

Registered number: 10387901

Hollyblue Healthcare (Millbrow) Limited

Directors' report and audited financial statements

For the year ended 31 December 2018

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Hollyblue Healthcare (Millbrow) Limited

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Hollyblue Healthcare (Millbrow) Limited

Company information

Directors	M C Glowasky J C Diaz-Sanchez P A Smith
Registered number	10387901
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 (Millbrow) Limited

Directors' report For the year ended 31 December 2018

The directors present their report and the audited financial statements of Hollyblue Healthcare (Millbrow) Limited ("the company") for the year ended 31 December 2018. Comparative figures are for the period from 21 September 2016 to 31 December 2017.

Principal activity

The company was incorporated on 21 September 2016 and commenced trading on 21 September 2016.

The principal activity of the company during the year ended 31 December 2018 was that of an investment property company operating in the care sector.

Results

The profit for the year after taxation amounted to £1,197,406 (period ended 31 December 2017: £910,607).

Directors

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

M C Glowasky
J C Diaz-Sanchez
P A Smith

Disclosure of information to the auditor

The directors at the time when this Directors' report is approved have 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 independent auditor, BDO LLP, was appointed during the period and has indicated its willingness to continue in office. A resolution concerning its re-appointment will be put to the directors at the board meeting approving these financial statements.

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 by:



P A Smith
Director

Date: 23/9/19

Hollyblue Healthcare (Millbrow) Limited

Directors' responsibilities statement For the year ended 31 December 2018

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 (Millbrow) Limited

Independent auditor's report to the members of Hollyblue Healthcare (Millbrow) Limited For the year ended 31 December 2018

Opinion

We have audited the financial statements of Hollyblue Healthcare (Millbrow) 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 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 2018 and of its profit 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.

Hollyblue Healthcare (Millbrow) Limited

Independent auditor's report to the members of Hollyblue Healthcare (Millbrow) Limited For the year ended 31 December 2018

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 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 (Millbrow) Limited

Independent auditor's report to the members of Hollyblue Healthcare (Millbrow) Limited For the year ended 31 December 2018

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.

Bao LP

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

Date: *24 September 2019*

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

Hollyblue Healthcare (Millbrow) Limited

Statement of comprehensive income For the year ended 31 December 2018

	<i>Note</i>	Year ended 31 December 2018	Period from 21 September 2016 to 31 December 2017
		£	£
Turnover	4	697,232	1,193,813
Cost of sales		(18,413)	(33,363)
Gross profit		678,819	1,160,450
Administrative expenses including revaluation gain on investment properties	5	876,132	(34,438)
Operating profit	5	1,554,951	1,126,012
Interest payable and similar charges	7	(84,430)	(215,405)
Profit before taxation		1,470,521	910,607
Tax on profit	8	(273,115)	-
Profit for the period		1,197,406	910,607
Other comprehensive income		-	-
Total comprehensive income for the period		1,197,406	910,607

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

Hollyblue Healthcare (Millbrow) Limited

Statement of financial position
As at 31 December 2018
Registered number: 10387901

	Note	2018 £	2017 £
Fixed assets			
Investment property	9	1,711,250	800,000
Current assets			
Debtors: amounts falling due within one year	10	22,661	31,629
Cash and cash equivalents	11	147,989	256,138
		<u>170,650</u>	<u>287,767</u>
Creditors: amounts falling due within one year	12	<u>(29,286)</u>	<u>(49,268)</u>
Net current assets		141,364	238,499
Total assets less current liabilities		<u>1,852,614</u>	<u>1,038,499</u>
Creditors: amounts falling due after more than one year	13	(708,716)	(700,187)
Provisions for liabilities			
Deferred tax	14	(154,913)	-
Net assets		<u>988,985</u>	<u>338,312</u>
Capital and reserves			
Called up share capital	17	2	2
Retained earnings		988,983	338,310
Total equity		<u>988,985</u>	<u>338,312</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: 23 September 2019
The notes on pages 10 to 17 form part of these financial statements.

Hollyblue Healthcare (Millbrow) Limited

Statement of changes in equity For the year ended 31 December 2018

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 21 September 2016 (date of incorporation)	-	-	-
Profit for the period	-	910,607	910,607
Shares issued during the period	2	-	2
Dividends declared	-	(572,297)	(572,297)
At 31 December 2017	2	338,310	338,312
Profit for the period	-	1,197,406	1,197,406
Shares issued during the period	-	-	-
Dividends declared	-	(546,733)	(546,733)
At 31 December 2018	2	988,983	988,985

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

Hollyblue Healthcare (Millbrow) Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

1. General information

Hollyblue Healthcare (Millbrow) Limited is a private limited company 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 ("FRS102"), "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 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 Financial Reporting Standard 102 - reduced disclosure exemptions

The disclosure requirements of section 1A of FRS102 have been applied other than where additional disclosure is required to show a true and fair view.

2.4 Turnover

Turnover, comprised of rental income, 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. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Hollyblue Healthcare (Millbrow) Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

2. Accounting policies (continued)

2.5 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.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

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

2.8 Financial instruments

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 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.

2.9 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.

Hollyblue Healthcare (Millbrow) Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

2. Accounting policies (continued)

2.10 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Borrowing costs

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

2.12 Taxation

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

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

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

2.13 Operating leases

Leases of investment properties where the company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised as profit or loss on a straight-line basis over the lease term.

