

Registered number: 08622282

Crossco (1334) Limited



Directors' report and audited financial statements

For the period from 1 April 2016 to 31 December 2016



Crossco (1334) Limited

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Crossco (1334) Limited

Company information

Directors M C Glowasky
P A Smith

Registered number 08622282

Registered office 11th Floor
Two Snowhill
Birmingham
West Midlands
B4 6WR

Independent auditor BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

Crossco (1334) Limited

Directors' report For the period ended 31 December 2016

The directors present their report and the audited financial statements of Crossco (1334) Limited ("the company") for the 9 month period from 1 April 2016 to 31 December 2016. The comparatives show the period from 1 April 2015 to 31 March 2016.

Principal activity and review of the business

The company's principal activity is that of an investment holding company in the care home sector.

Results

The profit for the period amounted to £141,106 (year ended 31 March 2016: loss of £557,716).

Going concern

The financial statements have been prepared on a going concern basis. The funder has confirmed to the directors its intention to continue to support the company for the foreseeable future.

The directors have prepared forecasts, which show the group's operating cash flows to be sufficient to fund the group's existing working capital requirements. Consequently, the directors believe that it is appropriate to continue to prepare the financial statements on a going concern basis.

Directors

The directors who served during the period and up to the date of approval of this report were:

M C Glowasky
P A Smith

Disclosure of information to auditors

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 auditors are 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 relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditor

During the period, PricewaterCoopers LLP resigned their appointment as independent auditors.

BDO UK LLP were appointed as the independent auditor during the period and have indicated their willingness to continue in office. A resolution concerning its re-appointment will be put to the directors at the board meeting approving these financial statements.

Crossco (1334) Limited

Directors' report For the period ended 31 December 2016

Directors' responsibilities statement

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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS102, have 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 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.

Small companies' exemptions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by sections 415A and 414B of the Companies Act 2006.

This report was approved by the board and signed on its behalf by;


.....
P A Smith
Director

Date: 3 November 2017

Crossco (1334) Limited

**Independent auditor's report to the members of Crossco (1334) Limited
For the period ended 31 December 2016**

We have audited the financial statements of Crossco (1334) Limited for the period ended 31 December 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 director and auditor

As explained more fully in the statement of director's responsibilities, the director is 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 December 2016 and of its profit for the period 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.

Opinion 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 director's report for the financial period or which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with applicable legal requirements.

Crossco (1334) Limited

**Independent auditor's report to the members of Crossco (1334) Limited
For the period ended 31 December 2016**

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 during the course of the audit, we have not identified material misstatements in the director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements and the director's report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

Bao Le

Martin Gill (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor.
Glasgow
United Kingdom

Date: *7 November 2017*

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

Crossco (1334) Limited

Statement of comprehensive income
For the period ended 31 December 2016

		<i>Period ended 31 December 2016 £</i>	<i>Year ended 31 March 2016 £</i>
	<i>Note</i>		
Administrative expenses	4	678,690	375
Operating profit	4	678,690	375
Interest payable and similar charges	7	(537,584)	(558,091)
Profit/(loss) before tax		141,106	(557,716)
Taxation on profit		-	-
Total comprehensive income/(expense) for the period/year		<u>141,106</u>	<u>(557,716)</u>

There was no other comprehensive income for the period ended 31 December 2016 (year ended 31 March 2016: £Nil).

All amounts relate to continuing operations.

The notes on pages 9 to 14 form an integral part of these financial statements.

