

Registration number: 632222

# Barchester Propco Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015

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## **Barchester Propco Limited**

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## **Barchester Propco Limited**

### **Company Information**

<b>Directors</b>	Pete Calveley Mark Hazlewood Ian Portal
<b>Company secretary</b>	Ian Portal
<b>Registered office</b>	Suite 304 Third Floor, Design Centre East Chelsea Harbour London SW10 0XF
<b>Bankers</b>	The Royal Bank of Scotland Plc London Corporate Services 2½ Devonshire Square London EC2M 4XJ
<b>Auditor</b>	KPMG LLP 1 St. Peter's Square Manchester M2 3AE

## **Barchester Propco Limited**

### **Directors' Report for the Year Ended 31 December 2015**

The Directors present their report and the financial statements for the year ended 31 December 2015.

#### **Principal activity**

The principal activity of Barchester Propco Limited ("the Company") is the ownership and leasing of nursing and care homes to related companies within the Grove Limited group ("the Group").

#### **Business review**

The results for the year are set out in the profit and loss account on page 7.

Barchester Propco Limited rents the nursing and care homes it owns to Barchester Healthcare Homes Limited ("Barchester"), a related undertaking, which carries out the operation of nursing and care trade.

The Company operates under the Barchester group brand ("Barchester"). Barchester commands a leading position in the UK long term care sector and is the UK's fourth largest provider. The business provides in excess of 13,000 registered beds, spread across its portfolio of over 210 high quality services (including nursing homes and domiciliary care) and 7 hospitals with a national footprint across the UK, the largest proportion located within London and the South East and the remainder evenly spread through the UK. Barchester has a significant number of private pay residents.

The key performance measures that the Board use to monitor Barchester's progress against its objectives are:

- Quality of care, the health and well-being of our residents;
- Occupancy levels;
- Fee levels;
- EBITDA and EBITDA per bed;
- Margin; and
- Staff agency and cost.

Barchester's strategy is one of continued growth through extension of existing facilities, acquisitions of nursing homes of a suitable quality and development of newly built care homes. Barchester is especially focused on the private pay market.

#### **Directors of the Company**

The Directors who held office during the year were as follows:

Pete Calveley

Mark Hazlewood

Ian Portal - Company secretary and director

#### **Dividends**

The Directors recommend no final dividend payment be made in respect of the financial year ended 31 December 2015.

## **Barchester Propco Limited**

### **Directors' Report for the Year Ended 31 December 2015 (continued)**

#### **Going concern**

The Directors have reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. The Directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis. Further details are in note 2 to the financial statements.

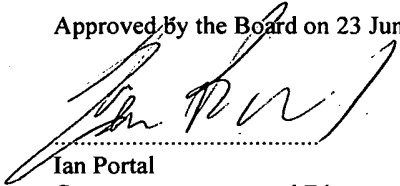
#### **Disclosure of information to the auditor**

Each Director has taken 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. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditor**

The auditor KPMG LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 23 June 2016 and signed on its behalf by:



Ian Portal  
Company secretary and Director

## **Barchester Propco Limited**

### **Statement of Directors' Responsibilities**

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard* applicable in the UK and the 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 period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Barchester Propco Limited**

### **Independent Auditor's Report to the members of Barchester Propco Limited**

We have audited the financial statements of Barchester Propco Limited for the year ended 31 December 2015, set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard* applicable in the UK and the Republic of Ireland.

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 auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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 Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

#### **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](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on the 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 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

**Barchester Propco Limited**

**Independent Auditor's Report to the members of Barchester Propco Limited  
(continued)**

*Nicola Quayle*

.....  
Nicola Quayle (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 St. Peter's Square  
Manchester  
M2 3AE

Date: *24 June 2016*



## Barchester Propco Limited

### Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Turnover	3	5,996	5,878
Administrative expenses		<u>-</u>	<u>(17)</u>
Operating profit		<u>5,996</u>	<u>5,861</u>
Loss on revaluation of investment property		(17,986)	-
Net gain/(loss) on interest rate swap at fair value through profit and loss account		270	(1,252)
Other interest receivable and similar income	4	5	-
Interest payable and similar charges	5	<u>(2,629)</u>	<u>(2,735)</u>
		<u>(20,340)</u>	<u>(3,987)</u>
(Loss)/profit before tax		(14,344)	1,874
Taxation	8	<u>2,607</u>	<u>(474)</u>
(Loss)/profit for the financial year		<u>(11,737)</u>	<u>1,400</u>

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.

