

Primaria (Barking & Havering) Limited

Report and Financial Statements

Year ended

31 March 2017

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Primaria (Barking & Havering) Limited

**Report and financial statements
for the year ended 31 March 2017**

Contents

Page:

1	Directors' report
3	Independent auditor's report
5	Statement of comprehensive income
6	Statement of financial position
7	Statement of changes in equity
8	Statement of cash flows
9	Notes forming part of the financial statements

Directors

M Denny
F M Schramm
I Tayler
A H Naafs

Registered office

15th Floor Cobalt Square, 83-85 Hagley Road, Birmingham, B16 8QG

Company number

04955302

Auditor

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Primaria (Barking & Havering) Limited

Directors' report for the year ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017. In preparing this report, the directors have taken advantage of the small companies' exemption from the requirement to prepare a strategic report provided by section 414B of the Companies Act 2006 and the small companies' exemptions provided by section 415A of the Companies Act 2006.

Principal activities

The principal activity of the company was that of a holding company.

Results and dividends

The profit for the year after taxation, amounted to £417,961 (2016: £474,801).

Dividends of £773,000 were paid during the year (2016: £135,869).

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all of the directors of the company which was in force at the date of approval of this report.

Directors

The directors who served during the period and to the date of this report were:

M Denny
F Schramm
I Tayler
A H Naafs

Directors' responsibilities

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 have elected to prepare the company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

Primaria (Barking & Havering) Limited

Directors' report for the year ended 31 March 2017 (*continued*)

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

This report was approved by the board on *13 SEPTEMBER 2017* and signed on its behalf.



I Tayler
Director

Primaria (Barking & Havering) Limited

Independent auditor's report

TO THE MEMBERS OF PRIMARIA (BARKING & HAVERING) LIMITED

We have audited the financial statements of Primaria (Barking & Havering) Limited for the year ended 31 March 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's FRC's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of the company's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Primaria (Barking & Havering) Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

BDO LLP

Stephen Hale (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

Date: *25 September 2017*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Primaria (Barking & Havering) Limited

Statement of comprehensive income for the year ended 31 March 2017

	Note	2017 £	2016 £
Continuing operations			
Administrative expenses		(14,039)	(19,599)
Operating loss		(14,039)	(19,599)
Finance income	5	680,145	753,835
Finance costs	6	(248,145)	(259,435)
Profit before tax		417,961	474,801
Tax charge	7	-	-
Profit and total comprehensive income for the year attributable to equity holders of the parent company		417,961	474,801

The notes on pages 9 to 16 form part of these financial statements.

Primaria (Barking & Havering) Limited

Statement of financial position at 31 March 2017

Company number 04955302	Note	2017 £	2016 £
Assets			
Non-current assets			
Investments	8	600	600
Other receivables	9	1,413,924	1,792,783
		<u>1,414,524</u>	<u>1,793,383</u>
Current assets			
Other receivables	9	378,858	68,668
Cash and cash equivalents	10	60,675	415,604
		<u>439,533</u>	<u>484,272</u>
Liabilities			
Current liabilities			
Trade and other payables	11	5,280	5,170
Current portion of long-term borrowings	12	378,858	68,668
		<u>384,138</u>	<u>73,838</u>
Net current assets		<u>55,395</u>	<u>410,434</u>
Non-current liabilities			
Non-current borrowings	12	1,413,924	1,792,783
		<u>1,413,924</u>	<u>1,792,783</u>
Net assets		<u>55,995</u>	<u>411,034</u>
Equity attributable to equity holders of the parent company			
Ordinary shares	14	50,600	50,600
Retained earnings		5,395	360,434
		<u>55,995</u>	<u>411,034</u>
Total equity		<u>55,995</u>	<u>411,034</u>

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



I Tayler
Director

13 SEPTEMBER 2017

The notes on pages 9 to 16 form part of these financial statements.

