

Registered number: 11114401

Butterfly (Finance) Limited

Directors' report and audited financial statements

For the year ended 31 December 2020

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Butterfly (Finance) Limited

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Butterfly (Finance) Limited

Company information

Directors	M C Glowasky P A Smith
Registered number	11114401
Registered office	2 Merchants Drive Park House Carlisle Cumbria England CA3 0JW
Accountant	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX

Butterfly (Finance) Limited

Directors' report For the year ended 31 December 2020

The directors present their report and the financial statements of Butterfly (Finance) Limited ("the company") for the year ended 31 December 2020.

Principal activity

The company's principal activity throughout the year was provision of finance.

Results

The loss for the year after taxation amounted to £13,400 (2019: profit of £3,079,054).

Going concern

The Company has no recoverable debtors or assets at the balance sheet date and intend for the entity to cease trading. Accordingly, the directors do not consider the Company to be able to be presented as going concern. The financial statements have been prepared on a basis other than going concern and all amounts within the balance sheet are shown at their recoverable/ payable amounts.

Given these factors, the directors are of the opinion that the global pandemic COVID-19 has no material impact on the company.

Directors


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

M C Glowasky
P A Smith

Small companies note

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

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


.....
P A Smith
Director
Date: 21 June 2021

Butterfly (Finance) Limited

Chartered Accountant's report to the Board of Directors on the preparation of the unaudited financial statements for Butterfly (Finance) Limited for the year ended 31 December 2020

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Butterfly (Finance) Limited for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/regulation>.

It is your duty to ensure that Butterfly (Finance) Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit/loss of Butterfly (Finance) Limited. You consider that Butterfly (Finance) Limited is exempt from the statutory audit requirement for the period.

We have not been instructed to carry out an audit or a review of the financial statements of Butterfly (Finance) Limited. For this reason we have not verified the accuracy or completeness of the accounting records or information and explanations you have given us and we do not, therefore express any opinion on the statutory financial statements.

Use of our report

This report is made solely to the board of directors of Butterfly (Finance) Limited, as a body in accordance with the terms of engagement letter dated 21 May 2021. Our work has been undertaken solely to prepare for your approval the financial statements of Butterfly (Finance) Limited and state those matters that we have agreed to state to the board of directors of Butterfly (Finance) Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Butterfly (Finance) Limited and its board of directors as a body for our work or for this report.

BDO LLP

21 June 2021

BDO LLP
Chartered accountants
Glasgow
United Kingdom

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

Butterfly (Finance) Limited

Statement of comprehensive income
For the year ended 31 December 2020

		2020	2019
	Note	£	£
Interest receivable and similar income	4	-	1,093,794
Interest payable and similar charges	7	-	(1,075,400)
Net interest income		-	18,394
Administrative expenses		(13,400)	(13,397)
Provision for loan debtors	5	-	3,075,007
Operating (loss)/profit and profit before taxation	5	(13,400)	3,080,004
Tax on (loss)/profit	8	-	(950)
(Loss)/profit for the year		(13,400)	3,079,054
Other comprehensive income		-	-
Total comprehensive (expense)/income for the year		(13,400)	3,079,054

The notes on pages 7 to 13 form part of these financial statements.

Butterfly (Finance) Limited

Statement of financial position
As at 31 December 2020
Registered number: 11114401

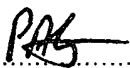
		2020	2019
	Note	£	£
Non-current assets			
Other loans	9	-	-
Current assets			
Debtors	10	2	2
		<u>2</u>	<u>2</u>
Creditors: amounts falling due within one year	11	<u>(1,117,499)</u>	<u>(1,104,099)</u>
Net current liabilities		(1,117,497)	(1,104,097)
Total assets less current liabilities		<u>(1,117,497)</u>	<u>(1,104,097)</u>
Creditors: amounts falling due after more than one year	12	(9,650,991)	(9,650,991)
Net assets		<u><u>(10,768,488)</u></u>	<u><u>(10,755,088)</u></u>
Capital and reserves			
Called up share capital	14	2	2
Retained earnings		<u>(10,768,490)</u>	<u>(10,755,090)</u>
Total equity		<u><u>(10,768,488)</u></u>	<u><u>(10,755,088)</u></u>

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 section 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: 21 June 2021

The notes on pages 7 to 13 form part of these financial statements.

