

COMPANY REGISTRATION NUMBER: 03794565

Bladetop Limited

Filleted Unaudited Financial Statements

31 March 2022

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Bladetop Limited

Statement of Financial Position

31 March 2022

	Note	2022 £	2021 (restated) £
Fixed assets			
Investment properties	6	28,087	28,087
Current assets			
Debtors	7	598,333	597,253
Net current assets		598,333	597,253
Total assets less current liabilities		626,420	625,340
Provisions		(7,022)	(5,337)
Net assets		619,398	620,003
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account		619,298	619,903
Shareholders funds		619,398	620,003

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.

For the year ending 31 March 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- 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 Act with respect to accounting records and the preparation of financial statements.

The statement of financial position
continues on the following page.

The notes on pages 3 to 13 form part of these financial statements.

Bladetop Limited

Statement of Financial Position *(continued)*

31 March 2022

These financial statements were approved by the board of directors and authorised for issue on 14/12/2022, and are signed on behalf of the board by:

Fintan Hoddy

F Hoddy
Director

Company registration number: 03/94565

The notes on pages 3 to 13 form part of these financial statements.

Bladetop Limited

Notes to the Financial Statements

Year ended 31 March 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 16-18 Warrior Square, Southend-on-Sea, England, Essex, SS1 2WS, United Kingdom.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The company has taken advantage of Part A, section 479 of The Companies Act 2016, in which the ultimate parent company, Regis Group (Holdings) Limited, has guaranteed all outstanding liabilities of the company as at the balance sheet date.

Going concern

In preparing the accounts on the going concern basis the directors have given consideration to the wider Group and company's result for the year and the wider group and the company's net asset position.

The directors have taken into account the potential legislative changes disclosed in the critical accounting estimates and assumptions section of these accounts and believe that the wider group and Company has adequate financial resources to continue as a going concern for a period of no less than 12 months from the date of signing the financial statements. This is on the grounds that the wider group is a party to a 68 year fully amortising facility. There are reserves in place to ensure that the necessary liquidity is retained in the structure so that funds are available to meet debt service liabilities as they fall due for the twelve months from which these financial statements are approved.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.

Bladetop Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

In preparing these financial statements, the directors have made estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of investment properties

A key accounting estimate in preparing these financial statements relates to the fair value of the investment properties. The management team and directors have extensive experience in the real estate industry including with freehold reversionary interests and the directors have determined the value of the investment properties at 1 April 2020, 1 April 2021 and 1 April 2022. Naturally, the valuation of the company's investment properties is inherently subjective, as it is made on the basis of valuation assumptions which may in future prove not to be accurate, the risk of which is heightened due to the potential legislative changes and regulatory activity noted below.

Investment properties totalling £28k (2021: £28k) included in the financial statements at 31 March 2022 have been valued by the directors, having regard to sensitivity analysis performed and market changes. Properties acquired in the year totalling £nil have been valued by the directors on the basis of a discounted cash flow valuation of the income streams generated by those assets.

See prior period errors and investment property notes for more detail.

Revenue recognition

Turnover comprises rent receivable and other income arising from investment properties. Deed of variation fee income is recognised at the point that the underlying leases are varied.

Rental income is recognised in accordance with the terms of the lease. Inflationary uplifts to rental income are recognised when received. Non-inflationary uplifts are also recognised when received as the directors are of the opinion that to recognise the impact of those uplifts on a straight line basis over such long term leases (up to 999 years) would not give a true and fair view as the period between recognition and actual collection would be of sufficient length to cause uncertainty over the value to be collected.

Turnover is recognised at the fair value of the consideration received or receivable for rental income charged to external tenants in the ordinary nature of the business. Turnover is shown net of value added tax.

Bladetop Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Bladetop Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Investment property

The Company's holding of freehold reversionary interests are classified as investment properties and are initially measured at cost and subsequently measured at fair value where a reliable measure of fair value is available. Changes in fair value are recognised in the statement of comprehensive income.

These assets represent interests held in the freehold land on which third party developers have built and sold long leasehold properties. As such these assets generate income in the form of annual ground rents along with other ancillary fixed income streams.

Recognising the nature of these investment properties and the lack of a regular market for significant portfolios of such assets, the directors are of the opinion that the best approximation to fair value for these properties is provided by a discounted cash flow valuation of the income streams generated by these assets. Investment properties totalling £28k (2021: £28k) included in the financial statements at 31 March 2022 were valued by the directors, having regard to a 31 March 2021 valuation and sensitivity analysis performed by the independent actuaries, and market changes in the intervening period. Properties acquired in the year totalling £Nil have been valued by the directors on the basis of a discounted cash flow valuation of the income streams generated by those assets.

The directors also recognise, given the lack of a regular market for such significant portfolios of assets, that these fair values may not be realised should the group seek to dispose of any or all of the investment properties in a short period of time.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Bladetop Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Bladetop Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

3. Accounting policies *(continued)*

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Bladetop Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

4. Employees

The entity did not have any employees, including the directors and key management personnel under contracts of employment in the current or prior period.

5. Auditors remuneration

The audit fee of £2,600 is being borne by the ultimate parent undertaking and is not recharged.

6. Investment properties

	Investment properties £
Cost	
At 1 April 2021 (as restated) and 31 March 2022	28,087
Depreciation	
At 1 April 2021 and 31 March 2022	—
Carrying amount	
At 31 March 2022	28,087
At 31 March 2021	28,087

Bladetop Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

6. Investment properties *(continued)*

The investment properties represent a portfolio of freehold reversionary interests that generate ground rents as the principal income stream. The management team and directors have extensive experience in the real estate industry including with freehold reversionary interests and the directors have determined the value of the investment properties at 1 April 2020, 1 April 2021 and 1 April 2022. The majority of the investment properties (approximately 99% by value at each of the three valuation dates) are made up of the following three categories:

Long leases - Those with a remaining term of at least 80 years.