Primaria (Barking & Havering) Limited

Statement of changes in equity for the year ended 31 March 2017

	Attributable to equity holders of the parent company		
	Share capital £	Retained earnings £	Total equity £
Balance at 1 April 2016	50,600	360,434	411,034
Changes in equity for 2016 - 2017			
Profit and total comprehensive income for the year attributable to the equity holders of the parent company	-	417,961	417,961
Dividend paid	-	(773,000)	(773,000)
Balance at 31 March 2017	50,600	5,395	55,995
Balance at 1 April 2015	50,600	21,502	72,102
Changes in equity for 2015 - 2016			
Profit and total comprehensive income for the year attributable to the equity holders of the parent company	-	474,801	474,801
Dividend paid	-	(135,869)	(135,869)
Balance at 31 March 2016	50,600	360,434	411,034

Dividends of £773,000 (£15.28 per share) were paid during the year (2016: £135,869 (£2.69 per share)).

The notes on pages 9 to 16 form part of these financial statements.

Primaria (Barking & Havering) Limited

Consolidated statement of cash flows for the year ended 31 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit before tax		417,961	474,801
Adjustments for:			
Increase in trade and other payables		110	936
Finance income		(680,145)	(753,835)
Finance costs		248,145	259,435
Net cash used in operating activities		(13,929)	(18,663)
Cash flows from investing activities			
Loan note interest receivable		248,145	259,435
Dividends received		432,000	494,400
Net cash from investing activities		680,145	753,835
Cash flows from financing activities			
Interest paid		(248,145)	(259,435)
Repayment of loan notes		(68,669)	(64,076)
Loans repaid by joint venture entities		68,669	64,076
Dividends paid		(773,000)	(135,869)
Net cash used in financing activities		(1,021,145)	(395,304)
Net (decrease)/increase in cash and cash equivalents		(354,929)	339,868
Cash and cash equivalents at the beginning of the period		415,604	75,736
Cash and cash equivalents at the end of the period	10	60,675	415,604

The notes on pages 9 to 16 form part of these financial statements.

Primaria (Barking & Havering) Limited

Notes forming part of the financial statements for the year ended 31 March 2017

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity and areas where assumptions or estimates are significant to the financial statements are disclosed in note 3.

The current period of the financial statements is for the year ended 31 March 2017.

The functional currency is pounds sterling.

1.1 Standards issued and applied for the first time this period

The standards and interpretations that became effective for the first time during the year ended 31 March 2017 are not relevant to the company's operations so do not have a material impact on the financial statements.

1.2 Standards and interpretations issued but not yet applied

Standards and interpretations that have been issued but are not yet effective, and that are available for early application, have not been applied by the company in these financial statements. Application of these standards and interpretations is not expected to have a material effect on the financial statements in the future.

2 Accounting policies

2.1 Investments

Investments in joint ventures are valued at cost less provision for impairment.

2.2 Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on trade date when the company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the company is no longer a party to the contractual provisions of the instrument.

Primaria (Barking & Havering) Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

2 Accounting policies (continued)

2.2.1 Cash and cash equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

2.2.2 Interest-bearing borrowings

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

2.3 Revenue

Revenue comprises management fees receivable. Consideration received in respect of management and related services revenue is only recorded as revenue to the extent that the company has performed its contractual obligations in respect of that consideration.

2.4 Deferred tax

Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position. Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

3 Accounting estimates and judgements

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Key sources of estimation uncertainty

There are no key sources of estimation uncertainty affecting the financial statements.

3.2 Critical judgements

The directors have assessed the nature of the company's investment in Barking Dagenham Havering Community Ventures Limited. The directors are of the opinion that, due to the provisions of the shareholders' agreement, the company does not have control over the investee and therefore the company is not a parent company. Accordingly, the company has only prepared separate financial statements for the current year.