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, 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.

Hollyblue Healthcare (Millbrow) Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

4. Turnover

The whole of the turnover is attributable to the principal activity of the company being that of an investment property company operating in the care sector.

All turnover arose within the United Kingdom.

5. Operating profit

	Year ended 31 December 2018	Period from 21 September 2016 to 31 December 2017
	£	£
The operating profit is stated after charging/(crediting);		
Gain on disposal of investment property	-	(26,679)
Unrealised gain on revaluation of investment properties	(911,250)	-
Fees payable to the company's auditor for the audit of the company's annual financial statements	2,375	2,275
	<u> </u>	<u> </u>

6. Employees

The company has no employees (2017: none). The company has three directors (2017: three), who did not receive any direct remuneration from this company.

7. Interest payable and similar charges

	Year ended 31 December 2018	Period from 21 September 2016 to 31 December 2017
	£	£
Interest payable on loans from group undertakings	62,153	215,405
Interest payable on other loans	22,277	-
	<u> </u>	<u> </u>
	<u>84,430</u>	<u>215,405</u>

Hollyblue Healthcare (Millbrow) Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

8. Tax on profit

	Year ended 31 December 2018	Period from 21 September 2016 to 31 December 2017
	£	£
Current tax		
Total current tax	118,202	-
Deferred tax		
Origination and reversal of timing differences	154,913	-
	154,913	-
Tax on profit	<u>273,115</u>	<u>-</u>

Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19% (2017: 19.405%). The calculation is below:

	Year ended 31 December 2018	Period from 21 September 2016 to 31 December 2017
	£	£
Profit before taxation	<u>1,470,521</u>	<u>910,607</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.405%)	279,399	176,702
Effects of:		
Effects of group relief/other reliefs	-	(204,783)
Expenses not deductible	11,941	33,258
Income not taxable	(173,138)	(5,177)
Origination and reversal of timing differences	154,913	-
	<u>273,115</u>	<u>-</u>

The corporation tax rate in the United Kingdom is due to fall to 17% from 1 April 2020. The reduction to 17% was announced in the 2016 Finance Bill and replaced a previous reduction to 18% that was part of the Finance (No 2) Act 2015.

Hollyblue Healthcare (Millbrow) Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

9. Investment property

Valuation	Freehold investment property £ 2018
At 1 January	800,000
Revaluation	911,250
At 31 December	1,711,250

The 2018 valuations are based on the market values from quarterly valuations prepared by Cushman & Wakefield, the company's independent property advisors, which are prepared on an open market value for existing use basis.

10. Debtors: amounts falling due within one year

	2018 £	2017 £
Prepayments and accrued income	2,127	6,040
Corporation tax	20,534	25,589
	<u>22,661</u>	<u>31,629</u>

11. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>147,989</u>	<u>256,138</u>

12. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,553	12,578
Other creditors	13,747	12,789
Accruals and deferred income	13,986	23,901
	<u>29,286</u>	<u>49,268</u>

Hollyblue Healthcare (Millbrow) Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

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

	2018 £	2017 £
Loans from group undertakings	-	700,187
Other loans	708,716	-
	<u>708,716</u>	<u>700,187</u>

During the year ended 31 December 2018 the company refinanced their loans and the loans from group undertakings were novated to a third party.

Other loans charge interest at 12%. Interest accrues monthly and is payable quarterly. The loan is repayable in full on 26 September 2026.

14. Deferred Tax

	2018 £
Opening balance	-
Charge to the profit or loss	154,913
At 31 December	<u>154,913</u>

The deferred tax is made up as follows:

	2018 £	2017 £
Unrealised gain on property revaluation	154,913	-

15. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due after more than 5 years		
Loans from group undertakings	-	700,187
Other loans	708,716	-
	<u>708,716</u>	<u>700,187</u>

During the year ended 31 December 2018 the company refinanced their loans and the loans from group undertakings were novated to a third party.

Hollyblue Healthcare (Millbrow) Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

16. Operating lease arrangements

The company as a lessor

As at 31 December 2018, the company had contracted with tenants for future minimum lease payments under non-cancellable operating leases of:

	2018 £	2017 £
Not later than 1 year	667,416	931,482
Later than 1 year and not later than 5 years	1,084,270	2,058,808
Later than 5 years	957,294	1,085,139
	<u>2,708,980</u>	<u>4,075,429</u>

17. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Upon incorporation, on 21 September 2016, 2 ordinary shares of £1 each were issued at par.

Interim dividends paid in the period amounted to £546,733 (2017: £572,297). No further dividends were proposed for the period ended 31 December 2018 (2017: £nil).

18. 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.

During the year ended 31 December 2018 the company refinanced their loans and the loans from group undertakings were novated to a company with directors in common. At the year end a principal amount of £708,716 and accrued interest of £13,747 was due to this entity. During the year interest of £22,277 was charged on the loans. The loans charge interest at 12%. Interest accrues monthly and is payable quarterly. The loan is repayable in full on 26 September 2026.

19. Controlling party

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

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

Hollyblue Healthcare (Millbrow) Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

20. Post balance sheet events

Since the year end the company has paid a dividend of £553,102.