Statement of financial position
As at 31 December 2016

	Note	31 December 2016 £	31 March 2016 restated £	Opening 2016 restated
Fixed assets				
Investments	8	278,242	278,242	278,242
Current assets				
Debtors	9	18,796,703	16,133,565	15,901,567
Cash and cash equivalents	10	76,607	93,099	-
		<u>18,873,310</u>	<u>16,226,664</u>	<u>15,901,567</u>
Creditors: amounts falling due within one year	11	(24,884,357)	(11,659,544)	(21,496,004)
Net current (liabilities)/assets		<u>(6,011,047)</u>	<u>4,567,120</u>	<u>(5,594,437)</u>
Total assets less current liabilities		<u>(5,732,805)</u>	<u>4,845,362</u>	<u>(5,316,195)</u>
Creditors: amounts falling due after one year	12	-	(10,719,273)	-
Net liabilities		<u>(5,732,805)</u>	<u>(5,873,911)</u>	<u>(5,316,195)</u>
Capital and reserves				
Called up share capital	13	1,367,500	1,367,500	1,367,500
Share premium account		183,875	183,875	183,875
Accumulated losses		<u>(7,284,180)</u>	<u>(7,425,286)</u>	<u>(6,867,570)</u>
Total equity		<u>(5,732,805)</u>	<u>(5,873,911)</u>	<u>(5,316,195)</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 FRS102 1A – small companies.

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

.....
P A Smith
 Director

Date:

The notes on pages 9 to 14 form an integral part of these financial statements.

Crossco (1334) Limited

Statement of changes in equity For the period ended 31 December 2016

	<i>Called up share capital</i> £	<i>Share premium account</i> £	<i>Accumulated losses</i> £	<i>Total equity</i> £
Balance as at 31 March 2015 as previously reported	1,367,500	10,911,703	(6,867,570)	5,411,633
Effect of restatement	-	(10,727,828)	-	-
Restated balance as at 1 April 2015	<u>1,367,500</u>	<u>183,875</u>	<u>(6,867,570)</u>	<u>(5,316,195)</u>
Loss for the year	-	-	(557,716)	(557,716)
At 31 March 2016	<u>1,367,500</u>	<u>183,875</u>	<u>(7,425,286)</u>	<u>(5,873,911)</u>
Profit for the period	-	-	141,106	141,106
At 31 December 2016	<u>1,367,500</u>	<u>183,875</u>	<u>(7,284,180)</u>	<u>(5,732,805)</u>

The notes on pages 9 to 14 form an integral part of these financial statements.

Notes to the financial statements
For the period ended 31 December 2016

1. General information

The company's principle activity during the financial year was that of an investment holding company in the care home sector. The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 11th Floor, Two Snowhill, Birmingham, West Midlands, B4 6WR.

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 Republic of Ireland" and the Companies Act 2006.

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 meets the requirements of a small company and has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 1A:

- 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 company is a wholly-owned subsidiary of Butterfly Healthcare Group Limited and is included in the consolidated financial statements of Butterfly Healthcare Group Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

2.3 Going concern

The financial statements have been prepared on a going concern basis. The funder has confirmed to the directors its intention to continue to support the company for the foreseeable future.

The directors have prepared forecasts, which show the group's operating cash flows to be sufficient to fund the group's existing working capital requirements. Consequently, the directors believe that it is appropriate to continue to prepare the financial statements on a going concern basis.

2.4 Prior period restatement

Paperwork filed at Companies House in November 2014, and used to calculate the equity of the company, was determined to have incorrectly detailed the consideration charged for an allotment of shares. The previous period comparatives are therefore restated to reflect the correct amount, specifically a share premium of £10,911,703 (2015: £10,911,703) was reduced to £183,875, and £10,727,828 was categorised as amounts due to group entities.

Notes to the financial statements
For the period ended 31 December 2016

2. Accounting policies (continued)**2.5 Investments**

Investments are carried at historical cost, less accumulated impairment losses.

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 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.8 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 accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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.

2.9 Creditors

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

2.10 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.

2.11 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

Notes to the financial statements
For the period ended 31 December 2016

2. Accounting policies (continued)**2.12 Taxation**

Tax is recognised in the Statement of comprehensive income and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

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

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

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

In applying the company's accounting policies, the directors may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the Statement of financial position date and the amounts reported for revenues and expenses during the year.

The directors have not been required to use a significant degree of judgement in determining the timing and value of amounts recognised in the financial statements.

The directors are not aware of any significant sources of estimation uncertainty in the preparation of the financial statements.

4. Operating profit

	<i>Period ended 31 December 2016</i>	<i>Year ended 31 March 2016</i>
The operating profit is stated after charging/(crediting):	£	£
Bad debt write off	1,503	-
Write off of intercompany balances	<u>(931,716)</u>	<u>-</u>

During the period, no director received any emoluments (year ended 31 March 2016: £Nil).

