

BAM Holdco (2) Limited

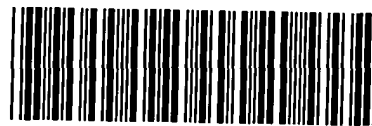
Directors' Report and Financial Statements

Year Ended

30 September 2019

Company Number 08782196

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COMPANIES HOUSE

BAM Holdco (2) Limited

Company Information

Directors	T Bolot D Wulwick
Registered number	08782196
Registered office	383a Euston Road London NW1 3AU
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

BAM Holdco (2) Limited

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BAM Holdco (2) Limited

Directors' Report For the Year Ended 30 September 2019

The directors present their report together with the audited financial statements for the year ended 30 September 2019.

Principal activity

The principal activity of the company is that of a holding company for its subsidiaries (see note 8).

Results and dividends

The loss for the year, after taxation, amounted to £4,432,730 (2018 -profit £Nil).

Going concern

The group's external banking finance of £36.4m, which is secured against the group's fixed assets, is repayable on demand. For further details of this please refer to note 2.3.

Directors

The directors who served during the year were:

T Bolot
D Wulwick

Disclosure 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 the director is aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 7 September 2020 and signed on its behalf.



T Bolot
Director

BAM Holdco (2) Limited

Directors' Responsibilities Statement For the Year Ended 30 September 2019

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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.

BAM Holdco (2) Limited

Independent Auditor's Report to the Members of BAM Holdco (2) Limited

Opinion

We have audited the financial statements of BAM Holdco (2) Limited ("the company") for the year ended 30 September 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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 Financial Reporting Standard 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 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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.

Material uncertainty related to going concern

We draw attention to note 2.3 to the financial statements, which indicates that the company is reliant on the continued support of the group's bank, which has been provided on a non-binding basis. As stated in note 2.3, these events or conditions, along with other matters as set out in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

BAM Holdco (2) Limited

Independent Auditor's Report to the Members of BAM Holdco (2) Limited (continued)

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 the requirement to prepare a strategic report.

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.

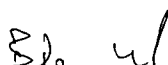
A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BAM Holdco (2) Limited

Independent Auditor's Report to the Members of BAM Holdco (2) Limited (continued)

Use of our report

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.

 7 September 2020

Richard Levy (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

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

BAM Holdco (2) Limited

Statement of Comprehensive Income For the Year Ended 30 September 2019

	Note	2019 £	2018 £
Administrative credit/(expenses)		11,622	-
Exceptional administrative expenses - provision for intragroup debtors	7	(4,444,352)	-
Operating (loss)/profit		(4,432,730)	-
Interest receivable and similar income		1,105,976	1,112,759
Interest payable and similar charges		(1,105,976)	(1,112,759)
(Loss)/profit before tax		(4,432,730)	-
Tax on (loss)/profit	6	-	-
Loss for the financial year		(4,432,730)	-

There was no other comprehensive income for 2019 (2018 - £Nil).

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

BAM Holdco (2) Limited

Registered number:08782196

**Statement of Financial Position
As at 30 September 2019**

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	8		2		2
Current assets					
Debtors: amounts falling due within one year	9	22,202,939		30,395,457	
Creditors: amounts falling due within one year	10	(26,647,267)		(30,407,055)	
Net current liabilities			(4,444,328)		(11,598)
Net liabilities			(4,444,326)		(11,596)
Capital and reserves					
Called up share capital	11		20		20
Profit and loss account	12		(4,444,346)		(11,616)
Total equity			(4,444,326)		(11,596)

The 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 were approved and authorised for issue by the board and were signed on its behalf on
7 September 2020



T Bolot
Director

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

BAM Holdco (2) Limited

Statement of Changes in Equity For the Year Ended 30 September 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2018	20	(11,616)	(11,596)
Comprehensive income for the year			
Result for the year	-	(4,432,730)	(4,432,730)
Total comprehensive income for the year	-	(4,432,730)	(4,432,730)
At 30 September 2019	20	(4,444,346)	(4,444,326)

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2017	20	(11,616)	(11,596)
Comprehensive income for the year			
Result for the year	-	-	-
Total comprehensive income for the year	-	-	-
At 30 September 2018	20	(11,616)	(11,596)

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

BAM Holdco (2) Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

1. General information

BAM Holdco (2) Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

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 Section 1A of 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 Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

BAM Holdco (2) Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.3 Going concern

Since its inception the company and the wider group has relied upon funding provided by its bank to finance its investments and to meet its ongoing working capital requirements. These loans, which amounted to £36.4 million at 30 September 2019 (2018 - £35.8 million), are subject to cross guarantees and security as disclosed in note 13. The loan facilities were renewed in February 2018 and now expire on 31 December 2024, although all of the amounts drawn are repayable on demand.

Since the year end, in April 2020, the group deferred interest payments due to its bank but has since repaid the outstanding balance over a short period. No action has been taken by the bank in relation to this event of default.

The company's ability to continue as a going concern is dependent on that of the group.

Specifically in relation to the potential impact of the COVID-19 pandemic on the group, the directors have considered:

- the current trading performance of the group following lockdown measures introduced by the government;
- the short to medium term economic impacts due to the COVID-19 pandemic within the care home sector;
- their robust control procedures which have been put into place to ensure that the group is not materially impacted should there be a second wave of the pandemic;
- their strong communication strategy with their bankers regarding performance against budget especially in relation to KPI's such as care home occupancy levels, weekly average fees and staff cost and other key cost variances.

The group has prepared projections for the period to September 2021 which show that it will have a similar shortfall of funds to cover its interest payment in the forthcoming quarter and expects to repay the outstanding interest balance over a short period with the continued financial support of its bankers. Thereafter the group expects to be able to work within the terms of its borrowing facilities for the foreseeable future. Any delay in the return of pre-COVID-19 occupancy levels or any further waves of COVID-19 infection could have a further effect on the group's ability to fulfil its future interest and other financial obligations.

The bank has provided a "standstill" letter of support to the group on a non-binding basis. The bank has not taken any enforcement steps since an interest deferral in April 2020 and, whilst it continues to review the performance of the care homes and reserves its rights under the loan agreements, the bank's current intention is to continue the debt finance facilities on their existing terms. On this basis, the directors believe the bank will continue to support the group for a period of not less than twelve months from the date of approval of the financial statements, and covering the projected interest deferral in the forthcoming quarter. They believe that it is reasonable in these circumstances to assume that the group will have adequate resources to continue in operational existence with the ongoing financial support of their bankers. Accordingly they have drawn up the financial statements on a going concern basis.

As the standstill letter of support from the bank is provided on a non-binding basis, a material uncertainty exists which may cast significant doubt over the group's and therefore the company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

BAM Holdco (2) Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Creditors

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

2.7 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.

2.8 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.9 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

BAM Holdco (2) Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.9 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Taxation

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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

BAM Holdco (2) Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, the directors have made the following judgements:

- Determine whether any bad debt provision is required via review of group debtor balance, with debts provided for on a specific basis. Factors considered include previous payment history and making an assessment of their financial position and ability to repay the balance in the foreseeable future.

4. Operating result

During the year, no director received any emoluments (2018 - £Nil).

Audit fees were borne upon by the parent company.

5. Employees

The company has no employees other than the directors, who did not receive any remuneration (2018 - Nil).

The average monthly number of employees, including directors, during the year was 0 (2018 -0).

6. Taxation

	2019 £	2018 £
Current tax on result for the year	-	-
Total current tax	-	-

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2018 - 19%).

7. Exceptional items

	2019 £	2018 £
Provision for intragroup debtors	4,444,352	-
	4,444,352	-

BAM Holdco (2) Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

8. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 October 2018	2
At 30 September 2019	<u>2</u>
Net book value	
At 30 September 2019	<u>2</u>
At 30 September 2018	<u>2</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
BAM Propco (2) Limited	Ordinary	100%	Holding company
Silverline Care Caledonia Limited	Ordinary	100%	Operate care homes
BAM Propco (Burnside) Limited*	Ordinary	100%	Holds an investment property
BAM Propco (Johnstone) Limited*	Ordinary	100%	Holds an investment property
BAM Propco (Moorpark) Limited*	Ordinary	100%	Holds an investment property
BAM Propco (Newark) Limited*	Ordinary	100%	Holds an investment property
BAM Propco (Spiers) Limited*	Ordinary	100%	Holds an investment property

*Held indirectly

The company's shares in its subsidiary undertakings have been pledged as security for the borrowings of the company and fellow group companies. The total amount of group borrowings outstanding at 30 September 2019 was £36.4m (2018 - £35.8m).

The registered address of the above subsidiaries is, 383a Euston Road, London, NW1 3AU.

9. Debtors: amounts falling due within one year

	2019 £	2018 £
Amounts owed by group undertakings	<u>22,202,939</u>	<u>30,395,457</u>

Interest incurred on the bank loans (see note 10) are split between the direct and indirect subsidiaries according to the total amount owed to the company, and re-charged.

BAM Holdco (2) Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

10. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans	26,596,809	30,257,247
Amounts owed to group undertakings	-	99,349
Accruals and deferred income	50,458	50,459
	<u>26,647,267</u>	<u>30,407,055</u>

As described in note 2.3, the bank loan facilities were renewed in the prior year and the loan expiry dates are 31 December 2024, although all amounts remain repayable on demand.

At the year end bank loans payable within one year include the following:

- £25,860,525 (2018 - £25,743,734), being a Tranche A loan due for repayment in full by 31 December 2024. Interest accrues on this loan at 3.21% over LIBOR per annum.
- £736,284 (2018 - £4,490,211), being a Tranche B loan due for repayment in full by 31 December 2024. Interest accrues on this loan at 5.32% over LIBOR per annum.

These loans are secured by way of a fixed and floating charge over the assets of the company and its fellow subsidiary undertakings. The total amount of group borrowings outstanding at 30 September 2018 was £36.4m (2018 - £35.8m).

11. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
20 ordinary shares of £1 each	<u>20</u>	<u>20</u>

12. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

BAM Holdco (2) Limited

Notes to the Financial Statements For the Year Ended 30 September 2019

13. Financial commitments

The company has given a fixed and floating charge over all of its assets as security for the borrowings of its fellow subsidiary undertakings. The total amount of group borrowings outstanding at 30 September 2019 was £36.4m (2018 - £35.8m).

14. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

15. Controlling party

The immediate parent undertaking is BAM Parentco Limited.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is BAM Parentco (2) Limited. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ. In the opinion of the directors this is the company's ultimate parent company.

The ultimate controlling party is Mr T Bolot.