

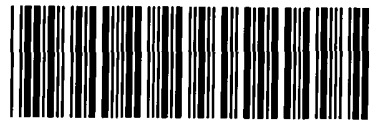
**Mersey Care Development Company 1
Limited**

Report and Financial Statements

Year ended

31 March 2017

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Mersey Care Development Company 1 Limited

Report and financial statements for the year ended 31 March 2017

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Directors

A H Naafs
I Tayler

Registered office

15th Floor Cobalt Square, 83-85 Hagley Road, Birmingham, B16 8QG

Company number

08287986

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Mersey Care Development Company 1 Limited

Report of the directors for the year ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017. In preparing this report, the directors have taken advantage of the small companies' exemption from the requirement to prepare a strategic report provided by section 414B of the Companies Act 2006 and the small companies' exemptions provided by section 415A of the Companies Act 2006.

Principal activities

The company's sole function is to act as an intermediate holding company.

Results and dividends

The company's profit for the year, after taxation, was £26,788 (2016: £141,541). At 31 March 2017, the company had net assets of £6,603 (2016: £9,815).

Dividends of £30,000 were paid during the year (2016: £136,736). There were no further dividends proposed.

Directors

The directors who served during the year and to the date of this report were:

A H Naafs
I Tayler

Qualifying third party indemnity provisions

The company has put in place qualifying third party indemnity provisions for all of the directors of the company which was in force at the date of approval of this report.

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 International Financial Reporting Standards ('IFRSs') as adopted by the European Union. 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 judgments 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.

Mersey Care Development Company 1 Limited

Report of the directors for the year ended 31 March 2017 (*continued*)

Provision 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 that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information.

This report was approved by the board on *13 SEPTEMBER 2017* and signed on its behalf.



I Tayler
Director

Mersey Care Development Company 1 Limited

Independent auditor's report

TO THE MEMBERS OF MERSEY CARE DEVELOPMENT COMPANY 1 LIMITED

We have audited the financial statements of Mersey Care Development Company 1 Limited for the year ended 31 March 2017, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

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 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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, 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.

Mersey Care Development Company 1 Limited

Independent auditor's report (*continued*)

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



Stephen Hale (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

Date: 25 September 2017

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

Mersey Care Development Company 1 Limited

Statement of comprehensive income for the year ended 31 March 2017

	Note	2017 £	2016 £
Continuing operations			
Revenue	3	5,065	-
Administrative expenses		(10,617)	(14,769)
Operating loss		(5,552)	(14,769)
Finance income	5	309,984	435,562
Finance costs	6	(277,644)	(279,252)
Profit before tax		26,788	141,541
Tax charge	7	-	-
Profit and total comprehensive income for the year attributable to equity holders		26,788	141,541

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

Mersey Care Development Company 1 Limited

Statement of financial position at 31 March 2017

Company number 08287986	Note	2017 £	2016 £
Assets			
Non-current assets			
Investments	8	4,900	4,900
Other receivables	9	2,057,052	2,064,800
		<u>2,061,952</u>	<u>2,069,700</u>
Current assets			
Other receivables	9	8,259	6,854
Cash and cash equivalents	10	5,794	8,924
		<u>14,053</u>	<u>15,778</u>
Liabilities			
Current liabilities			
Trade and other payables	11	4,602	4,058
Current borrowings	12	7,748	6,805
		<u>12,350</u>	<u>10,863</u>
Net current assets		<u>1,703</u>	<u>4,915</u>
Non-current liabilities			
Non-current borrowings	12	2,057,052	2,064,800
		<u>2,057,052</u>	<u>2,064,800</u>
Net assets		<u>6,603</u>	<u>9,815</u>
Equity			
Ordinary shares	13	100	100
Share premium		4,800	4,800
Retained earnings		1,703	4,915
		<u>6,603</u>	<u>9,815</u>
Total equity		<u>6,603</u>	<u>9,815</u>