## **Barchester Propco Limited**

### **Statement of Comprehensive Income for the Year Ended 31 December 2015**

	<b>2015</b>	<b>2014</b>
	<b>£ 000</b>	<b>£ 000</b>
(Loss)/profit for the year	<u>(11,737)</u>	<u>1,400</u>
Total comprehensive income for the year	<u><u>(11,737)</u></u>	<u><u>1,400</u></u>

The notes on pages 11 to 22 form an integral part of these financial statements.

## Barchester Propco Limited

(Registration number: 6322222)  
Balance Sheet as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
<b>Fixed assets</b>			
Tangible assets	9	1	1
Investment property	10	<u>60,520</u>	<u>78,506</u>
		<u>60,521</u>	<u>78,507</u>
<b>Current assets</b>			
Debtors	11	35,851	39,067
Cash at bank and in hand		<u>564</u>	<u>521</u>
		36,415	39,588
<b>Creditors: Amounts falling due within one year</b>	12	<u>(45,450)</u>	<u>(45,164)</u>
<b>Net current liabilities</b>		<u>(9,035)</u>	<u>(5,576)</u>
<b>Total assets less current liabilities</b>		51,486	72,931
<b>Creditors: Amounts falling due after more than one year</b>	12	(48,177)	(54,195)
<b>Provisions for liabilities</b>	13	<u>(97)</u>	<u>(3,787)</u>
<b>Net assets</b>		<u>3,212</u>	<u>14,949</u>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account		<u>3,212</u>	<u>14,949</u>
<b>Total equity</b>		<u>3,212</u>	<u>14,949</u>

Approved and authorised by the Board on 23 June 2016 and signed on its behalf by:

  
.....  
Mark Hazlewood  
Director

**Barchester Propco Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2015**

	<b>Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2015	-	14,949	14,949
Loss for the year	-	(11,737)	(11,737)
Total comprehensive income	-	(11,737)	(11,737)
At 31 December 2015	-	3,212	3,212
	<b>Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2014	-	13,549	13,549
Profit for the year	-	1,400	1,400
Total comprehensive income	-	1,400	1,400
At 31 December 2014	-	14,949	14,949

The profit and loss account includes £11,142,000 (2014: £18,793,000) of unrealised gains in relation to investment properties.

## **Barchester Propco Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

#### **1 General information**

The Company is a private company limited by share capital incorporated in England and Wales.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The amendments to Financial Reporting Standard 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

No judgements have been made by the Directors, in the application of the accounting policies, that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

##### **Summary of disclosure exemptions**

As the Company is a wholly owned subsidiary of Grove Limited the Company has taken advantage of the disclosure exemptions contained in FRS 102 Section 1.12. By virtue of FRS 102 Section 33.1A the Company has not disclosed transactions or balances with wholly owned entities which form part of the Group.

##### **Name of parent of group**

These financial statements are consolidated in the financial statements of Grove Limited.

The financial statements of Grove Limited may be obtained from [www.jerseyfsc.org](http://www.jerseyfsc.org).

## **Barchester Propco Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)**

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

##### **Going concern**

Notwithstanding the net current liabilities of £9,035,000 and the loss for the financial year of £11,737,000, the Company has the long-term support of the ultimate parent company, Grove Limited.

Grove Limited is, at the date of signing these financial statements, undergoing a renegotiation of its financing. The Directors of the Company have made appropriate enquiries to satisfy themselves that Grove Limited has shareholder support for an extension of its existing shareholder loan notes, as required. As with any company placing reliance on shareholder support, there can be no guarantee that this will continue. However, as at the date of signing these financial statements, the Directors of the Company have no reason to believe that this support to the Group will not be forthcoming if required. The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future and thus continue to adopt the going concern assumption in these financial statements.

Companies within the Group have confirmed that any amounts due from Group undertakings will not be demanded within the next year.

