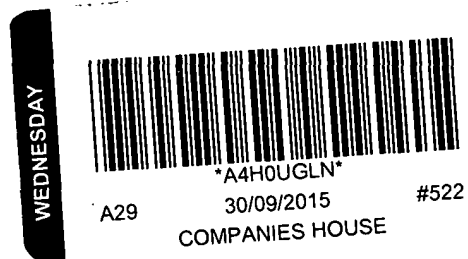


PH Homes Limited

Directors' report and financial statements

Registered number 02003672

31 December 2014



Contents

Directors' report	1
Statement of directors' responsibilities	2
Independent auditor's report to the members of PH Homes Limited	3
Profit and loss account	5
Balance sheet	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Review of the business

The company is principally a holding company.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (2013: £nil).

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. With this in mind, the directors have formally considered and concluded that the preparation of the financial statements on a going concern basis is appropriate. Further details are shown in the "Basis of preparation" section of note 1 to the financial statements.

Directors

The directors during the year under review were:

D J Kay (resigned 31 October 2014)
M C Royston
I Smith
B R Taberner

Details of ultimate ownership

The ultimate parent undertaking is Terra Firma Holdings Limited, an entity incorporated in Guernsey.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



I Smith
Director

Norcliffe House
Station Road
Wilmslow
Cheshire
SK9 1BU

28 September 2015

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 UK 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 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of PH Homes Limited

We have audited the financial statements of PH Homes Limited for the year ended 31 December 2014 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and to express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

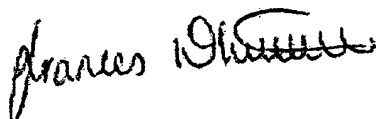
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of PH Homes Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 take advantage of the small companies exemption in not preparing a strategic report.



Frances Whittle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

30 September 2015

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £000	2013 £000
Operating result		-	-
Interest receivable	5	915	851
Interest payable	6	(150)	(140)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		765	711
Tax on profit on ordinary activities	7	-	-
		<hr/>	<hr/>
Profit for the year	12	765	711
		<hr/> <hr/>	<hr/> <hr/>

The company has no recognised gains or losses in the current or prior period other than those reported above.

All amounts relate to continuing operations.

The financial statements include the notes on pages 7 to 11.

Balance sheet
at 31 December 2014

	<i>Note</i>	2014	2013
		£000	£000
Fixed assets			
Investments	8	100	100
Current assets			
Debtors	9	24,104	23,189
Cash at bank and in hand		28	28
Creditors: amounts falling due within one year	10	<u>(800)</u>	<u>(650)</u>
Net current assets		<u>23,332</u>	<u>22,567</u>
Net assets		<u>23,432</u>	<u>22,667</u>
Capital and reserves			
Called up share capital	11	1,377	1,377
Share premium account	12	6,320	6,320
Profit and loss account	12	15,692	14,927
Capital redemption reserve	12	43	43
Shareholder's funds		<u>23,432</u>	<u>22,667</u>

The financial statements include the notes on pages 7 to 11.

These financial statements were approved by the board of directors on 28 September 2015 and were signed on its behalf by:

B. R. Taberner

B R Taberner
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Going concern

The company, together with its intermediate parent company Elli Investments Limited and fellow subsidiary undertakings (collectively the "Elli Investments group" or "the group"), is party to a number of financing arrangements under which the company has provided guarantees. For this reason, and the operational support provided by the group, the going concern assessment of the company is dependent on that of the Elli Investments group as a whole.

In July 2012, the Elli Investments group issued £350 million of senior secured notes which pay interest at 8.75%, and which are due for repayment in 2019, and £175 million of senior notes which pay interest at 12.25%, and which are due for repayment in 2020. During the year the terms of the group's revolving credit facility were amended such that it was converted to a £40 million term loan facility from January 2015 with a repayment date in December 2017. In addition to its external debt, the group owes £311m to related undertakings which accrues interest at 15% on a compounding basis and which is due for repayment in 2022.

During the year, Terra Firma Capital Partners III LP, the group's ultimate parent undertaking, provided an additional £50 million of equity to the group, which will be used by the Elli Investments group to fund both its capital expenditure programme and the increased costs associated with the group's strategic segmentation plan (see the consolidated financial statements of Elli Investments Limited for further detail).