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

13 SEPTEMBER 2017.



I Tayler
Director

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

Mersey Care Development Company 1 Limited

Statement of changes in equity at 31 March 2017

	Attributable to equity holders			
	Share capital £	Share premium reserve £	Retained earnings £	Total equity £
Balance at 1 April 2016	100	4,800	4,915	9,815
Changes in equity for 2016-2017				
Profit and total comprehensive income for the year attributable to equity holders	-	-	26,788	26,788
Dividends paid	-	-	(30,000)	(30,000)
Balance at 31 March 2017	100	4,800	1,703	6,603
Balance at 1 April 2015	100	4,800	110	5,010
Changes in equity for 2015-2016				
Profit and total comprehensive income for the year attributable to equity holders	-	-	141,541	141,541
Dividends paid	-	-	(136,736)	(136,736)
Balance at 31 March 2016	100	4,800	4,915	9,815

Dividends of £30,000 (£3,000 per share) were paid during the year (2016: £136,736 (£1,367.36 per share)).

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

Mersey Care Development Company 1 Limited

Statement of cash flows for the year ended 31 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit/(Loss) before tax		26,788	141,541
Adjustments for:			
Increase in trade and other receivables		(462)	-
Increase/(Decrease) in trade and other payables		544	(67,821)
Finance income		(309,984)	(435,562)
Finance costs		277,644	279,252
Net cash generated used in operating activities		(5,470)	(82,590)
Cash flows from investing activities			
Loan note interest receivable		277,644	279,252
Dividends received		32,340	156,310
Net cash from investing activities		309,984	435,562
Cash flows from financing activities			
Interest paid		(277,644)	(279,252)
Repayment of loan notes		(6,805)	(5,976)
Loans repaid by associate entities		6,805	5,976
Dividends paid		(30,000)	(136,736)
Net cash used in financing activities		(307,644)	(415,988)
Net decrease in cash and cash equivalents		(3,130)	(63,016)
Cash and cash equivalents at the beginning of the period		8,924	71,940
Cash and cash equivalents at the end of the period	10	5,794	8,924

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

Mersey Care Development Company 1 Limited

Notes forming part of the financial statements for the year ended 31 March 2017

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

1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. There are no estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period.

The functional currency is pounds sterling.

1.1 Standards issued and applied for the first time this year

The standards and interpretations that became effective for the first time during the year ended 31 March 2017 are not relevant to the company's operations so do not have a material impact on the financial statements.

1.2 Standards and interpretations issued but not yet applied

Standards and interpretations that have been issued but are not yet effective, and that are available for early application, have not been applied by the company in these financial statements. Application of these standards and interpretations is not expected to have a material effect on the financial statements in the future.

2 Accounting policies

2.1 Investments

Investments in associates are valued at cost less provision for impairment.

2.2 Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on trade date when the company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the company is no longer a party to the contractual provisions of the instrument.

Mersey Care Development Company 1 Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

2 Accounting policies (continued)

2.2.1 Interest-bearing borrowings

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

2.2.2 Cash and cash equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

2.3 Revenue

Revenue comprises management fees receivable. Consideration received in respect of management and related services revenue is only recorded as revenue to the extent that the company has performed its contractual obligations in respect of that consideration.

2.4 Deferred tax

Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position. Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

3 Revenue

	2017 £	2016 £
Revenue (all of which arises in the UK) comprises:		
Management and related services	5,065	-

4 Operating loss

	2017 £	2016 £
This is arrived at after charging:		
Fees payable to the company's auditor for the audit of the company's annual financial statements	2,810	2,740

There were no employees during the year (2016: none).