##### **Judgements**

Investment properties are stated at valuation. Where a full Red Book valuation is not performed in a given year on a specific property, the Directors are required to value the property using professional judgement. In such cases, the Directors instruct an external valuer with relevant experience in the sector to perform a desktop valuation on which the Directors' valuation is based.

##### **Revenue recognition**

Turnover is derived from the leasing of property and equipment to related undertakings under operating leases and is recognised on a straight line basis over the period of the lease.

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

##### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

## Barchester Propco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 2 Accounting policies (continued)

##### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures and fittings	straight line over 10 years

##### Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

##### Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### 3 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2015	2014
	£ 000	£ 000
Rental income from investment property	<u>5,996</u>	<u>5,878</u>

#### 4 Other interest receivable and similar income

	2015	2014
	£ 000	£ 000
Interest income on bank deposits	<u>5</u>	<u>-</u>

#### 5 Interest payable and similar charges

	2015	2014
	£ 000	£ 000
Interest on bank and other loans	<u>2,629</u>	<u>2,735</u>

## **Barchester Propco Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)**

#### **5 Interest payable and similar charges (continued)**

Interest on bank and other loans includes £299,000 (2014: £299,000) relating to loan issue costs. This is net of £487,000 (2014: £487,000) recharged to related undertakings.

#### **6 Directors' remuneration**

The Company had no employees other than Directors (2014: nil). The Directors received remuneration for services to Grove Limited of which Barchester Propco Limited is a subsidiary undertaking, however the proportion attributable to their services to Barchester Propco Limited is not separately identifiable.

#### **7 Auditor's remuneration**

The remuneration of the auditor in the current year was borne by another Group company. The estimate for the current year is £4,000 (2014: £4,000).



## Barchester Propco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 8 Taxation

Tax charged/(credited) in the income statement

	2015 £ 000	2014 £ 000
<b>Current taxation</b>		
UK corporation tax	468	477
UK corporation tax adjustment to prior periods	616	(3)
	1,084	474
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(3,691)	-
Tax (receipt)/expense in the income statement	(2,607)	474

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.49%).

The differences are reconciled below:

	2015 £ 000	2014 £ 000
(Loss)/profit before tax	(14,344)	1,874
Corporation tax at standard rate	(2,905)	403
Effect of expense not deductible in determining taxable profit (tax loss)	-	68
Effect of tax losses	(114)	-
Deferred tax expense (credit) relating to changes in tax rates or laws	46	-
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	616	(3)
Tax increase (decrease) arising from group relief	-	(244)
Tax increase (decrease) from transfer pricing adjustments	(250)	67
Tax increase (decrease) from changes in tax provisions due to legislation	-	183
Total tax (credit)/charge	(2,607)	474

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 31 December 2015 has been calculated based on these rates.

## Barchester Propco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 8 Taxation (continued)

##### Deferred tax

Deferred tax assets and liabilities

2015

Revaluation of investment properties

**Liability**  
**£ 000**

97

2014

Revaluation of investment properties

**Liability**  
**£ 000**

3,787

#### 9 Tangible assets

	<b>Furniture, fittings and equipment £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>		
At 1 January 2015	<u>1</u>	<u>1</u>
At 31 December 2015	<u>1</u>	<u>1</u>
<b>Depreciation</b>		
At 1 January 2015	<u>-</u>	<u>-</u>
At 31 December 2015	<u>-</u>	<u>-</u>
<b>Carrying amount</b>		
At 31 December 2015	<u>1</u>	<u>1</u>
At 31 December 2014	<u>1</u>	<u>1</u>

#### 10 Investment properties

	<b>2015</b>
	<b>£ 000</b>
At 1 January 2015	78,506
Fair value adjustments	<u>(17,986)</u>
At 31 December 2015	<u>60,520</u>

## Barchester Propco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 10 Investment properties (continued)

Investment properties comprise nursing and residential homes. They were valued by CBRE, an independent valuer with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued, as at 30 June 2015. The valuations were prepared on the basis of open market value as investments subject to the current leases in place. The methods used are in accordance with The RICS Valuation - Professional Standards 2014 (Red Book).

The Directors are not aware of any material change in the value between 31 December 2015 and 30 June 2015.

