

Registered number: 11890339

Hollyblue Healthcare (Norton Lees) Limited

Directors' report and audited financial statements

For the period from 19 March 2019 (date of incorporation) to 31 December 2019



Hollyblue Healthcare (Norton Lees) Limited

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Hollyblue Healthcare (Norton Lees) Limited

Company information

Directors	M C Glowasky P A Smith J C Diaz-Sanchez
Registered number	11890339
Registered office	2 Merchants Drive Parkhouse Carlisle Cumbria CA3 0JW
Independent auditor	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX

Hollyblue Healthcare (Norton Lees) Limited

Directors' report

For the period from 19 March 2019 to 31 December 2019

The directors present their report and the audited financial statements of Hollyblue Healthcare (Norton Lees) Limited ("the company") for the period from 19 March 2019 (date of incorporation) to 31 December 2019.

Principal activity and review of the business

The company was incorporated on 19 March 2019 and commenced trading on 7 June 2019.

The principal activity of the company during the period was to be that of an investment property company operating in the care sector.

Results

The loss for the period after taxation, amounted to £155,711.

Going concern

The directors have considered the impact of COVID-19 on their business – see note 2.3.

Directors

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

M C Glowasky (appointed 19 March 2019)

P A Smith (appointed 19 March 2019)

J C Diaz-Sanchez (appointed 9 July 2019)

Disclosure of information to the auditor

The directors at the time when this Directors' report is approved has confirmed that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have 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.

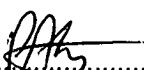
Independent auditor

The auditor, BDO LLP, has indicated its willingness to continue in office and a resolution concerning its re-appointment will be put to the director at the board meeting approving these financial statements.

Small companies note

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

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


.....

P A Smith

Director

Date: 8 December 2020

Hollyblue Healthcare (Norton Lees) Limited

Directors' responsibilities statement For the period from 19 March 2019 to 31 December 2019

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A). 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 the financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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. The directors 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.

Hollyblue Healthcare (Norton Lees) Limited

Independent auditor's report to the members of Hollyblue Healthcare (Norton Lees) Limited For the period from 19 March 2019 to 31 December 2019

Opinion

We have audited the financial statements of Hollyblue Healthcare (Norton Lees) Limited ("the company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and the 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 2019 and of its loss 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.

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.

Hollyblue Healthcare (Norton Lees) Limited

Independent auditor's report to the members of Hollyblue Healthcare (Norton Lees) Limited (continued) **For the period from 19 March 2019 to 31 December 2019**

Other information

The directors are responsible for the other information. The other information comprises the Directors' report and audited financial statements other than the financial statements and our auditor's report thereon. 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 Director's 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.

Hollyblue Healthcare (Norton Lees) Limited

Independent auditor's report to the members of Hollyblue Healthcare (Norton Lees) Limited (continued) For the period from 19 March 2019 to 31 December 2019

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

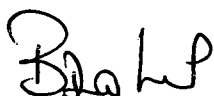
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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
Date: 8 December 2020

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

Hollyblue Healthcare (Norton Lees) Limited

Statement of comprehensive income For the period from 19 March 2019 to 31 December 2019

	Note	Period from 19 March to 31 December 2019 £
Administrative expenses		(83,656)
Provision for group debtors	4	(301)
Operating loss	4	(83,957)
Interest payable and similar charges	6	(71,754)
Loss before taxation		(155,711)
Tax on loss	7	-
Loss for the year		(155,711)
Other comprehensive income		-
Total comprehensive expense for the year		(155,711)

The notes on pages 10 to 17 form part of these financial statements.

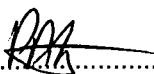
Hollyblue Healthcare (Norton Lees) Limited
Registered number: 11890339

Statement of financial position
As at 31 December 2019

	Note	2019 £
Fixed assets		
Investment property	8	2,304,000
Investments	9	100
		<u>2,304,100</u>
Current assets		
Debtors	10	-
		<u>-</u>
Creditors: amounts falling due within one year	12	(1,695,221)
Bank overdraft	11	(89)
		<u>(1,695,310)</u>
Net current liabilities		(1,695,310)
Total assets less current liabilities		<u>608,790</u>
Creditors: amounts falling due after more than one year	13	(764,401)
Net liabilities		<u>(155,611)</u>
Capital and reserves		
Called up share capital	16	100
Retained earnings		(155,711)
Total equity		<u>(155,611)</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 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: 8 December 2020

The notes on pages 10 to 17 form part of these financial statements.