Mersey Care Development Company 1 Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

5 Finance income

	2017 £	2016 £
Dividends received	32,340	156,310
Interest on loans given to associate	277,644	279,252
	<u>309,984</u>	<u>435,562</u>

6 Finance costs

	2017 £	2016 £
Interest on loans due to shareholders	277,644	279,252
	<u>277,644</u>	<u>279,252</u>

7 Tax charge

	2017 £	2016 £
UK corporation tax	-	-
UK corporation tax on results of the year	-	-
	<u>-</u>	<u>-</u>

The tax charge for the year can be reconciled to the profit for the year as follows:

	2017 £	2016 £
Profit before tax	26,788	141,541
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	5,358	28,308
Dividend income not taxable	(6,468)	(31,262)
Movement in deferred tax asset not recognised (see below)	1,110	2,649
Change in tax rates	-	294
Group relief surrendered	-	11
	<u>-</u>	<u>-</u>
Tax charge	-	-

The corporation tax rate reduced to 20% on 1 April 2015. The summer budget on 15 July 2015 announced that the rate will reduce to 19% as of 1 April 2017 and 18% as of 1 April 2020. During the budget on 16 March 2016 the Chancellor announced that the rate from 1 April 2020 will instead be 17% and this has now been substantively enacted on 15 September 2016. This will reduce the company's future current tax accordingly. Deferred tax has been calculated using the substantively enacted rates at the year-end.

The company had no deferred tax liability as at the end of the year and did not recognise deferred tax assets of £3,445 (2016: £2,649) in respect of losses amounting to £20,267 (2016: £14,715) that can be carried forward against future taxable income.

Mersey Care Development Company 1 Limited

Notes forming part of the financial statements
for the year ended 31 March 2017 (*continued*)

8 Investments

Cost	Shares in associates £
At 1 April 2015, 1 April 2016 and 31 March 2017	4,900

The company holds a 49% non-controlling interest in the share capital in MCDC Midco Limited, a company incorporated in the United Kingdom and engaged in the activities of an intermediary holding company. MCDC Midco Limited owns 100% of the share capital in MCDC Fundco Limited, a company incorporated in the United Kingdom and engaged in the activities of property development. All companies share the same registered office as the company.

Summarised financial information

	MCDC Midco Limited £	MCDC Fundco Limited £
As at 31 March 2017:		
Current assets	100	893,000
Non-current assets	10,000	26,179,000
Current liabilities	(100)	(950,000)
Non-current liabilities	-	(24,889,000)
Year ended 31 March 2017:		
Revenues	-	885,000
Profit and total comprehensive income	66,000	281,000

9 Other receivables

	2017 £	2016 £
Due after more than one year		
Loans to associate	2,057,052	2,064,800
Due within one year		
Amounts due from parent company	49	49
Loans to associate	7,748	6,805
Vat receivable	462	-
	8,259	6,854

Mersey Care Development Company 1 Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

10 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2017 £	2016 £
Cash on hand and balances with banks	5,794	8,924
Cash and cash equivalents	5,794	8,924

11 Trade and other payables

	2017 £	2016 £
Due within one year:		
Trade payables	2,772	-
Amounts due to associate	49	49
Accruals	1,781	4,009
	4,602	4,058

12 Borrowings

	2017 £	2016 £
Unsecured loan notes	7,748	6,805
Current portion of long term borrowings	7,748	6,805
Unsecured loan notes	2,057,052	2,064,800
Non-current borrowings	2,057,052	2,064,800

Interest accrues daily on loan notes at rates between 10% during construction phase of the related property and then at a rate of 13.41% per annum and is payable half yearly in arrears, on 31 March and 30 September each year. Interest shall cease to accrue on the principal amount of the loan note from the date it is due for redemption.

Amounts owed to group undertakings rank pari passu with all other unsecured obligations of the company.

Mersey Care Development Company 1 Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

13 Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £ 0.10	100	100

14 Related parties

BBGI Investments SCA, a company incorporated in Luxembourg, is the company's immediate controlling party. BBGI SICAV S.A., a company incorporated in Luxembourg, is the company's ultimate controlling party.