Primaria (Barking & Havering) Limited

Notes forming part of the financial statements
for the year ended 31 March 2017 (continued)

4	Operating loss	2017	2016
		£	£
	This is arrived at after charging:		
	Fees payable to the company's auditor for the audit of the company's annual financial statements	3,120	3,040
		<hr/>	<hr/>
	There were no employees during the year (2016: none).		
5	Finance income	2017	2016
		£	£
	Interest income on finance receivables	248,145	259,435
	Dividend income	432,000	494,400
		<hr/>	<hr/>
		680,145	753,835
		<hr/>	<hr/>
6	Finance costs	2017	2016
		£	£
	Interest on borrowings	248,145	259,435
		<hr/>	<hr/>
7	Tax charge	2017	2016
		£	£
	UK Corporation tax :		
	UK Corporation tax on results for the year	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
	The tax charge for the year can be reconciled to the profit for the period as follows:		
		2017	2016
		£	£
	Profit before tax	417,961	474,801
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	83,592	94,960
	Deferred tax asset not recognised (see note 13)	2,808	122
	Change in tax rate	-	13
	Dividend income not taxable	(86,400)	(98,880)
	Group relief surrendered	-	3,785
		<hr/>	<hr/>
	Tax charge	-	-
		<hr/>	<hr/>

The corporation tax rate reduced to 20% on 1 April 2015. The summer budget on 15 July 2015 announced that the rate will reduce to 19% as of 1 April 2017 and 18% as of 1 April 2020. During the budget on 16 March 2016 the Chancellor announced that the rate from 1 April 2020 will instead be 17% and this has now been substantively enacted on 15 September 2016. This will reduce the company's future current tax accordingly. Deferred tax has been calculated using the substantively enacted rates at the year-end.

Primaria (Barking & Havering) Limited

Notes forming part of the financial statements
for the period ended 31 March 2017 (continued)

8 Investments

Cost			Shares in joint ventures £
At 1 April 2015, 1 April 2016 and 31 March 2017			600
	Proportion of ownership interest	Aggregate of capital and reserves as at 31 March 2017 £	Profit for the year ended 31 March 2017 £
Barking Dagenham Havering Community Ventures Limited	60%	229,775	745,798
Barking & Havering Lift (Midco) Limited*	60%	1,000	720,000
Barking and Havering Lift Company (No.1) Limited*	60%	1,910,000	1,358,000

*denotes indirectly held.

All of the above entities are incorporated in the UK and engaged in the activities of property development and investment. All companies share the same registered office as the company.

Due to the nature of the shareholders' agreements, the company is not considered to control any of the above entities.

9 Other receivables

	2017 £	2016 £
Amounts due from joint venture entities	1,413,924	1,792,783
Non-current assets	1,413,924	1,792,783
Amounts due from joint venture entities	378,858	68,668
Current assets	378,858	68,668

Primaria (Barking & Havering) Limited

Notes forming part of the financial statements
for the year ended 31 March 2017 (*continued*)

10 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2017 £	2016 £
Cash on hand and balances with banks	60,675	415,604
Cash and cash equivalents	60,675	415,604

11 Trade and other payables

	2017 £	2016 £
Due within one year:		
Trade Creditors	3,144	-
Accruals and deferred income	2,136	5,170
	5,280	5,170

12 Borrowings

	2017 £	2016 £
Unsecured loan notes	378,858	68,668
Current portion of long term borrowings	378,858	68,668
Unsecured loan notes	1,413,924	1,792,783
Non-current borrowings	1,413,924	1,792,783

Interest accrues daily on the loan notes at a rate of 13.5% per annum and is payable half yearly after construction has been completed, in arrears on 31 March and 30 September each year. Interest shall cease to accrue on the principal amount of a loan note from the date it is due for redemption.

The loan notes rank pari passu with all other unsecured obligations of the company.

Primaria (Barking & Havering) Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

13 Deferred tax

The company had no deferred tax liability as at the end of the period and did not recognise deferred income tax assets of £13,358 (2016: £8,210) in respect of losses amounting to £78,577 (2016: £45,610) that can be carried forward against future taxable income.

14 Share capital

	2017 £	2016 £
Allotted, called up and fully paid: 50,600 ordinary shares of £1 each	50,600	50,600

15 Related parties

BBGI Investments SCA, a company incorporated in Luxembourg, is the company's immediate controlling party. BBGI SICAV S.A., a company incorporated in Luxembourg, is the company's ultimate controlling party.

