

Crossco (1334) Limited

Directors' Report and Financial Statements

Year Ended

31 December 2018

Company Number 08622282



**COMPANIES HOUSE
EDINBURGH**

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Crossco (1334) Limited

Company Information

Directors	M C Glowaasky P A Smith
Registered number	08622282
Registered office	2 Merchants Drive Parkhouse Carlisle CA3 0JW
Independent auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD

Crossco (1334) 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.

Principal activity

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

Results

The profit for the year, after taxation, amounted to £5,553,067 (2017 - loss £7,938,434).

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 year were:

M C Glowaasky
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.

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

23/9/19

and signed on its behalf.



P A Smith
Director

Crossco (1334) 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.

Crossco (1334) Limited

Independent Auditor's Report to the Members of Crossco (1334) Limited

Opinion

We have audited the financial statements of Crossco (1334) Limited ("the company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, 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.

Crossco (1334) Limited

Independent Auditor's Report to the Members of Crossco (1334) 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; and
- we have not received all the information and explanations we require for our audit.
- 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.

Crossco (1334) Limited

Independent Auditor's Report to the Members of Crossco (1334) 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. Enter text here

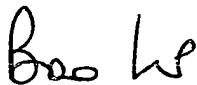
Auditor's responsibilities for the audit of the financial statements

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.



24 September 2019

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

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 Year Ended 31 December 2018

	Note	2018 £	2017 £
Administrative expenses		(24,811)	(133,556)
Exceptional administrative credit (expenses): reversal of (provision) for group debtors	4	6,558,875	(6,535,990)
Operating profit/(loss)	4	6,534,064	(6,669,546)
Impairment loss on fixed asset investments	8	-	(278,242)
Interest payable and similar charges	6	(980,997)	(990,646)
Profit/(loss) before tax		5,553,067	(7,938,434)
Tax on profit/(loss)	7	-	-
Profit/(loss) for the financial year		5,553,067	(7,938,434)

There was no other comprehensive income for 2018 (2017 - £Nil).

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

Crossco (1334) Limited
Registered number: 08622282

Statement of Financial Position
As at 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
Current assets					
Debtors: amounts falling due within one year		1,456,670		-	
Cash at bank and in hand	10	2,120		2,779	
Creditors: amounts falling due within one year	11	(9,576,962)		(13,674,018)	
Net current liabilities			(8,118,172)		(13,671,239)
Net liabilities			(8,118,172)		(13,671,239)
Capital and reserves					
Called up share capital	12		1,367,500		1,367,500
Share premium account	13		183,875		183,875
Profit and loss account	13		(9,669,547)		(15,222,614)
Total equity			(8,118,172)		(13,671,239)

The 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



23/9/19.

P A Smith
Director

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

Crossco (1334) Limited

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	1,367,500	183,875	(15,222,614)	(13,671,239)
Comprehensive loss for the year				
Profit for the year	-	-	5,553,067	5,553,067
At 31 December 2018	<u>1,367,500</u>	<u>183,875</u>	<u>(9,669,547)</u>	<u>(8,118,172)</u>

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	1,367,500	183,875	(7,284,180)	(5,732,805)
Comprehensive loss for the year				
Loss for the year	-	-	(7,938,434)	(7,938,434)
At 31 December 2017	<u>1,367,500</u>	<u>183,875</u>	<u>(15,222,614)</u>	<u>(13,671,239)</u>

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

Crossco (1334) Limited

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

1. General information

Crossco (1334) 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 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's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 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.

2.3 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.4 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.

2.5 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.

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.

Crossco (1334) Limited

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

2. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

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 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.

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 reporting date.

2.10 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.

Crossco (1334) Limited

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

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, other than that relating to the valuation of investments in subsidiary undertakings. These are considered for indications of impairment and if required an impairment review will be carried out and decision made on possible impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Bad debts are provided for where objective evidence of the need for a provision exists.

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

4. Operating profit/(loss)

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

	2018 £	2017 £
Exceptional items - (Reversal of) provision for group debtors	(6,558,875)	6,535,990
Write off of intercompany balances	-	103,000

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

5. Employees

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

During the year, the directors did not receive any remuneration (2017 - £Nil)

6. Interest payable and similar charges

	2018 £	2017 £
Other loans and overdraft interest payable	213,073	-
Interest payable on loans from group undertakings	767,924	990,646

Crossco (1334) Limited

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

7. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on loss for the year	-	-
Taxation on loss on ordinary activities	-	-

Factors that may affect future tax charges

In accordance with applicable accounting standards, the financial statements do not incorporate the potential deferred tax asset of £381,000 (2017 - £381,000) which exists at the statement of financial position date in relation to unused losses brought forward for non-trade deficits and management expenses.

8. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	278,242
At 31 December 2018	278,242
Impairment	
At 1 January 2018	278,242
At 31 December 2018	278,242
At 31 December 2018	-
At 31 December 2017	-

9. Debtors

Crossco (1334) Limited

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

	2018 £	2017 £
Amounts owed by group undertakings	1,456,670	-
	<u>1,456,670</u>	<u>-</u>

10. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	2,120	2,779
	<u>2,120</u>	<u>2,779</u>

11. Creditors: amounts falling due within one year

	2018 £	2017 £
Other loans and overdrafts	9,418,858	-
Loans from group undertakings	-	13,527,613
Amounts owed to group undertakings	139,390	139,390
Trade creditors	1,380	-
Accruals and deferred income	17,334	7,015
	<u>9,576,962</u>	<u>13,674,018</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 5.55% on tranche 2 of the loan and are repayable on demand. These loans are unsecured.

Other loans and overdrafts are charged interest at between 7.51% and 7.73%. These debts are repayable on demand and are unsecured.

12. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1,367,500 ordinary shares of £1 each	1,367,500	1,367,500
	<u>1,367,500</u>	<u>1,367,500</u>

Crossco (1334) Limited

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

13. 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.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

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. Ultimate parent undertaking and 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 2 Merchants Drive, Parkhouse, Carlisle, England, CA3 0JW.

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