#### 11 Debtors

	Note	2015 £ 000	2014 £ 000
Amounts owed by related parties		35,632	38,436
Other debtors		2	-
Prepayments		18	18
Income tax asset	8	199	613
		<u>35,851</u>	<u>39,067</u>

Amounts due from related parties stated above are legally due on demand and are thus recoverable within one year. It is not expected that a demand for these amounts will be made within the next year.

#### 12 Creditors

	Note	2015 £ 000	2014 £ 000
<b>Due within one year</b>			
Loans and borrowings	15	5,913	5,407
Amounts due to related parties		35,719	35,719
Accrued expenses		3,114	3,064
Fair value of interest rate swap		704	974
		<u>45,450</u>	<u>45,164</u>
<b>Due after one year</b>			
Loans and borrowings	15	48,177	54,195

Amounts due to related parties are legally due on demand and are thus due within one year. It is not expected that a demand for these amounts will be made within the next year.

## Barchester Propco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 13 Deferred tax and other provisions

	<b>Deferred tax £ 000</b>
At 1 January 2015	3,787
Increase (decrease) in existing provisions	<u>(3,690)</u>
At 31 December 2015	<u>97</u>

#### 14 Share capital

##### Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

#### 15 Loans and borrowings

	<b>2015 £ 000</b>	<b>2014 £ 000</b>
<b>Non-current loans and borrowings</b>		
Bank borrowings (net of £1,380,000 unamortised issue costs (2014: £2,167,000))	<u>48,177</u>	<u>54,195</u>
<b>Current loans and borrowings</b>		
Bank borrowings (net of £800,000 unamortised issue costs (2014: £800,000))	<u>5,913</u>	<u>5,407</u>

The bank loans are secured over certain assets of the Company by way of fixed and floating charges.

The Wilmington Trust facility was drawn down in September 2013 and must be fully repaid in September 2018.

The loan bears interest at 4.75% over LIBOR.

#### 16 Dividends

The Directors are not proposing a final dividend (2014: £Nil).

## **Barchester Propco Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)**

#### **17 Parent and ultimate parent undertaking**

The Company's immediate parent is Barchester Propco Two Topco Limited, incorporated in England and Wales.

The ultimate parent and controlling party is Grove Limited, incorporated in Jersey. The most senior parent entity producing publicly available financial statements is Grove Limited. Its financial statements are available upon request from [www.jerseyfsc.org](http://www.jerseyfsc.org).

#### **Relationship between entity and parents**

The parent of the largest group in which these financial statements are consolidated is Grove Limited, incorporated in Jersey.

The address of Grove Limited is:

Queensway House  
Hilgrove Street  
St Helier  
Jersey  
JE1 1ES

The parent of the smallest group in which these financial statements are consolidated is Barchester New Propco Holdco Limited, incorporated in Jersey.

The address of Barchester New Propco Holdco Limited is:

Queensway House  
Hilgrove Street  
St Helier  
Jersey  
JE1 1ES

## Barchester Propco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 18 Transition to FRS 102

##### Balance Sheet at 1 January 2014

	Note	As originally reported £ 000	Re- classification £ 000	Re- measurement £ 000	As restated £ 000
<b>Fixed assets</b>					
Tangible assets	18.2	78,506	(78,506)	-	-
Investment property	18.2	-	78,506	-	78,506
Other financial assets	18.1	-	-	278	278
		<u>78,506</u>	<u>-</u>	<u>278</u>	<u>78,784</u>
<b>Current assets</b>					
Debtors	18.2	41,294	(4)	-	41,290
Cash at bank and in hand		423	-	-	423
		<u>41,717</u>	<u>(4)</u>	<u>-</u>	<u>41,713</u>
<b>Creditors: Amounts falling due within one year</b>		<u>(43,468)</u>	<u>-</u>	<u>-</u>	<u>(43,468)</u>
<b>Net current liabilities</b>		<u>(1,751)</u>	<u>(4)</u>	<u>-</u>	<u>(1,755)</u>
<b>Total assets less current liabilities</b>		76,755	(4)	278	77,029
<b>Creditors: Amounts falling due after more than one year</b>		(59,693)	-	-	(59,693)
Provisions for liabilities	18.2	-	(3,787)	-	(3,787)
<b>Net assets/(liabilities)</b>		<u>17,062</u>	<u>(3,791)</u>	<u>278</u>	<u>13,549</u>
<b>Capital and reserves</b>					
Called up share capital		-	-	-	-
Revaluation reserve	18.2	18,957	(18,957)	-	-
Profit and loss account		(1,895)	15,166	278	13,549
<b>Total equity</b>		<u>17,062</u>	<u>(3,791)</u>	<u>278</u>	<u>13,549</u>

