

Hillcrest Care Homes Limited

Directors' Report and Financial Statements

Year Ended

31 December 2018

Company Number 02780067

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Hillcrest Care Homes Limited

Company Information

Directors	M C Glowasky P A Smith
Registered number	02780067
Registered office	2 Merchants Drive Parkhouse Carlisle CA3 0JW
Independent auditor	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX

Hillcrest Care Homes Limited

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Hillcrest Care Homes Limited

Directors' Report For the Year Ended 31 December 2018

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

Business review

During the prior year the Company sold its care homes and the Company effectively ceased trading at that point. The Company has remained dormant in the current year, other than the capital contribution received from group companies of £240,259 in the year (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.

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

Hillcrest Care Homes Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2018

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.

Hillcrest Care Homes Limited

Independent Auditor's Report to the Members of Hillcrest Care Homes Limited

Opinion

We have audited the financial statements of Hillcrest Care Homes 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 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 result 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.

Hillcrest Care Homes Limited

Independent Auditor's Report to the Members of Hillcrest Care Homes Limited (continued)

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.

Hillcrest Care Homes Limited

Independent Auditor's Report to the Members of Hillcrest Care Homes Limited (continued)

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 determine 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.

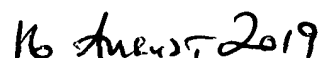
Auditor's responsibilities for the audit of the financial statements

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.



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).

Hillcrest Care Homes Limited

Statement of Comprehensive Income For the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	4	-	1,025,008
Cost of sales		-	(896,244)
Gross profit		-	128,764
Administrative expenses		-	(237,535)
Exceptional administrative expenses	8	-	(1,361,089)
Operating loss	5	-	(1,469,860)
Tax on loss	7	-	(7,964)
Loss for the financial year		-	(1,477,824)
Other comprehensive income for the year			
Deferred tax on revaluation gains released		-	31,438
Total comprehensive loss for the year		-	(1,446,386)

The notes on pages 9 to 15 form part of these financial statements.

Hillcrest Care Homes Limited

Registered number: 02780067

Balance Sheet As at 31 December 2018

	Note	2018 £	2017 £
Current liabilities			
Creditors: amounts falling due within one year	9	-	(240,259)
Net assets/(liabilities)		<u>-</u>	<u>(240,259)</u>
Capital and reserves			
Called up share capital	10	4	4
Profit and loss account	11	(4)	(240,263)
Total equity		<u>-</u>	<u>(240,259)</u>

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

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



12 August 2019

P A Smith
Director

The notes on pages 9 to 15 form part of these financial statements.

Hillcrest Care Homes 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	4	(240,263)	(240,259)
Comprehensive income for the year			
Result for the year	-	-	-
Total comprehensive income for the year	-	-	-
Capital contribution received	-	240,259	240,259
Total transactions with owners	-	240,259	240,259
At 31 December 2018	4	(4)	-

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

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	4	151,670	1,054,453	1,206,127
Comprehensive loss for the year				
Loss for the year	-	-	(1,477,824)	(1,477,824)
Release of deferred tax on disposal of fixed assets	-	31,438	-	31,438
Other comprehensive income for the year	-	31,438	-	31,438
Total comprehensive income for the year	-	31,438	(1,477,824)	(1,446,386)
Transfer to profit and loss account on disposal of fixed assets	-	(183,108)	183,108	-
At 31 December 2017	4	-	(240,263)	(240,259)

The notes on pages 9 to 15 form part of these financial statements.

Hillcrest Care Homes Limited

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

1. General information

Hillcrest Care Homes Limited is a private company limited by shares and 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 activities are set out in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

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, CA3 0JW.

2.3 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.

Hillcrest Care Homes Limited

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

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.7 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

Hillcrest Care Homes Limited

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

2. Accounting policies (continued)

2.7 Financial instruments (continued)

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.

2.8 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.

2.9 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet 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 Balance Sheet date, except that:

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Hillcrest Care Homes Limited

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

2. Accounting policies (continued)

2.10 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.

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.

Key accounting estimates and judgements

No key accounting estimates or judgements have been made in applying the entity's accounting policies.

4. Turnover

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	-	25,712
Gain on sale of tangible fixed assets	-	(22,993)
Exceptional administrative expenses - provision for intra group balances	-	1,361,089
Pension costs	-	4,069
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The audit fees for this Company has been paid by another group Company.

6. Employees

The average number of employees in the year, including directors, was 2 (2017 - 62).

In the year no director received any emoluments (2017 - £Nil).

Hillcrest Care Homes Limited

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

7. Taxation

	2018 £	2017 £
Current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	7,964
Total deferred tax	-	7,964
Taxation on loss on ordinary activities	-	7,964

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017 - more than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	-	(1,469,860)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	-	(282,948)
Effects of:		
Expenses not deductible for tax purposes	-	263,263
Fixed asset differences	-	(4,426)
Difference between capital allowances and depreciation	-	595
Deferred tax	-	7,964
Group relief surrendered	-	23,516
Total tax charge for the year	-	7,964

Hillcrest Care Homes Limited

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

8. Exceptional items

	2018 £	2017 £
Provision for intra group balances	-	1,361,089

9. Creditors: amounts falling due within one year

	2018 £	2017 £
Amounts owed to group undertakings	-	240,259

10. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
4 ordinary shares of £1 each	4	4

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

12. Pension costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £Nil (2017 - £4,069). Contributions totalling £Nil (2017 - £Nil) were payable to the fund at the Balance Sheet date.

Hillcrest Care Homes Limited

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

13. Related party transactions

The Company has taken advantage of the exemption under paragraph Section 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.

14. Controlling party

The Company's immediate parent undertaking is Mariposa Care 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.