	Dividends received/ (paid)		Amounts owed to related parties		Amounts owed by related parties	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
Shareholders and their associates	(30,000)	(136,736)	2,064,800	2,071,605	49	49
Associate entities	32,340	156,310	49	49	2,064,800	2,071,605

	Interest received/ (paid)		Sales of services and receipts of rent		Purchase of services	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
Shareholders and their associates	(277,644)	(279,252)	5,065	-	-	-
Associate entities	277,644	279,252	-	-	-	-

Amounts owed by and to related parties, except for loans due to related parties ("unsecured loan notes" in note 12) and amounts due from associate entities (note 9), are unsecured, interest-free and have no fixed terms of repayment. The balances will be settled in cash. No guarantees have been given or received. No provisions for doubtful debts have been raised against amounts outstanding and no expense has been recognised during the year in respect of bad or doubtful debts due from related parties.

There were no directors to whom remuneration was paid or to whom retirement benefits were accruing. The directors are remunerated by shareholder companies and their associates. The directors do not believe it is possible to accurately apportion their remuneration between the many entities they are directors of.

Mersey Care Development Company 1 Limited

Notes forming part of the financial statements
for the year ended 31 March 2017 (*continued*)

15 Financial instruments

15.1 Categories of financial assets and liabilities

All financial instruments valued at fair value are valued with reference to level two of the fair value hierarchy as set out in IFRS7: Financial Instruments: Disclosures. Fair values are determined based on prices that are observable for the asset or liability, either directly or indirectly.

The categories of finance assets and financial liabilities are as follows:

Financial assets

	2017 £	2016 £
Loans and receivables:		
Other receivables	2,064,849	2,071,654
Cash and cash equivalents	5,794	8,924
	<u>2,070,643</u>	<u>2,080,578</u>

Financial liabilities

	2017 £	2016 £
Amortised cost:		
Unsecured loan notes	2,064,800	2,071,605
Trade and other payables	4,602	4,058
	<u>2,069,402</u>	<u>2,075,663</u>

15.2 Financial risk management

The company's operations expose it to a number of financial risks. The board regularly reviews and agrees policies for managing each of these risks and these are summarised below.

Credit risk

Credit risk is the risk of financial loss where counterparties are not able or are unwilling to meet their obligations.

Other receivables primarily comprise of amounts due from the company's associate. Therefore credit risk is considered to be low.

The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the statement of financial position date.

Mersey Care Development Company 1 Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

15 Financial instruments (continued)

15.2 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the company has insufficient financial resources available to meet its obligations as they fall due. Management review cashflow forecasts on a regular basis to determine whether the company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

The financial assets of the company are modelled so as to match the profile of the financial liabilities, the maturity analysis of which is set out below. Management closely monitor performance against the financial models and take action if necessary when performance is not in line with modelled expectations.

The table below summarises the maturity profile of the company's financial liabilities, on an undiscounted basis, at 31 March 2017 and 31 March 2016.

2017	Less than 3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Financial liabilities					
Long term borrowings from parent company	69,048	215,401	1,137,796	6,537,369	7,959,614
Trade and other payables	4,602	-	-	-	4,602
	<u>73,650</u>	<u>215,401</u>	<u>1,137,796</u>	<u>6,537,369</u>	<u>7,964,216</u>
2016	Less than 3 months £	3 to 12 months £	1 to 5 years £	More than 5 years £	Total £
Financial liabilities					
Long term borrowings from parent company	71,168	213,501	1,139,028	6,883,005	8,306,702
Other payables	4,058	-	-	-	4,058
	<u>75,226</u>	<u>213,501</u>	<u>1,139,028</u>	<u>6,883,005</u>	<u>8,310,760</u>

Interest rate risk

The company's exposure to market risk for changes in interest rates is considered to be very small, as the shareholder loans are at fixed rates. It is the company's policy to settle trade payables within the credit terms allowed and the company does not therefore incur interest on overdue balances.

Capital management

The company seeks to match long term assets with long term funding and short term assets with short term funding. Borrowings are required primarily to finance construction activity in the company's associate and the related loan repayments from the associate are set at a level that will ensure that repayments of borrowings can be met as they fall due. Other expenses are met by short-term borrowings from shareholders.