

Bridgewater Tenancies Limited

Directors' Report and Financial Statements

For the Year Ended 30 September 2018



Bridgewater Tenancies Limited

Company Information

Directors	Paul Barber Antony L Pierce
Registered number	04952695
Registered office	Cross House Westgate Road Newcastle upon Tyne NE1 4XX
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditor 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 Tenancies Limited

Contents

	Page
Directors' Report	1 - 2
Independent Auditors' Report	3 - 4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8 - 15

Bridgewater Tenancies Limited

Directors' Report For the Year Ended 30 September 2018

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law 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 activity

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

Results and dividends

The profit for the year, after taxation, amounted to £5,981,208 (2017 - £3,613,817).

The directors do not recommend the payment of a 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 Tenancies Limited

**Directors' Report (continued)
For the Year Ended 30 September 2018**

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.

Independent auditors

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

Small companies exemptions

The directors have taken advantage of the small companies exemptions in preparing their directors' report.

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



Antony L Pierce
Director

Bridgewater Tenancies Limited

Independent Auditors' Report to the Members of Bridgewater Tenancies Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bridgewater Tenancies Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 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 2018; the statement of comprehensive income, 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

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

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

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

Reporting on other information

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

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

With respect to the 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 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Bridgewater Tenancies Limited

Independent Auditors' Report to the Members of Bridgewater Tenancies 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 Directors' Responsibilities Statement set out on page 1, 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

Date: 9 May 2014

Bridgewater Tenancies Limited

**Statement of Comprehensive Income
For the Year Ended 30 September 2018**

	Note	2018 £	2017 £
Turnover	4	10,180,632	6,537,388
Cost of sales		(3,751,208)	(2,643,978)
Gross profit		6,429,424	3,893,410
Administrative expenses		(198,884)	(231,555)
Other operating income	5	812	-
Operating profit	6	6,231,352	3,661,855
Interest receivable and similar income	7	1,153,461	820,180
Interest payable and expenses	8	(606)	-
Profit before taxation		7,384,207	4,482,035
Tax on profit	9	(1,402,999)	(868,218)
Profit for the financial year		5,981,208	3,613,817

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 8 to 15 form part of these financial statements.

Bridgewater Tenancies Limited
Registered number: 04952695

Statement of Financial Position
As at 30 September 2018

	Note	2018 £	2017 £
Current assets			
Stocks	10	14,034,749	17,493,885
Debtors: amounts falling due within one year	11	35,886,646	25,700,334
		<u>49,921,395</u>	<u>43,194,219</u>
Creditors: amounts falling due within one year	12	(886,225)	(140,257)
Net current assets		<u>49,035,170</u>	<u>43,053,962</u>
Total assets less current liabilities		<u>49,035,170</u>	<u>43,053,962</u>
Net assets		<u>49,035,170</u>	<u>43,053,962</u>
Capital and reserves			
Called up share capital	14	43,000,101	43,000,101
Share premium account	15	15,564	15,564
Profit and loss account	15	6,019,505	38,297
Total equity		<u>49,035,170</u>	<u>43,053,962</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9th May 2019.


Antony L Pierce
Director

The notes on pages 8 to 15 form part of these financial statements.

Bridgewater Tenancies Limited

**Statement of Changes in Equity
For the Year Ended 30 September 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 October 2016	43,000,101	15,564	(3,575,520)	39,440,145
Profit for the year	-	-	3,613,817	3,613,817
At 30 September 2017 and 1 October 2017	43,000,101	15,564	38,297	43,053,962
Profit for the year	-	-	5,981,208	5,981,208
At 30 September 2018	43,000,101	15,564	6,019,505	49,035,170

The notes on pages 8 to 15 form part of these financial statements.

Bridgewater Tenancies Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 Retirement Bridge Group Holdings Limited as at 30 September 2018 and these financial statements may be obtained from Cross House, Westgate Road, Newcastle upon Tyne, NE1 4XX.

2.3 Revenue recognition

Turnover comprises gross rentals, 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 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 Tenancies Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2018**

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 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

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 inventories 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.

