

**Company Registration No. 05250011
(England and Wales)**

Bagnall Court Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2017



Bagnall Court Limited

Company Information

Directors

S Morrison
S Cox OBE

Company number

05250011

Registered office

38 Seymour Street
London
W1H 7BP

Chartered Accountants

BSG Valentine (UK) LLP
Chartered Accountants & Statutory Auditor
Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ

Bagnall Court Limited

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Bagnall Court Limited

Directors' Report for the year ended 31 December 2017

The directors present their annual report and the audited financial statements of company for the year ended 31 December 2017.

Principal activity

The principal activity of Bagnall Court Limited ("the company") is property investment. The directors continue to monitor the property market to ensure a suitable return is made on the investment.

Review of the business

The key financial highlights are, inclusive of results and dividend recommendations and payments:

	2017 £	2016 £	2015 £
Profit and loss account:			
Gross rental income	720,512	768,129	659,166
Profit before interest	431,437	726,646	605,789
Interest expense	(893,757)	(875,978)	(850,694)
Loss for financial year	(491,190)	(148,116)	(243,734)

Balance sheet:

Investment property	7,750,000	8,000,000	8,000,000
Net liability	(4,367,157)	(3,875,967)	(3,727,851)

Dividends:

Recommended	Nil	Nil	Nil
Paid	Nil	Nil	Nil

Directors

- S Cox OBE
- S Morrison

Auditor

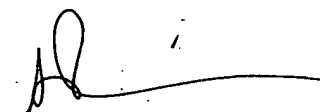
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Approved by the board and signed on its behalf by:



S Morrison
Director
24 September 2018

Bagnall Court Limited

Statement of Director's Responsibilities for the year ended 31 December 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 Section 1A "The Financial Reporting Standard applicable to small entities in the United Kingdom and Republic of Ireland". 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 year.

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;
- 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.

Bagnall Court Limited

Independent Auditor's Report for the year ended 31 December 2017

Opinion

We have audited the financial statements of Bagnall Court Limited (the 'company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Bagnall Court Limited

Independent Auditor's Report for the year ended 31 December 2017 (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters 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.

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 in relation to which 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 financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Bagnall Court Limited

Independent Auditor's Report for the year ended 31 December 2017 (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bagnall Court Limited

Independent Auditor's Report for the year ended 31 December 2017 (continued)

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.

BSG Valentine UK LLP

Daniel Burke (Senior Statutory Auditor)

For and on behalf of
BSG Valentine (UK) LLP
Chartered Accountants & Statutory Auditor
Lynton House
7-12 Tavistock Square
London WC1H 9BQ

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Bagnall Court Limited**Statement of Comprehensive Income for the year ended 31 December 2017**

	Notes	2017 £	2016 £
Turnover	3	720,512	768,129
Administrative expenses	3	(39,075)	(41,483)
Other operating expenses	3	(250,000)	-
Operating profit		431,437	726,646
Interest payable and similar expenses		(893,757)	(875,978)
Other interest receivable and similar income		956	1,216
Result on ordinary activities before tax		(461,364)	(148,116)
Tax on result on ordinary activities		(29,826)	-
Retained result for the year and total comprehensive income		(491,190)	(148,116)

All of the company's operations are classed as continuing.

Bagnall Court Limited
Statement of Financial Position as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Investment property	6	7,750,000	8,000,000
Current assets			
Debtors	7	65,238	54,976
Cash at bank and in hand		658,832	552,685
		724,070	607,661
Creditors: amounts falling due within one year	8	(254,243)	(181,666)
Net current assets		469,827	425,995
Total assets less current liabilities		8,219,827	8,425,995
Creditors: amounts falling due after more than one year	9	(12,586,984)	(12,301,962)
Net assets		(4,367,157)	(3,875,967)
Capital and reserves			
Called up share capital	11	100	100
Revaluation reserves	11	(2,062,999)	(1,812,999)
Profit and loss account		(2,304,258)	(2,063,068)
Shareholders' funds		(4,367,157)	(3,875,967)

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

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A – Small entities.

The financial statements of Bagnall Court Limited (registered number 05250011) were approved by the Board of Directors and authorised for issue on 24 September 2018.


S Morrison
Director

The notes on pages 11 to 15 form an integral part of these financial statements

Bagnall Court Limited

Notes to the financial statements for the year ended 31 December 2017

1. General information

Bagnall Court Limited is a private company limited by shares, registered in England and Wales under the Companies Act 2006 (Registered Number 05250011). The address of the registered office is 38 Seymour Street, London, W1H 7BP.

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 under 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.