## Barchester Propco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 18 Transition to FRS 102 (continued)

##### Balance Sheet at 31 December 2014

	Note	As originally reported £ 000	Re- classification £ 000	Re- measurement £ 000	As restated £ 000
<b>Fixed assets</b>					
Tangible assets	18.2	77,939	(77,938)	-	1
Investment property	18.2	-	78,506	-	78,506
		<u>77,939</u>	<u>568</u>	<u>-</u>	<u>78,507</u>
<b>Current assets</b>					
Debtors	18.2	39,071	(4)	-	39,067
Cash at bank and in hand		521	-	-	521
		<u>39,592</u>	<u>(4)</u>	<u>-</u>	<u>39,588</u>
<b>Creditors: Amounts falling due within one year</b>	18.1	<u>(44,190)</u>	<u>-</u>	<u>(974)</u>	<u>(45,164)</u>
<b>Net current liabilities</b>		<u>(4,598)</u>	<u>(4)</u>	<u>(974)</u>	<u>(5,576)</u>
<b>Total assets less current liabilities</b>		73,341	564	(974)	72,931
Creditors: Amounts falling due after more than one year		(54,195)	-	-	(54,195)
Provisions for liabilities	18.2	-	(3,787)	-	(3,787)
<b>Net assets/(liabilities)</b>		<u>19,146</u>	<u>(3,223)</u>	<u>(974)</u>	<u>14,949</u>
<b>Capital and reserves</b>					
Called up share capital		-	-	-	-
Revaluation reserve	18.2	18,793	(18,793)	-	-
Profit and loss account		353	15,570	(974)	14,949
<b>Total equity</b>		<u>19,146</u>	<u>(3,223)</u>	<u>(974)</u>	<u>14,949</u>

## Barchester Propco Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 18 Transition to FRS 102 (continued)

##### Profit and Loss Account for the year ended 31 December 2014

	Note	As originally reported £ 000	Re- classification £ 000	Re- measurement £ 000	As restated £ 000
Turnover		5,878	-	-	5,878
Cost of sales	18.2	<u>(568)</u>	<u>568</u>	<u>-</u>	<u>-</u>
Gross profit		5,310	568	-	5,878
Administrative expenses		<u>(17)</u>	<u>-</u>	<u>-</u>	<u>(17)</u>
Operating profit		<u>5,293</u>	<u>568</u>	<u>-</u>	<u>5,861</u>
Loss on financial assets at fair value through profit and loss account	18.1	-	-	(1,252)	(1,252)
Interest payable and similar charges		<u>(2,735)</u>	<u>-</u>	<u>-</u>	<u>(2,735)</u>
		<u>(2,735)</u>	<u>-</u>	<u>(1,252)</u>	<u>(3,987)</u>
Profit/(loss) before tax		2,558	568	(1,252)	1,874
Taxation		<u>(474)</u>	<u>-</u>	<u>-</u>	<u>(474)</u>
Profit/(loss) for the financial year		<u><u>2,084</u></u>	<u><u>568</u></u>	<u><u>(1,252)</u></u>	<u><u>1,400</u></u>

#### 18.1 Interest Rate Swap

FRS 102 requires that interest rate swaps must be recognised on the balance sheet as a non-basic financial instrument at fair value with annual movements going through profit or loss. The Group has one interest rate swap which was not recognised on the balance sheet under UK GAAP and so a remeasurement adjustment has been processed on transition.

#### 18.2 Investment property

The Company's property is rented to related parties on operating leases for rental income. Under UK GAAP properties rented to other Group companies were classed as tangible assets. Under FRS 102 such properties are required to be disclosed as investment property at fair value with the movement in fair value going through profit and loss each year. FRS 102 requires deferred tax to be recognised on these fair value changes. The movement through cost of sales in the 2014 Profit and Loss Account represents the reversal of depreciation.