Butterfly (Finance) Limited

**Statement of changes in equity
For the year ended 31 December 2020**

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2019	2	(16,784,143)	(16,784,141)
Capital contribution received	-	2,949,999	2,949,999
Profit for the year	-	3,079,054	3,079,054
At 31 December 2019	2	(10,755,090)	(10,755,088)
Loss for the year	-	(13,400)	(13,400)
At 31 December 2020	2	(10,768,490)	(10,768,488)

The notes on pages 7 to 13 form part of these financial statements.

Butterfly (Finance) Limited

Notes to the financial statements For the year ended 31 December 2020

1. General information

Butterfly (Finance) Limited is a private company limited by shares incorporated and domiciled in England and Wales. The address of its registered office is 2 Merchants Drive Parkhouse, Carlisle, Cumbria, England, CA3 0JW.

The principal activity of Butterfly (Finance) Limited is that of a provider of finance.

2. Accounting policies

2.1. Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with Financial Reporting Standard 102 ("FRS 102"), "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Companies Act 2006, as applicable to the small companies regime.

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 (note 3).

The presentational currency is pound sterling and rounding to the nearest pound has been applied.

The following principal accounting policies have been applied:

2.2. Financial reporting standard 102 – reduced disclosure exemptions

The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

2.3. Going concern

The Company has no recoverable debtors or assets at the balance sheet date and intend for the entity to cease trading. Accordingly, the directors do not consider the Company to be able to be presented as going concern. The financial statements have been prepared on a basis other than going concern and all amounts within the balance sheet are shown at their recoverable/ payable amounts. The directors have confirmed with the company's principal lenders that any interest accruing will not be pursued in the short term.

Given the above facts the directors are of the opinion that the global pandemic COVID-19, has no material impact on the company.

2.4. 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 subsequently measured at amortised cost using the effective interest method, less any impairment.

2.5. 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.

Butterfly (Finance) Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

2. Accounting policies (continued)

2.6. Turnover

Turnover is made up of interest receivable. Turnover is recognised as the interest accrues on an effective interest rate basis.

2.7. Financial instruments

Financial assets

Basic financial instruments, including trade and other debtors are initially recognised at transaction price, less any impairment.

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.

Financial liabilities

Financial liabilities, including trade and other payables, and bank loans are initially recognised at transaction price, less any impairment.

Financial liabilities 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 gain is recognised in the Statement of comprehensive income.

2.8. Creditors

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

2.9. 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10. Borrowing costs

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

Butterfly (Finance) Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

2. Accounting policies (continued)

2.11. 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 reporting date and the amounts reported for turnover 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, with the exception of their assessment of the recoverability of debtors. These are considered for indications of impairment each year and if required an impairment review will be carried out and decision made on possible impairment.

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

4. Interest receivable and similar income

Interest receivable comprises interest receivable from other loans for the year. Interest has accrued in the past at rates of between 0% and 14.1% per annum, and reduced to 0% on all loans for the year. Accordingly no interest receivable arises for 2020.

5. Operating (loss)/profit

Operating profit for the year includes an exceptional expense of £nil (2019: income of £3,075,007 being the reversal of a provision against loan debtors).

Butterfly (Finance) Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

6. Employees

The company has no employees (2019: none). The company had two (2019: two) directors during the year, who did not receive any direct remuneration from this company.

7. Interest payable and similar charges

	2020 £	2019 £
Interest payable on listed loan notes	-	1,075,393
Other interest	-	7
	<u>-</u>	<u>1,075,400</u>

8. Tax on (loss)/profit

	2020 £	2019 £
Current tax		
Total current tax on loss	<u>-</u>	<u>950</u>

Factors affecting tax charge for the period

The tax assessed for the year is higher than (2019: lower than) as the standard rate of corporation tax in the UK of 19% (2019: 19%).

