation as to whether there is a shortfall between the carrying value and the fair value of the debtor balance.

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:

	2022 £	2021 £
Gross proceeds on sale of trading properties	<u>1,807,800</u>	<u>753,000</u>

All turnover arose within the United Kingdom.

#### 5. Other operating income

	2022 £	2021 £
Other operating income	<u>14</u>	<u>20</u>

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**Bridgewater (Home Reversions Number 2) Limited**

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**Notes to the Financial Statements  
For the Year Ended 30 September 2022**

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**6. Employees**

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Directors	<b>2</b>	<b>2</b>

The Company has no employees other than the directors. The directors' remuneration was borne by another group entity (2021: £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.

**7. Interest receivable and similar income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest receivable from group companies	<b>188,672</b>	<b>152,634</b>

**8. Tax on profit**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Group taxation relief	<b>292,890</b>	<b>130,258</b>

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**Bridgewater (Home Reversions Number 2) Limited**

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**Notes to the Financial Statements  
For the Year Ended 30 September 2022**

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**8. Tax on profit (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £	2021 £
Profit before tax	1,541,528	685,567
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	292,890	130,258
<b>Effects of:</b>		
Payment for group relief	292,890	130,258
Group relief claimed	(292,890)	(130,258)
<b>Total tax charge for the year</b>	<b>292,890</b>	<b>130,258</b>

**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 £1,403,088 (2021: £1,072,483).

In the Spring Budget of 2021 the Government announced that the rate of corporation tax will increase from 1 April 2023 to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19% and there will be taper relief for businesses with profits between £50,000 and £250,000. The corporation tax rate increase was included in Finance Bill 2021 and the Bill was substantively enacted on 24 May 2021.

**9. Dividends**

	2022 £	2021 £
Interim equity dividends on ordinary shares	1,000,000	1,500,000

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**Bridgewater (Home Reversions Number 2) Limited**

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**Notes to the Financial Statements  
For the Year Ended 30 September 2022**

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**10. Stock**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trading properties	<b>2,076,747</b>	<b>2,464,436</b>

The replacement value of stock (sale at market value of the property subject to occupation by a resident) is £7,689,098 (2021: £8,109,084) based on market value at 30 September 2022, 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 £387,689 (2021: £171,775).

**11. Debtors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>2,244</b>	<b>1,751</b>
Amounts owed by group undertakings	<b>4,559,023</b>	<b>3,929,080</b>
Prepayments and accrued income	<b>121</b>	<b>-</b>
	<b>4,561,388</b>	<b>3,930,831</b>

Amounts owed by group undertakings bore interest at 3.3% above SONIA (2021: 3.3% above LIBOR), are unsecured with no fixed date of repayment and are repayable on demand. Interest receivable for the year amounted to £188,672 (2021: £152,634).

**12. Creditors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>43</b>	<b>-</b>
Other creditors	<b>84</b>	<b>5,897</b>
	<b>127</b>	<b>5,897</b>

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## Bridgewater (Home Reversions Number 2) Limited

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### Notes to the Financial Statements For the Year Ended 30 September 2022

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#### 13. Called up share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
5,639,255 (2021 - 5,639,255) Ordinary shares of £1 each	<b>5,639,255</b>	<b>5,639,255</b>

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

#### 14. Reserves

##### Profit and loss account

This reserve records retained earnings and accumulated losses.

#### 15. Contingent liabilities

At 30 September 2022, the company, together with certain of its fellow group companies, has guaranteed loans of £82,515,075 (2021: £85,728,596) 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 2022. The consolidated financial statements of Equity Release Investment Company 2 Limited can be obtained from Suite 4, First Floor, Honeycomb, The Watermark, Gateshead, Tyne and Wear, NE11 9SZ.

Retirement Bridge Investments Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2022. 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.