

## **System Cycle Limited**

Directors' Report and Financial Statements

Year ended

31 December 2018

Company Number 03047307

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# System Cycle Limited

## Company Information

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<b>Directors</b>	M C Glowasky P A Smith
<b>Registered number</b>	03047307
<b>Registered office</b>	2 Merchants Drive Parkhouse Carlisle England CA3 0JW
<b>Independent auditor</b>	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX

# System Cycle Limited

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# System Cycle Limited

## Directors' Report For the Year Ended 31 December 2018

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The directors present their report together with the audited financial statements for the year ended 31 December 2018.

### Business review

The Company has remained dormant in the current year, other than the writing down of the £1 company investment and the receipt of a capital contribution from group companies of £2,086,692 (page 8).

### Directors

The directors who served during the year were:

M C Glowasky  
P A Smith

### 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.

### 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 on 12 August 2019 and signed on its behalf.



**P A Smith**  
Director

# **System Cycle Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2018**

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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.

# **System Cycle Limited**

## **Independent Auditor's Report to the Members of System Cycle Limited**

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### **Opinion**

We have audited the financial statements of System Cycle Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related 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 31 December 2018 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.

### **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.

# **System Cycle Limited**

## **Independent Auditor's Report to the Members of System Cycle Limited (continued)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the Directors' Report. 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.

# System Cycle Limited

## Independent Auditor's Report to the Members of System Cycle Limited (continued)

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### 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 determines 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.

### 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.

BDO LLP

16 August 2019

**Martin Gill** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Glasgow  
United Kingdom

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

# System Cycle Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2018

	Note	2018 £	2017 £
Exceptional administrative expenses - write off intercompany balances	6	-	(600,500)
<b>Operating loss</b>		-	(600,500)
Amounts written off investments	7	(1)	-
<b>Loss before tax</b>		(1)	(600,500)
Tax on loss		-	-
<b>Loss for the financial year</b>		(1)	(600,500)
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		(1)	(600,500)

The notes on pages 9 to 13 form part of these financial statements.

**System Cycle Limited**  
Registered number: 03047307

**Balance Sheet**  
**As at 31 December 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Investments	7	-	1
		<u>          </u>	<u>          </u>
Creditors: amounts falling due within one year	8	-	(2,086,692)
		<u>          </u>	<u>          </u>
<b>Net assets/(liabilities)</b>		<u>          </u>	<u>          </u>
		<u>          </u>	<u>          </u>
<b>Capital and reserves</b>			
Called up share capital	9	100	100
Profit and loss account	10	(100)	(2,086,791)
		<u>          </u>	<u>          </u>
<b>Total equity</b>		<u>          </u>	<u>          </u>
		<u>          </u>	<u>          </u>

The Company's 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

12 August 2019



**P A Smith**  
Director

The notes on pages 9 to 13 form part of these financial statements.

# System Cycle Limited

## Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	100	(2,086,791)	(2,086,691)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(1)	(1)
<b>Total comprehensive income for the year</b>	-	(1)	(1)
Capital contribution received	-	2,086,692	2,086,692
<b>At 31 December 2018</b>	<b>100</b>	<b>(100)</b>	<b>-</b>

## Statement of Changes in Equity For the Year Ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	100	(1,486,291)	(1,486,191)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(600,500)	(600,500)
<b>Total comprehensive income for the year</b>	-	(600,500)	(600,500)
<b>At 31 December 2017</b>	<b>100</b>	<b>(2,086,791)</b>	<b>(2,086,691)</b>

The notes on pages 9 to 13 form part of these financial statements.

# System Cycle Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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### 1. General information

System Cycle Limited is a private company limited by shares 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 activity is 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 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Butterfly Group Healthcare Limited as at 31 December 2018 and these financial statements may be obtained from 2 Merchants Drive, Parkhouse, Carlisle, CA03 0JW.

#### 2.3 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.

#### 2.4 Going concern

It is not the intention of the directors to have the company wound up in the short term. Accordingly the directors consider that the going concern basis continues to be appropriate and the financial statements are prepared on a going concern basis.

#### 2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

# System Cycle Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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### 2. Accounting policies (continued)

#### 2.6 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.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

#### 2.7 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.

#### 2.8 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.

# System Cycle Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical judgements in applying the entity's accounting policies

The most critical estimates, assumptions and judgements relate to the determination of carrying value of investments in subsidiaries at fair value through profit and loss. In determining this amount, the Company applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction.

#### Key accounting estimates and assumptions

No key accounting estimates and assumptions have been made in applying the entity's accounting policies.

### 4. Employees

The average monthly number of employees, including directors, during the year was 2 (2017 - 2).

There was no directors' remuneration in the period (2017 - £Nil).

### 5. Auditor's remuneration

The audit fees for the year for the Company were paid by another group company.

### 6. Exceptional items

	2018 £	2017 £
Exceptional administrative overheads - write off of intercompany balances	-	600,500

# System Cycle Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 7. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2018	2,206,865
At 31 December 2018	2,206,865
<b>Impairment</b>	
At 1 January 2018	2,206,864
Charge for the year	1
At 31 December 2018	2,206,865
At 31 December 2018	-
At 31 December 2017	1

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Salco Homes Limited	United Kingdom	Ordinary	100 %	Dormant company

The aggregate of the share capital and reserves as at 31 December 2018 for the subsidiary undertaking was as follows:

	Aggregate of share capital and reserves £
Salco Homes Limited	-

# System Cycle Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

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

	2018 £	2017 £
Amounts owed to group undertakings	-	2,086,692

### 9. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	100	100

### 10. 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 reserve represents cumulative profits or losses, net of dividends paid.

### 11. Related party transactions

The Company has taken advantage of the exemption under paragraph 33.1A of FRS 102 from the requirement to disclose related party transaction on the grounds that all related party transactions with other companies are wholly owned by the Group.

### 12. Controlling party

The Company's immediate parent company is Crossco (1332) Limited, a company incorporated in the United Kingdom.

The Company's intermediate parent undertaking is Butterfly Group Healthcare Limited which is the smallest and largest group to consolidate these financial statements. Copies of these financial statements can be obtained from 2 Merchants Drive, Parkhouse, Carlisle, CA3 0JW. Its ultimate parent undertaking and controlling party is Monarch Master Funding Limited, a company incorporated in the Cayman Islands. The directors are of the opinion that there is no single ultimate controlling party of Monarch Master Funding Limited.