The calculation is below:

	2020 £	2019 £
Loss before taxation	<u>(13,400)</u>	<u>3,080,004</u>
Loss multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(2,546)	585,201
Effects of:		
(Income)/expenses not deductible for tax purposes	-	(584,251)
Deferred tax on losses not recognised	<u>2,546</u>	<u>-</u>
	<u>-</u>	<u>950</u>

As at the 31 December 2020, the government had enacted legislation to keep the corporation tax rate at 19%. However, during the Budget in March 2021, the Chancellor of the Exchequer announced that the government would legislate to keep the corporation tax rate at 19% until 2023 at which point it would increase to 25%. This announcement does not amount to a significant impact on the deferred tax charge for the year.

Butterfly (Finance) Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

9. Non-current assets

	2020	2019
	£	£
Other loans - debtors	-	-

Although technically falling due within one year, non-current loan receivable amounts are unlikely to be recovered and have been provided against in full.

10. Debtors: amounts falling due within one year

	2020	2019
	£	£
Amounts due from parent undertaking	2	2

Amounts due from parent undertaking are interest free and repayable on demand.

11. Creditors: amounts falling due within one year

	2020	2019
	£	£
Accruals and deferred income	1,115,592	1,102,192
Amounts owed to related parties	957	957
Corporation tax	950	950
	<u>1,117,499</u>	<u>1,104,099</u>

12. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Listed debt instruments	<u>9,650,991</u>	<u>9,650,991</u>

The listed debt instruments are made up of unsecured redeemable loan notes 2024, listed on the Cayman Island Stock Exchange. The loan notes are redeemable on 31 March 2024. During the year interest was charged at 0% (2019: 8.53%), and is due for payment on 31 December each year. The listed loan notes are limited to a nominal amount of £45,000,000 and interest may be repaid in the form of an unlimited amount of listed Payment-in-Kind ("PIK") notes 2024.

Butterfly (Finance) Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

13. Listed debt instruments

Analysis of the maturity of the listed debt instruments is given below:

	2020 £	2019 £
Amounts falling due between 2 and 5 years		
Loan notes	<u>9,650,991</u>	<u>9,650,991</u>

14. Called up share capital

	2020 £	2019 £
Allotted and called up		
2 (2019: 2) Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Butterfly (Finance) Limited

Notes to the financial statements (continued) For the year ended 31 December 2020

15. Related party transactions

As a wholly owned subsidiary undertaking, the company has taken advantage of the exemption in paragraph 33.1A of FRS 102 from disclosing transactions with other group companies that are wholly owned within the group.

At the year/period end the principal amount, accrued interest due to this entity and interest charged on loans from a number of companies with directors in common gross of any provisions made against these debts is set out in the tables below.

Year ended 31 December 2020

	Principal	Accrued interest owed	Provisions against debt	Interest charged
	£	£	£	£
Mariposa Care Limited	1,286,163	357,423	(1,643,586)	-
Crossco (1332) Limited	-	-	-	-
Crossco (1334) Limited	7,397,871	300,197	(7,698,068)	-

Year ended 31 December 2019

	Principal	Accrued interest owed	Provisions against debt	Interest charged
	£	£	£	£
Mariposa Care Limited	1,286,163	357,423	(1,643,586)	405,997
Crossco (1332) Limited	-	-	-	101,716
Crossco (1334) Limited	7,409,836	288,233	(7,698,068)	586,081
Sovereign Care Homes Limited	1,421,529	-	(1,421,529)	-

Principal amounts are included in other loans (non-current assets) and accrued interest is included in other debtors, falling due within one year.

16. Controlling party

The immediate parent undertaking of the company is Cocoon Cayman Holdings Ltd, a company registered in the Cayman Islands.

The ultimate controlling party of the company is MCP Holdings Master LP, a limited partnership registered in the Cayman Islands.