Hollyblue Healthcare (Norton Lees) Limited

Statement of changes in equity For the period from 19 March 2019 to 31 December 2019

	Called up share capital £	Retained earnings £	Total equity £
At 19 March 2019	-	-	-
Share capital issued in the period	100	-	100
Loss for the year	-	(155,711)	(155,711)
At 31 December 2019	100	(155,711)	(155,611)

The notes on pages 10 to 17 form part of these financial statements.

Notes to the financial statements
For the period from 19 March 2019 to 31 December 2019

1. General information

Hollyblue Healthcare (Norton Lees) 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 CA3 0JW.

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, as modified by the revaluation of freehold investment property measured at fair value through the statement of comprehensive income, 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.

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

At the balance sheet date, the company had net liabilities of £155,611, and includes a bank loan of £1.5m which expires in March 2022 and long term group loan of £764,401. The directors are currently assessing various options available to them, including continuing to operate the asset themselves, leasing to another tenant or selling the asset. Whilst assessing these various options, the directors are of the opinion that the ability of the company to continue as a going concern is dependent on the ongoing financial support of certain related parties, who have provided a letter of support in writing to the entity.

The directors consider the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due given this level of financial support from its related parties. In making the going concern assessment, the directors have taken into account the following:

- The capital structure and liquidity of the Company and its related parties;
- A number of scenarios to the base case cash flow forecasts for the next twelve months (from date of approval of the financial statements) and the resulting level of additional funding required during that period; and
- The ability of the related parties to provide the necessary financial support and the availability of resources at their disposal.

Notes to the financial statements
For the period from 19 March 2019 to 31 December 2019

2. Accounting policies (continued)**2.3 Going concern (continued)**

Specifically in relation to the potential impact of the COVID-19 pandemic on the company, the directors have considered:

- The current trading performance of both this entity, its wider group, and the underlying assets operationally, following lockdown measures introduced by the government; and
- Market intelligence and government economic forecasts around the short to medium term economic impacts due to the COVID-19 pandemic on both the property sector and more specifically on the care home sector in which the underlying asset operates.

The directors are satisfied that given the financial support of the entity's related parties, the company is able to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the ordinary course of business over the next twelve months. They therefore consider it appropriate to prepare the company's financial statements on the going concern basis. The financial statements do not include any adjustments that would arise if the financial support of the related parties was withdrawn and the entity was not able to continue as a going concern.

2.4 Investment property

Investment property is carried at fair value determined annually on the basis of reports compiled by external valuers. These reports provide both a market value and range of values around this with a degree of sensitivity. These are derived from the current market rents and investment property yields for comparable real estate, and are adjusted if necessary, for any difference in the nature, location or condition of the specific asset, including where events occurring since the balance sheet date provide additional information about the condition of the asset at the balance sheet date including any offers that have been received for the assets. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

2.5 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.

2.6 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.

2.7 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. These are subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements
For the period from 19 March 2019 to 31 December 2019

2. Accounting policies (continued)

2.8 Financial instruments

Financial assets

Basic financial instruments, including trade and other debtors and cash and bank balances, 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 loans from related parties 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.

Other financial liabilities, including derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

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.

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.

Hollyblue Healthcare (Norton Lees) Limited

Notes to the financial statements

For the period from 19 March 2019 to 31 December 2019

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

In applying the company's accounting policies, the directors might 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 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, other than that relating to the valuation of the investment properties. Their fair value is determined annually by the directors based on information provided by quarterly valuations made by Cushman & Wakefield, the company's independent property advisers. The reports provide both a market value and range of values around this with a degree of sensitivity and are derived from the current market rents and investment property yields for comparable real estate. Consideration is also taken by the directors of the volatility of the market from quarter to quarter, including where events occurring since the balance sheet date provide additional information about the condition of the asset at the balance sheet date including any offers that have been received for the assets.

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

4. Operating loss

Period from 19
March to 31
December
2019
£

The operating loss is stated after charging:

Fees payable to the company's auditor for the audit of the
company's annual financial statements

3,625

The operating loss for the year includes an exceptional expense of £301 being a provision against group debtors.

5. Employees

The company has no employees. The company had three directors during the year, who did not receive any direct remuneration from this company.