Short leases - Those with a remaining term of fewer than 80 years.

Option leases - Those with an option that allows these units to enfranchise at a set value.

The bases of the valuations for these investment properties were:

Long leases - These were valued using the established principle that freehold long leases are valued at a Years Purchase (YP) multiple of ground rent, with YP being the amount yielded by the annual income of property and used in expressing the value of an asset in the number of years required for its income to yield its purchase price. In determining which YP multiple was appropriate to value a particular unit, the directors considered factors including the frequency and pattern of the ground rent review, date of the next review and the level of ground rent.

Short leases - These were valued in accordance with the Leasehold Reform, Housing and Urban Development Act 1993. The statute prescribes the way lease extension premiums and enfranchisements are to be calculated. The value is broadly comprised of three elements: Ground Rent Value, Reversionary Value and Marriage Value.

- The Ground Rent Value is calculated by capitalising the income stream at capitalisation rates ranging from 6% and 8% dependant on the rent review type of the lease. The factors to be considered when choosing which capitalisation rate to adopt were set down in the Lands Tribunal case of *Nicholson v Goff* 2,007 1 EGLR 83 and remain the binding precedent today. This income stream is capitalised to a present-day value for the benefit of the future income stream. Fundamentally, the more desirable the income stream the greater sum the Landlord should be compensated for losing that revenue.
- The Reversionary Value follows a similar method and provides a present-day value for the loss of the capital sum (the value of the flat) when the lease expires in X years' time. The valuer will ascertain the current Vacant Possession Value (VPV) of the property and apply a deferment rate to calculate the sum to be paid today in compensation for that sum in the future. The discount rates applied range from 5.00% to 5.75% dependant on the property's growth rate, risk of obsolescence and other factors (as set down in the House of Lords case *Cadogan v Sportelli* 2,007). VPVs have been taken from multiple sources with the majority being from a CBRE valuation dated December 2021. Where no independent valuation was available, a VPV was determined by the directors using comparable evidence from Rightmove and Land Registry. VPVs have been adjusted for indexation for the different valuation dates using data from the UK House Price Index.
- The Marriage Value is the value created by the coalescence of the freehold and leasehold interests. The freeholder's interest in the property is the capitalised Ground Rent Value plus the Reversionary Value. The leaseholder's interest is derived from a VPV multiplied by a percentage of ownership. The percentage ownership is taken from a blend of relativity curves published by RICS chartered surveyors Beckett & Kay, South East Leasehold, Nesbit, Austin Gray and Pridell. Where the combined value of the freehold and leasehold interest is lower than the VPV, this difference is defined as Marriage Value and attributed to the freeholder

Bladetop Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

- 6. Investment properties** *(continued)*
and the leaseholder equally.

Bladetop Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

6. Investment properties *(continued)*

Option leases - These were valued assuming that leaseholders exercise their option to enfranchise and so the valuation is the option price, which in most cases is a low multiple of the ground rent.

7. Debtors

	2022	2021 <i>(restated)</i>
	£	£
Amounts owed by group undertakings	598,233	597,153
Other debtors	100	100
	<u>598,333</u>	<u>597,253</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

8. Prior period errors

Historically ground rents acquired by the company were classified as stock which was accounted for at the lower of purchase cost and estimated selling price. It has been identified by management during the current year that these ground rents should have been classified as investment properties to reflect their intended use, initially measured at cost upon acquisition and subsequently measured at fair value where a reliable measure of fair value is available. Changes in fair value are recognised in the statement of income and retained earnings.

As a result of the above, the prior year comparatives have been restated to reclassify £nil of stock to investment properties, as disclosed in note 8. The impact to the beginning of the earliest period presented as at 1 April 2020 is £28k to investment properties. The remeasurement of the investment properties to their fair value at the reporting date resulted in an increase of £28k to investment properties with a corresponding increase to the profit and loss reserves. The restatement has resulted in a fair value gain on investment property recognised in other comprehensive income of £nil as at 31 March 2021, as disclosed in note 6. A corresponding deferred tax liability of £5k (disclosed in note 7) has also been recognised. The overall impact of these adjustments is to increase the net assets by £23k.

9. Called up share capital

Issued, called up and fully paid

	2022		2021 <i>(restated)</i>	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The Company's ordinary shares, carry full voting rights, dividends and right to distribution on wind up.

Bladetop Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2022

10. Other financial commitments

As at the reporting date, the company had no capital or other commitments or contracts for capital expenditure in place (2021: £nil).

11. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under FRS 102. No transactions with related parties were undertaken such as are required to be disclosed under FRS 102 Section 1A.

12. Controlling party

The company is a wholly owned subsidiary of Long Term Reversions (Gloucester) Limited, a company incorporated in the UK with a registered office of 16-18 Warrior Square, Southend-On-Sea, Essex, SS1 2WS.

The ultimate parent company is Regis Group (Holdings) Limited a company incorporated in the UK with a registered office of 16-18 Warrior Square, Southend-On-Sea, Essex, SS1 2WS.

Regis Group (Holdings) Limited prepares consolidated accounts which are available to the public from Companies House at Crown Way, Cardiff, CF14 3UZ, DX 33050, Cardiff. This is both the largest and smallest group of undertakings for which consolidated accounts are drawn up.

The company is ultimately controlled by N C Gould and P E Gould by virtue of their interest in the issued share capital of the ultimate parent company, Regis Group (Holdings) Limited, held both directly as individuals and indirectly through the Frank Gould 1998 No1 Settlement of which they are both trustees and beneficiaries.