	Dividends received / (paid)		Amounts owed to related parties		Amounts owed by related parties	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
Shareholders, and their associates	773,000	(135,869)	1,792,782	1,861,451	-	-
Joint venture entities	432,000	494,400	-	-	1,792,782	1,861,451
	Interest receivable/ (payable)		Sales of services and receipts of rent		Purchase of services	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
Shareholders, and their associates	(248,145)	(259,435)	-	-	-	-
Joint venture entities	248,145	259,435	-	-	-	-

Amounts owed by and to related parties, except for loans due to related parties ("unsecured loan notes" in note 12) and amounts due from joint venture entities (note 9), are unsecured, interest-free and have no fixed terms of repayment. The balances will be settled in cash. No guarantees have been given or received. No provisions for doubtful debts have been raised against amounts outstanding and no expense has been recognised during the year in respect of bad or doubtful debts due from related parties.

There were no directors to whom remuneration was paid or to whom retirement benefits were accruing. The directors are remunerated by shareholder companies and their associates. The directors do not believe it is possible to accurately apportion their remuneration between the many entities they are directors of.

Primaria (Barking & Havering) Limited

Notes forming part of the financial statements
for the year ended 31 March 2017 (*continued*)

16 Financial instruments

16.1 Categories of financial assets and liabilities

All financial instruments have been valued with reference to level two of the fair value hierarchy as set out in IFRS7: Financial Instruments: Disclosures. Fair values are determined based on prices that are observable for the asset or liability, either directly or indirectly.

The categories of finance assets and financial liabilities are as follows:

Financial assets

	2017 £	2016 £
Loans and receivables:		
Cash and cash equivalents	60,675	415,604
Other receivables	1,792,782	1,861,451
	<u>1,853,457</u>	<u>2,277,055</u>

Financial liabilities

	2017 £	2016 £
Amortised cost:		
Unsecured loan notes	1,792,782	1,861,451
Trade and other payables	5,280	5,170
	<u>1,798,062</u>	<u>1,866,621</u>

16.2 Financial risk management

The company's operations expose it to a number of financial risks. The board regularly reviews and agrees policies for managing each of these risks and these are summarised below.

Credit risk

Credit risk is the risk of financial loss where counterparties are not able or are unwilling to meet their obligations.

Other receivables primarily comprise of amounts due from the company's joint ventures. Therefore credit risk is considered to be low. Cash and cash equivalents comprise balances held with banks. To reduce the risk of counterparty default, the company only uses approved high quality banks.

The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the statement of financial position date.

None of the changes in the derivative financial instruments are attributable to changes in the credit risk of that liability.

Primaria (Barking & Havering) Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

16 Financial instruments (continued)

16.2 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the company has insufficient financial resources available to meet its obligations as they fall due. Management review cashflow forecasts on a regular basis to determine whether the company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

The financial assets of the company are modelled so as to match the profile of the financial liabilities, the maturity analysis of which is set out below. Management closely monitor performance against the financial models and take action if necessary when performance is not in line with modelled expectations.

The table below summarises the maturity profile of the company's financial liabilities, on an undiscounted basis, at 31 March 2017 and 31 March 2016:

2017	Less than 3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Financial liabilities					
Unsecured loan notes	60,340	539,262	1,067,752	1,767,996	3,435,350
Trade and other payables	5,280	-	-	-	5,280
	<u>65,620</u>	<u>539,262</u>	<u>1,067,752</u>	<u>1,767,996</u>	<u>3,440,630</u>
2016					
Financial liabilities					
Unsecured loan notes	77,249	231,751	1,416,779	1,967,135	3,692,914
Trade and other payables	5,170	-	-	-	5,170
	<u>82,419</u>	<u>231,751</u>	<u>1,416,779</u>	<u>1,967,135</u>	<u>3,698,084</u>

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial liabilities that the company uses. The company's interest rate liability risk arises primarily from borrowings issued at floating interest rates, which exposes the company to cash flow interest rate risk. It is the company's policy to settle trade payables within the credit terms allowed and the company does therefore not incur interest on overdue balances.

Capital management

The company seeks to match long term assets with long term funding, and short term assets with short term funding. Borrowings are required primarily to finance construction activity in the joint venture entities and the related loan repayments from joint venture entities are set at a level that will ensure that repayments of borrowings can be met as they fall due. Other expenses are met by cash balances generated from the company's ordinary activities