6. Interest payable and similar charges

Period from 19
March to 31
December
2019
£

Bank loan interest payable

28,277

Loan interest payable on other loans

43,477

Total interest payable and similar charges

71,754

Hollyblue Healthcare (Norton Lees) Limited

Notes to the financial statements (continued)
For the period from 19 March 2019 to 31 December 2019

7. Tax on loss

	Period from 19 March to 31 December 2019 £
Current tax	
Current tax	-
	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19%. The re-calculation is below:

	Period from 19 March to 31 December 2019 £
Loss before tax	(155,711)
Loss multiplied by standard rate of corporation tax in the UK of 19%	(29,586)
Effects of:	
Group relief surrendered	29,586
	-

At year end the government had enacted legislation to keep the corporation tax rate at 19% until 31 March 2020 and to reduce it to 17% from 1 April 2020. However, the government's 2020 budget statement proposes legislation to maintain the corporation tax rate at 19%.

8. Investment property

Valuation	Freehold investment property £
At 19 March 2019	-
Additions	2,304,000
At 31 December 2019	2,304,000

The 2019 valuations are based on the market values from quarterly valuations prepared by Cushman & Wakefield, the company's independent property advisers, which are prepared on an open market value for existing use basis.

Hollyblue Healthcare (Norton Lees) Limited

Notes to the financial statements (continued) For the period from 19 March 2019 to 31 December 2019

9. Investments

	Investment in subsidiary undertakings £
At 19 March 2019	-
Additions	100
At 31 December 2019	100

On 7 June 2019, the company acquired 100 £1 Ordinary shares in Norton Lees Hall and Lodge Limited, a subsidiary undertaking. This represents 100% of the share capital in this entity. The subsidiary's principal activity is the operation of a care home.

10. Debtors

	2019 £
Amounts due from group undertakings	-

Amounts due from group undertakings are interest free and repayable on demand. Recovery of the amounts due from group undertakings is uncertain, therefore a provision against the group debt has been recognised (see note 4).

11. Bank overdraft

	2019 £
Bank overdraft	89

At the year end the bank was temporarily overdrawn, however in early January 2020 the overdraft was remedied with the injection of funds, and no charges were incurred. The bank overdraft is unsecured.

Hollyblue Healthcare (Norton Lees) Limited

Notes to the financial statements (continued) For the period from 19 March 2019 to 31 December 2019

12. Creditors: amounts falling due within one year

	2019 £
Trade creditors	9,050
Amounts due to group undertakings	39,758
Amounts due to parent undertakings	24,212
Other creditors	56,243
Bank loan	1,526,000
Accruals and deferred income	39,958
	<u>1,695,221</u>

Amounts due to group undertakings are interest free and repayable on demand.
Amounts due to parent undertakings are interest free and repayable on demand.

Secured loans

The bank loan is secured by a fixed charge and floating charges over the assets of the company. Interest is charged at LIBOR plus 2.65% on the initial draw-down amount. The bank loan is repayable in full in March 2022.

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

	2019 £
Other loans	764,401
	<u>764,401</u>

Secured loans

Other loans charge interest at 12%. Interest is paid quarterly on the initial draw-down amount. The loan is repayable in full on 2 June 2025.

14. Contingent liabilities

The bank loans are secured by a composite guarantee between the following companies, Hollyblue Healthcare (Countrywide) Limited, Hollyblue Healthcare (Red Hill) Limited and Hollyblue Healthcare (St. Georges) Limited, to the value of £10,095,896.

15. Loans

Analysis of the maturity of loans is given below:

	2019 £
Amounts falling due between 2 and 5 years	
Other loans	<u>764,401</u>

Hollyblue Healthcare (Norton Lees) Limited

Notes to the financial statements (continued) For the period from 19 March 2019 to 31 December 2019

16. Share capital

	2019 £
Allotted, called up and fully paid	
100 Ordinary shares of £1 each	<u>100</u>

No dividends were proposed for the period from 19 March 2019 to 31 December 2019.

17. 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 period end the company owed a principal amount of £764,401 and accrued interest of £43,477 from a company under common control. During the period interest of £43,477 was charged on the loans. The loans charge interest at 12%. Interest is paid quarterly on the initial draw-down amount. The loan is repayable in full on 2 June 2025.

During the period consultancy fees of £13,857 were paid to a third party in respect of PA Smith, director of the Company. At 31 December 2019 there was £4,198 outstanding.

18. Controlling party

The company's immediate parent undertaking is Monarch Property Holdings I S.A.R.L., a company registered in Luxembourg.

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

19. Events after the reporting date

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across a significant number of countries. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global securities markets. The effects of the pandemic were not felt by the Company until after the balance sheet date. In the short term, this may have an impact on the tenant's ability to make rental payments. However, given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Company or to provide a quantitative estimate of this impact. The directors consider that the impact of coronavirus would not affect the ability of the Company to generate value in the long-term or impact its business plan such as to have a material impact on any of the balances in these financial statements.