5. Auditors' remuneration

Fees payable to the auditors for the audit of the company's financial statements were borne by a fellow group company.

6. Staff costs

The company has no employees during the period (year ended 31 March 2016: £Nil).

Crossco (1334) Limited

Notes to the financial statements For the period ended 31 December 2016

7. Interest payable and similar charges

	Period ended 31 December 2016 £	Year ended 31 March 2016 £
Interest payable on loans from group undertakings	537,584	558,091
Total interest payable and similar charges	537,584	558,091

8. Investments

	<i>Investments in subsidiary undertakings £</i>
Cost	
At 1 April 2016 and 31 December 2016	1,367,400
Impairment	
At 1 April 2016 and 31 December 2016	(1,089,158)
Net book amount	
At 31 December 2016	278,242
At 31 March 2016	278,242

The company has investments in the following subsidiary undertakings:

Name	Country of incorporation	Class of shares	Share	Principle activity	Address
Express Care (Guest Services) Limited	England	Ordinary	100%	Care home operator	11th Floor, Two Snowhill Birmingham B4 6WR
Primrose Care Home Limited	England	Ordinary	100%	Non-trading	11th Floor, Two Snowhill Birmingham B4 6WR
Sovereign Guest Services Limited	England	Ordinary	100%	Care home operator	11th Floor, Two Snowhill Birmingham B4 6WR
Windmill Hills Care Home Limited	England	Ordinary	100%	Care home operator	11th Floor, Two Snowhill Birmingham B4 6WR
World Trade Properties Limited*	England	Ordinary	100%	Non-trading	11th Floor, Two Snowhill Birmingham B4 6WR

*owned indirectly

During the period 100% of the share capital of Quarter Care Limited, owned indirectly by Crossco (1334) Limited, was sold for £147,954.

Crossco (1334) Limited

Notes to the financial statements For the period ended 31 December 2016

9. Debtors

	31 December 2016 £	31 March 2016 £
Amounts owed by group undertakings	18,693,703	15,904,877
Other debtors	103,000	228,678
	<u>18,796,703</u>	<u>16,133,565</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

10. Cash and cash equivalents

	31 December 2016 £	31 March 2016 £
Cash at bank and in hand	<u>76,607</u>	<u>93,099</u>

11. Creditors: amounts falling due within one year

	31 December 2016 £	31 March 2016 £
Loans from group undertakings	12,676,857	-
Amounts owed to group undertakings	12,189,770	10,727,828
Trade creditors	2,730	-
Accruals	15,000	-
Other creditors	-	931,716
	<u>24,884,357</u>	<u>11,659,544</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Loans from group undertakings charged interest at 5.7% on tranche 1 of the loan and 5.5% on tranche 2 of the loan and are repayable on demand.

Crossco (1334) Limited

Notes to the financial statements
For the period ended 31 December 2016

12. Creditors: amounts falling due after one year

	31 December 2016 £	31 March 2016 £
Loans from group undertakings	-	10,719,273

Loans from group undertakings charged interest at 5.7% on tranche 1 of the loan and 5.5% on tranche 2 of the loan. Interest is payable semi-annually on tranche 1 and monthly on tranche 2. The loans were repayable in full on 14 October 2016 and 31 July 2016 respectively.

13. Called up share capital

	31 December 2016 £	31 March 2016 £
Allotted, called up and fully paid		
1,367,500 (year ended 31 March 2016:		
1,367,500) Ordinary shares of £1 each	1,367,500	1,367,500

14. 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 transactions on the grounds that all related party transactions are with other companies that are wholly owned within the group.

15. Controlling party

The company's immediate parent undertaking is Butterfly Group Healthcare Limited, a company incorporated in England and Wales, which is the smallest and largest group to consolidate these financial statements. Copies of these financial statements can be obtained from 11th Floor, Two Snowhill, Birmingham, B4 6WR.

The ultimate controlling party of the company is Monarch Master Funding Limited, a company registered in the Cayman Islands.