Bridgewater Tenancies Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

4. Turnover

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

	2018 £	2017 £
Proceeds from sale of trading properties	10,180,632	6,537,388
	<u>10,180,632</u>	<u>6,537,388</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Other operating income	812	-
	<u>812</u>	<u>-</u>

6. Operating profit

Audit fees are statutory audit fees 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 (2017: nil).

7. Interest receivable and similar income

	2018 £	2017 £
Interest receivable from group companies	1,153,461	820,180
	<u>1,153,461</u>	<u>820,180</u>

Bridgewater Tenancies Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2018**

8. Interest payable and similar expenses

	2018 £	2017 £
Other interest payable	606	-
	<u>606</u>	<u>-</u>

9. Tax on profit

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	1,402,999	308,456
Group taxation relief	-	565,480
Total current tax	<u>1,402,999</u>	<u>873,936</u>
Deferred tax		
Origination and reversal of timing differences	-	(5,718)
Total deferred tax	<u>-</u>	<u>(5,718)</u>
Taxation on profit on ordinary activities	<u>1,402,999</u>	<u>868,218</u>

Bridgewater Tenancies Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2018**

9. Tax on profit (continued)

Factors affecting tax charge for the year

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

	2018 £	2017 £
Profit on ordinary activities before taxation	7,384,207	4,482,035
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.5%)	1,402,999	873,936
Effects of:		
Adjustment to brought forward values	-	(6,559)
Group relief claimed	-	(565,480)
Payment for group relief	-	565,480
Adjust closing deferred tax to average rate of 19%	673	841
Adjust opening deferred tax to average rate of 19%	(673)	-
Total tax charge for the year	1,402,999	868,218

Factors that may affect future tax charges

No provisions have been made for 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 £3,004,935 (2017: £3,532,479).

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

Bridgewater Tenancies Limited

Notes to the Financial Statements For the Year Ended 30 September 2018

10. Stocks

	2018 £	2017 £
Trading properties	14,034,749	17,493,885
	<u>14,034,749</u>	<u>17,493,885</u>

The replacement value of stock (sale at market value of the property subject to occupation by a resident) is £31,710,836 (2017: £38,273,181) based on market value at 30 September 2018, 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 £3,459,136 (2017: £2,433,671).

11. Debtors: amounts falling due within one year

	2018 £	2017 £
Trade debtors	34,186	38,546
Amounts owed by group undertakings	35,817,116	25,656,070
Prepayments and accrued income	29,626	-
Deferred taxation	5,718	5,718
	<u>35,886,646</u>	<u>25,700,334</u>

Amounts owed by group undertakings bore interest at 3.3% above LIBOR, are unsecured with no fixed date of repayment and are repayable on demand. Interest receivable for the year amounted to £1,153,461 (2017: £820,180).

12. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	3,364	31
Corporation tax	730,987	-
Other creditors	127,075	115,183
Accruals and deferred income	24,799	25,043
	<u>886,225</u>	<u>140,257</u>

Bridgewater Tenancies Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2018**

13. Deferred taxation

	2018 £
At beginning of year	5,718
At end of year	5,718

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	5,718	5,718
	<u>5,718</u>	<u>5,718</u>

14. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
43,000,101 Ordinary shares of £1 each	43,000,101	43,000,101
	<u>43,000,101</u>	<u>43,000,101</u>

15. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

This reserve records retained earnings and accumulated losses.

16. Contingent liabilities

At 30 September 2018, the company together with certain of its fellow group companies, has guaranteed loans of £97,197,143 (2017: £101,286,426) 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.

17. Related party transactions

The company is exempt from disclosing related party transactions as they are with other companies wholly owned within the Group.

Bridgewater Tenancies Limited

**Notes to the Financial Statements
For the Year Ended 30 September 2018**

18. Controlling party

Nitro 2 Limited is the immediate parent company by virtue of its 100% shareholding in the company.

Retirement Bridge Group Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 September 2018. The consolidated financial statements of Retirement Bridge Group Holdings 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 2018. 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 it's 100% shareholding in Retirement Bridge Investments Limited.