The directors of the Elli Investments group have prepared trading and cash flow forecasts for the Elli Investments group, including the company, to September 2016. These forecasts include proceeds in the next six months from the on-going disposal process, of which £30 million is required to ensure adequate resources to continue to meet the group's liabilities as they fall due. The directors have a number of options available to them including the phasing of non-mandatory capital expenditure, additional disposals and new equity.

These forecasts, after adjustment for sensitivity analysis to incorporate the impact of reasonably foreseeable changes in trading and cash flow performance, and after taking into account the expected proceeds from the ongoing disposal process and other resources available to the group, show that the group has sufficient funding and covenant headroom within its current financing arrangements. As such, after taking into account the ability of the group to provide continued financial support to the company, should it be required, for the next 12 months, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis.

Group accounts

The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that Elli Investments Limited includes the company in its own published consolidated financial statements.

Notes (continued)

1 Accounting policies (continued)

Related parties

As the company is a wholly owned subsidiary of Elli Investments Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Guarantees

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other related parties which are subsidiaries of its ultimate parent, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make payment under the guarantee.

2 Directors' emoluments

The directors received no emoluments in respect of their services as directors of the company (2013: £nil).

3 Staff costs

The company has no employees during the current or prior year.

4 Operating result

The auditor's remuneration of £600 (2013: £300) for audit services was borne by another group undertaking. Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

5 Interest receivable from group undertakings

	2014 £000	2013 £000
On loans due from group undertakings	<u>915</u>	<u>851</u>

6 Interest payable

	2014 £000	2013 £000
On loans due to group undertakings	<u>150</u>	<u>140</u>

Notes (continued)

7 Taxation

	2014 £000	2013 £000
<i>UK corporation tax</i>		
Current tax	-	-
Deferred tax	-	-
Tax charge on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2013: lower) than the standard rate of corporation tax in the UK at 21.5% (2013: 23.25%) due principally to the availability of current year losses in other group companies. The differences are explained below.

	2014 £000	2013 £000
Profit on ordinary activities before tax	765	711
Current tax on profit at 21.5 % (2013: 23.25%)	164	165
<i>Effects of:</i>		
Other timing differences	32	-
Group relief for nil consideration	(196)	(165)
Total current tax (see above)	<u>-</u>	<u>-</u>

Factors that may affect future current and total tax charge:

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

Notes (continued)

8 Investments

The company holds 100% of the ordinary share capital of the following subsidiary companies, all of which are registered in England and Wales and operate in the United Kingdom.

	£000
<i>Net book value</i>	
At beginning and end of year	100
	<u>100</u>

<i>Name of company</i>	<i>Nature of business</i>
PH Developments Limited	Non trading
PH Property Company Limited	Non trading

9 Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	24,104	23,189
	<u>24,104</u>	<u>23,189</u>

The amounts due from group undertakings are unsecured and repayable on demand. Where applicable, interest is charged between 0% and 7.5%.

10 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to group undertakings	800	650
	<u>800</u>	<u>650</u>

The amounts due to group undertakings are unsecured and repayable on demand. Where applicable, interest is charged between 0% and 7.5%.

11 Share capital

	2014		2013
	No. of shares	£000	No. of shares £000
<i>Issued and allotted</i>			
Ordinary shares of 10p each	13,766,927	1,377	13,766,927 1,377
	<u>13,766,927</u>	<u>1,377</u>	<u>13,766,927</u> <u>1,377</u>

Notes (continued)

12 Reconciliation of movements in shareholder's funds

	Share capital £000	Share premium account £000	Profit and loss account £000	Capital redemption reserve £000	Total £000
At beginning of year	1,377	6,320	14,927	43	22,667
Profit for the year	-	-	765	-	765
At 31 December 2014	1,377	6,320	15,692	43	23,432

13 Contingent liability

The company, together with its parent and fellow subsidiary undertakings is party to a number of financing arrangements. The implications of this are explained more fully in note 1.

14 Ultimate parent company

The company's immediate parent company is Principal Healthcare Limited.

The ultimate parent undertaking is Terra Firma Holdings Limited, an entity incorporated in Guernsey. The ultimate controlling party is Guy Hands.

The largest group in which the results of the company are consolidated is that headed by FSHC Group Holdings Limited. The consolidated financial statements of this company are available to the public and may be obtained from Morgan Sharpe, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT.

The smallest group in which the results of the company are consolidated is that headed by Elli Investments Limited. The consolidated financial statements of this company are available to the public and may be obtained from Morgan Sharpe, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT.