

# **BAM Propco (Johnstone) Limited**

Report and Financial Statements

Year Ended

30 September 2016

Company Number 08861063

FRIDAY



\*L69OWLIA\*

LD7

30/06/2017

#229

COMPANIES HOUSE

# **BAM Propco (Johnstone) Limited**

## **Company Information**

---

<b>Directors</b>	T Bolot D Wulwick R Dryden
<b>Registered number</b>	08861063
<b>Registered office</b>	1 Portland Place London W1B 1PN
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# **BAM Propco (Johnstone) Limited**

## **Contents**

---

	<b>Page</b>
<b>Directors' report</b>	<b>1 - 2</b>
<b>Independent auditor's report</b>	<b>3 - 4</b>
<b>Statement of comprehensive income</b>	<b>5</b>
<b>Statement of financial position</b>	<b>6</b>
<b>Statement of changes in equity</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8 - 17</b>

# **BAM Propco (Johnstone) Limited**

## **Directors' Report for the Year Ended 30 September 2016**

---

The directors present their report and the financial statements for the year ended 30 September 2016.

### **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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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.

### **Principal activity**

The principal activity of the company is that of an owner of two care homes which are operated by a fellow group company.

### **Results and dividends**

The profit for the year, after taxation, amounted to £NIL (2015 - loss £325,500).

The directors do not recommend the payment of a dividend (2015 - £NIL).

### **Directors**

The directors who served during the year were:

T Bolot  
D Wulwick  
R Dryden

### **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.

# **BAM Propco (Johnstone) Limited**

## **Directors' Report (continued) for the Year Ended 30 September 2016**

---


### **Auditor**

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

### **Small companies note**

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 and signed on its behalf.

  
.....  
**T Bolot**  
Director

Date: 30/6/17

# **BAM Propco (Johnstone) Limited**

## **Independent Auditor's Report to the Members of BAM Propco (Johnstone) Limited**

---

We have audited the financial statements of BAM Propco (Johnstone) Limited for the year ended 30 September 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://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 30 September 2016 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.

# **BAM Propco (Johnstone) Limited**

## **Independent Auditor's Report to the Members of BAM Propco (Johnstone) Limited**

---

### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2.3 to the financial statements concerning the ability of the company to continue as a 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 facilities are subject to cross guarantees and security and expire on dates ranging from 30 September 2018, 13 March 2019 and 15 January 2031, although all of the amounts drawn are repayable on demand.

The company's parent group has prepared projections which show that it and the company should be able to work within the terms of its borrowing facilities for the foreseeable future. The bank has provided a letter of support to the parent company on a non-binding basis, noting that its interests are aligned with the continued operation of the business in accordance with the debt finance documents. The directors therefore believe the bank will continue to support the group and the company and they have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they have drawn up the financial statements on a going concern basis.

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

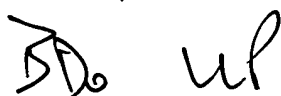
### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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 financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



**Richard Levy** (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date: **30 JUN 2017**

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

# BAM Propco (Johnstone) Limited

## Statement of Comprehensive Income for the Year Ended 30 September 2016

	Note	2016 £	2015 £
Turnover	4	373,147	377,731
Fair value movements		-	(325,500)
<b>Operating profit</b>		<b>373,147</b>	<b>52,231</b>
Interest payable and similar charges	6	(373,147)	(377,731)
<b>Profit/(loss) before tax</b>		<b>-</b>	<b>(325,500)</b>
Tax on profit/(loss)	7	-	-
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>(325,500)</b>

All amounts relate to continuing operations.

There was no other comprehensive income for 2016 (2015 - £NIL).

The notes on pages 8 to 17 form part of these financial statements.




**BAM Propco (Johnstone) Limited**  
Registered number: 08861063

**Statement of Financial Position**  
as at 30 September 2016

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Investment property	8		8,950,000		8,950,000
<b>Current assets</b>					
Debtors	9	18,836		18,836	
Creditors: amounts falling due within one year	10	(9,413,835)		(9,413,835)	
<b>Net current liabilities</b>			<b>(9,394,999)</b>		<b>(9,394,999)</b>
<b>Net liabilities</b>			<b>(444,999)</b>		<b>(444,999)</b>
<b>Capital and reserves</b>					
Called up share capital	11		1		1
Profit and loss account	12		(445,000)		(445,000)
			<b>(444,999)</b>		<b>(444,999)</b>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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

  
.....  
**T Bolot**  
Director

Date: 30/6/17

The notes on pages 8 to 17 form part of these financial statements.

# BAM Propco (Johnstone) Limited

## Statement of Changes in Equity for the Year Ended 30 September 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2015	1	(445,000)	(444,999)
<b>At 30 September 2016</b>	<b>1</b>	<b>(445,000)</b>	<b>(444,999)</b>

## Statement of Changes in Equity for the Year Ended 30 September 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2014	1	(119,500)	(119,499)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(325,500)	(325,500)
<b>At 30 September 2015</b>	<b>1</b>	<b>(445,000)</b>	<b>(444,999)</b>

The notes on pages 8 to 17 form part of these financial statements.

# **BAM Propco (Johnstone) Limited**

## **Notes to the Financial Statements for the Year Ended 30 September 2016**

---

### **1. General information**

BAM Propco (Johnstone) Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and principal activity 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 and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 16.

The preparation of financial statements in compliance with 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 following principal accounting policies have been applied:

#### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of BAM Parentco (2) Limited as at 30 September 2016 and these financial statements may be obtained from Companies House, Cardiff, CF14 3UZ.

# **BAM Propco (Johnstone) Limited**

## **Notes to the Financial Statements for the Year Ended 30 September 2016**

---

### **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 facilities are subject to cross guarantees and security and expire on dates ranging from 30 September 2018 and 15 January 2031, although all of the amounts drawn are repayable on demand.

The company's parent group has prepared projections which show that it and the company should be able to work within the terms of its borrowing facilities for the foreseeable future. The bank has provided a letter of support to the parent company on a non-binding basis, noting that its interests are aligned with the continued operation of the business in accordance with the terms of the debt finance documents. The directors therefore believe the bank will continue to support the group and the company and they have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they have drawn up the financial statements on a going concern basis.

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

#### **2.4 Turnover**

Turnover comprises revenue recognised in respect of rental income receivable from a fellow subsidiary undertaking for occupation of the company's property. The turnover is recognised on an accruals basis.

#### **2.5 Investment property**

Investment properties are valued annually by the directors of the business, taking account of local and national knowledge of the particular property market involved and with the skill and understanding to undertake the valuation competently. The methodology applied takes account of stabilised earnings before interest, tax, depreciation, amortisation, rent, capital expenditure and any central management costs (EBITDARM). To this a market specific income multiple is applied to reflect the future earning potential and inherent risk in attaining a mature trading position for the property.

#### **2.6 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.

#### **2.7 Creditors**

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

# **BAM Propco (Johnstone) Limited**

## **Notes to the Financial Statements for the Year Ended 30 September 2016**

---

### **2. Accounting policies (continued)**

#### **2.8 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.

#### **2.9 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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.

# BAM Propco (Johnstone) Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

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

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

- Determine whether there are indicators of impairment of the company's investment property. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- Investment property (see note 8)

Investment properties are valued annually by the directors of the business, taking account of local and national knowledge of the particular property market involved and with the skill and understanding to undertake the valuation competently. The methodology applied takes account of stabilised earnings before interest, tax, depreciation, amortisation, rent, capital expenditure and any central management costs (EBITDARM). To this a market specific income multiple is applied to reflect the future earning potential and inherent risk in attaining a mature trading position for the property. Whilst this methodology is consistent with that applied across the industry, there is an inevitable degree of judgement involved in that the property is unique and value can only ultimately be reliably tested in the market itself.

### 4. Turnover

The whole of the turnover is attributable to rental income received from a fellow subsidiary undertaking and arises solely within the United Kingdom.

### 5. Employees

The company has no employees other than the directors, who did not receive any remuneration (2015 - £NIL).

### 6. Interest payable and similar charges

	2016 £	2015 £
Interest payable to group undertakings	<u>373,147</u>	<u>377,731</u>

# BAM Propco (Johnstone) Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 7. Taxation

	2016 £	2015 £
Tax on loss for the year	-	-

#### Factors affecting tax charge for the year

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20.00% (2015 - 21.00%) as set out below:

	2016 £	2015 £
Loss on ordinary activities before tax	-	(325,500)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 21.00%)	-	(68,355)
<b>Effects of:</b>		
Other differences leading to an increase in the tax charge	-	68,355
<b>Total tax for the year</b>	-	-

# BAM Propco (Johnstone) Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 8. Investment property

	Freehold investment property £
<b>Valuation</b>	
At 1 October 2015	8,950,000
<b>At 30 September 2016</b>	<b>8,950,000</b>

The 2016 valuations were made by the directors on a fair value for existing use basis.

If the investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2016 £	2015 £
Historic cost	9,395,000	9,395,000
Accumulated depreciation and impairments	(315,553)	(189,816)
	<b>9,079,447</b>	<b>9,205,184</b>



# BAM Propco (Johnstone) Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 9. Debtors

	2016 £	2015 £
Amounts owed by group undertakings	18,836	18,836
	<u>18,836</u>	<u>18,836</u>

All amounts are due within one year.

### 10. Creditors: amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	9,413,835	9,413,835
	<u>9,413,835</u>	<u>9,413,835</u>

### 11. Share capital

	2016 £	2015 £
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

### 12. Reserves

#### Profit and loss account

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

### 13. 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.

# **BAM Propco (Johnstone) Limited**

## **Notes to the Financial Statements for the Year Ended 30 September 2016**

---

### **14. Ultimate parent undertaking and controlling party**

The immediate parent undertaking is BAM Propco (2) 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.

### **15. 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 2016 was £35.9 million (2015 - £36.3 million).

## BAM Propco (Johnstone) Limited

### Notes to the Financial Statements for the Year Ended 30 September 2016

#### 16. First time adoption of FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 October 2014. The impact of the transition to FRS 102 is as follows:

	Note	As previously stated 1 October 2014 £	Effect of transition 1 October 2014 £	FRS 102 (as restated) 1 October 2014 £	As previously stated 30 September 2015 £	Effect of transition 30 September 2015 £	FRS 102 (as restated) 30 September 2015 £
Fixed assets	1	9,381,839	(106,339)	9,275,500	9,205,184	(255,184)	8,950,000
Current assets		19,424	-	19,424	18,836	-	18,836
Creditors: amounts falling due within one year		(9,414,423)	-	(9,414,423)	(9,413,835)	-	(9,413,835)
<b>Net current liabilities</b>		<u>(9,394,999)</u>	<u>-</u>	<u>(9,394,999)</u>	<u>(9,394,999)</u>	<u>-</u>	<u>(9,394,999)</u>
<b>Net liabilities</b>		<u>(13,160)</u>	<u>(106,339)</u>	<u>(119,499)</u>	<u>(189,815)</u>	<u>(255,184)</u>	<u>(444,999)</u>
Capital and reserves		<u>(13,160)</u>	<u>(106,339)</u>	<u>(119,499)</u>	<u>(189,815)</u>	<u>(255,184)</u>	<u>(444,999)</u>

# BAM Propco (Johnstone) Limited

## Notes to the Financial Statements for the Year Ended 30 September 2016

### 16. First time adoption of FRS 102 (continued)

	Note	As previously stated 30 September 2015 £	Effect of transition 30 September 2015 £	FRS 102 (as restated) 30 September 2015 £
Turnover		377,731	-	377,731
		<hr/>	<hr/>	<hr/>
		377,731	-	377,731
Administrative expenses	2	(176,655)	176,655	-
Fair value movements	3	-	(325,500)	(325,500)
		<hr/>	<hr/>	<hr/>
<b>Operating profit</b>		201,076	(148,845)	52,231
Interest payable and similar charges		(377,731)	-	(377,731)
		<hr/>	<hr/>	<hr/>
<b>Loss on ordinary activities after taxation and for the financial year</b>		(176,655)	(148,845)	(325,500)
		<hr/>	<hr/>	<hr/>

Explanation of changes to previously reported profit and equity:

- 1 Recognition of freehold buildings and furniture, fixtures and fittings as investment property to be carried at valuation and not cost in accordance with the requirements of FRS 102.
- 2 Reversal of depreciation charged on freehold buildings and furniture, fixtures and fittings previously carried at depreciated cost but reclassified as investment property under FRS 102.
- 3 Revaluation of investment property in accordance with the requirements of FRS 102.