Going concern

The company is dependent on the continuing financial support from its principal creditors. The bank loans and other loans are not repayable in the short term and the company has sufficient current assets to cover its current liabilities. Based on this, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in Note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The directors do not believe that they have had to make any critical judgements in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Additionally, the directors do not consider that at the reporting date there exist any key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Cash Flow Statement

In accordance with Section 1A of Financial Reporting Standard 102, the company has not prepared a cash flow statement, on the grounds that it qualifies as a small company.

Statement of Changes in Equity

In accordance with Section 1A of Financial Reporting Standard 102, the company has not prepared a Statement of Changes in Equity, on the grounds that it qualifies as a small company.

Revenue recognition

The rental income of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom and is stated net of Value Added Tax.

Bagnall Court Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

3. Accounting policies (continued)

Administrative expenses

Expenses are accounted for on an accruals basis and charged through the Statement of Comprehensive Income.

Income tax

The taxation expense for the year is £29,214.95 (2016: £611). Tax is recognised in profit or loss.

Fixed assets

All fixed assets are initially recorded at cost.

Investment property

Investment property is shown at its fair value at each reporting date. The surplus or deficit arising from annual revaluation is transferred to other operating expenses in the statement of comprehensive income for the year.

This is in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable to small entities in the United Kingdom and Republic of Ireland' which, unlike the Companies Act 2006, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Companies Act 2006 is required to present a true and fair view.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Cost of loan finance

The costs associated with raising loan finance are capitalised and offset against the related loan balance. These costs are amortised to the profit and loss account over the life of the loan.

4. Directors and employees

No remuneration was paid to the directors by the company (2016: £nil). The company had no employees (2016: nil).

5. Operating profit

Operating profit is stated after charging:

	2017 £	2016 £
Auditor's fees	3,390	2,795

Bagnall Court Limited

Notes to the financial statements for the year ended 31 December 2017 *(continued)*

6. Investment property

The valuation of the investment as at 31 December 2017 is based on fair value. The investment property was valued by directors based on a review by an external qualified Chartered Surveyor and subject to the occupational leases was determined to be £7,750,000 as stated above.

On a historical cost-basis the property would have been included at an original cost of £9,812,999.

7. Debtors

	2017	2016
	£	£
Trade debtors	-	-
Accrued income	62,079	52,113
Prepayments	3,159	2,863
	<u>65,238</u>	<u>54,976</u>

8. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans	80,000	35,000
Trade creditors	2,000	2,000
Accruals and deferred income	143,028	144,666
Corporation tax	29,215	-
	<u>254,243</u>	<u>181,666</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2017	2016
	£	£
Bank loans	<u>213,770</u>	<u>170,510</u>

Bagnall Court Limited

Notes to the financial statements for the year ended 31 December 2017

(continued)

9. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	7,818,300	7,896,435
Amounts owed to group undertakings	<u>4,768,684</u>	<u>4,405,527</u>
	12,586,984	12,301,962

Included within creditors due after more than one year is an amount of £12,511,684 (2016: ££4,775,527) in respect of liabilities which fall due for payment in two to five years from the balance sheet date. There is no remaining liability that falls due after five years (2016: £7,538,000).

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2017 £	2016 £
Bank loans	<u>(7,818,300)</u>	<u>(7,896,435)</u>

10. Related party transactions

At the year end the company owed £4,768,684 (2016: £4,405,527) to Bridges Community Ventures Nominees Limited in relation to a loan. Interest included within interest payable is an amount of £363,157 (2016: £336,375) in respect of that loan.

Monitoring fees of £7,200 (2016: £7,200) are included within Administrative Expenses which are payable to Bridges Fund Management Ltd. Included within accruals is an amount of £3,018 (2016: £3,010) in respect of those monitoring fees that are due.

11. Reserves

Called up share capital

This represents the nominal value of shares that have been issued.

Profit and loss account

This reserve records retained earnings and accumulated losses.

Revaluation reserves

These are non-distributable reserves relating to the revaluation of investment properties.

Bagnall Court Limited

Notes to the financial statements for the year ended 31 December 2017 *(continued)*

12. Ultimate holding and controlling parties

The immediate parent undertaking is Bridges Community Ventures Nominees Limited, a company incorporated in England and Wales. Copies of the financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors consider the ultimate controlling party is Bridges Community Development Venture Fund II LP, a limited partnership registered in England and Wales, managed on behalf of the general partner by Bridges Fund Management Ltd, a limited liability company incorporated in England and Wales.

Following receipt of necessary regulatory permission, the Manager completed its corporate reorganisation on 1 March 2017. Responsibility for managing the Fund transferred from Bridges Ventures LLP to Bridges Fund Management Limited as of that date. As previously indicated to investors, this change has no impact on the management of the Fund, which continues as before under the Bridges team.