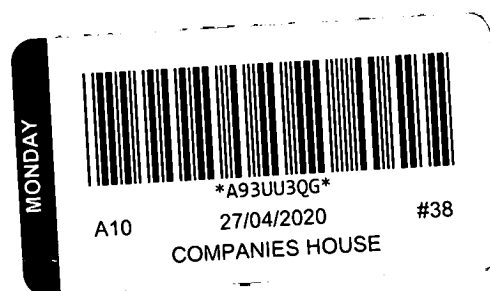


NHP SECURITIES NO.3 LIMITED

Annual Report and Financial Statements

For the year ended 30 September 2019



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 SEPTEMBER 2019**

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	5
Independent auditor's report	6
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 SEPTEMBER 2019**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr J Hutchens (resigned 5 February 2020)
Mr D Smith

REGISTERED OFFICE

Southgate House
Archer Street
Darlington
County Durham
DL3 6AH

BANKERS

Barclays Bank PLC
South East Corporate Banking Centre
PO Box 112
Horsham
West Sussex
RH12 1YQ

AUDITOR

KPMG LLP
Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

DIRECTORS' REPORT

The Directors present their annual report on the affairs of NHP Securities No. 3 Limited ("the Company"), together with the financial statements and auditor's report for the year ended 30 September 2019.

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The Company has also taken the small companies' exemption from the requirement to prepare a Strategic report.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to receive interest income from loan notes issued to group undertakings. The Directors intend to continue these activities in the forthcoming year.

RESULTS

The Company's profit before taxation for the year to 30 September 2019 was £2.2m (2018: £1.1m). As at 30 September 2019 the net assets of the Company were £367.6m (2018: £365.4m).

DIVIDENDS

No dividends in respect of the year are proposed (2018: £Nil).

DIRECTORS

The following Directors served throughout the year and to the date of signing:

Mr J Hutchens (resigned 5 February 2020)

Mr D Smith

The ultimate parent undertaking of the Company, FC Skyfall TopCo Limited has made qualifying third party indemnity provisions for the benefit of the Company's Directors and the directors of all its other subsidiaries, which were made during the year and remain in force to the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors of the Company have the overall responsibilities for the FC Skyfall Upper Midco Limited group ("the Group"), of which the Company is a subsidiary. The principal risks and uncertainties of the Group also apply to the Company. The consolidated financial statements of FC Skyfall Upper Midco Limited for the year ended 30 September 2019 are publicly available from Companies House at Crown Way, Cardiff, Wales, CF14 3UZ.

There are no further risks specific to the Company.

SUBSEQUENT EVENTS

No other significant events are noted between the year ended 30 September 2019 and to the date of signing of this report. See note 12 to the financial statements.

DIRECTORS' REPORT (Continued)**GOING CONCERN AND COVID-19**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its parent, FC Skyfall Upper Midco Limited. The company is part of the FC Skyfall Upper Midco Limited group of companies (the "Group"). The company meets its day to day working capital requirements from cash resources and intercompany balances with other Group companies. Therefore the going concern assessment of the company is dependent on that of the Group as a whole.

FC Skyfall Upper Midco Limited has indicated its intention to continue to make available such funds as are needed by the company at the balance sheet date for 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, subject to the uncertainty described below, they have no reason to believe that it will not do so. A material uncertainty exists in the Group in respect of going concern as there is a risk of breach of financial covenants on its term loans in a COVID-19 downside scenario.

The Group's directors have prepared detailed cash flow and covenant compliance forecasts for the Group for the period to 30 September 2024. Net debt levels, servicing costs, working capital and covenant requirements are closely monitored and managed in accordance to the Group's objectives, policies and processes, and these have each been considered as part of these forecasts. At 30 September 2019 the Group was financed by £12.2m of cash, £264.7m of terms loans and £14.0m of loan notes with related parties. There are financial covenants on the term loans.

Excluding the potential impact of COVID-19 which is considered below, these cash flow forecasts and projections indicate that, taking into account reasonably possible downsides in trading performance, the Group will have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

The Group's directors have separately considered the uncertainty as to the future impact of COVID-19 on the going concern assessment.

To date across the Group the impact has been that occupancy rates have remained stable, death rates within the Group's care homes have not materially differed to historical rates and the Group has received a number of requests from NHS and LA to block book beds. However the Group's directors cannot predict the longer term impact of the crisis including:

- (i) what the NHS demand for vacant beds will be;
- (ii) what the impact of the crisis will be on the death rate and occupancy levels within the Group's care homes; and
- (iii) what the impact of self-isolation, care home isolation and other social distancing measures will have on payroll costs.

The current predictions of the impact of the virus on UK death rates vary widely but should the more pessimistic estimates prove correct, assuming the current high demand for beds from the NHS reduces and payroll costs are significantly increased, there would be a significant impact on the Group's profitability and cashflows and the Group would be at risk of breaching its financial covenants on the loans. Therefore the Group would require support from the banks by way of a covenant waiver or deferral.

Whilst the Group's directors believe that the Group would continue to have the support of its shareholders and the banks in these circumstances, there is no certainty that this would be the case. The Group's directors consider the specific downside scenario impact of COVID-19 on the Group's occupancy levels and cashflows to be so significant that it represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The directors of the Company have assessed the conclusions reached by the Group's directors and agree with their conclusion.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

DIRECTORS' REPORT (Continued)

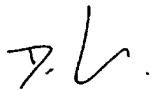
AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



Mr D Smith
Director
Date: 3rd April 2020
Southgate House
Archer Street
Darlington
County Durham
DL3 6AH

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHP SECURITIES NO.3 LIMITED

Opinion

We have audited the financial statements of NHP Securities No. 3 Limited ("the company") for the year ended 30 September 2019 which comprise the Profit and Loss Account, Balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates the uncertainties related to the ability of FC Skyfall Upper Midco Limited to provide financial support. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHP SECURITIES NO. 3 LIMITED (Continued)

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX
3rd April 2020

PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2019

	Notes	2019 £'000	2018 £'000
Administrative expenses		(19)	(523)
OPERATING LOSS		(19)	(523)
Interest receivable and similar income	3	15,497	14,873
Interest payable and similar expenses	4	(13,292)	(13,292)
PROFIT BEFORE TAXATION	5	2,186	1,058
Tax on profit	6	-	-
PROFIT FOR THE FINANCIAL YEAR		2,186	1,058

Results are derived wholly from continuing operations.

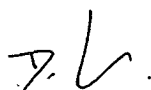
There is no comprehensive income for the current or preceding year other than as stated in the profit and loss account. Accordingly, no statement of comprehensive income is presented.

NHP SECURITIES NO.3 LIMITED

BALANCE SHEET As at 30 September 2019

	Notes	2019 £'000	2018 £'000
FIXED ASSETS			
Investments	7	2,503	2,498
TOTAL FIXED ASSETS		2,503	2,498
CURRENT ASSETS			
Debtors			
- due within one year	8	700,108	684,593
Cash at bank and in hand		143	175
		700,251	684,768
CREDITORS: amounts falling due within one year	9	(335,190)	(321,888)
NET CURRENT ASSETS		365,061	362,880
TOTAL ASSETS LESS CURRENT LIABILITIES		367,564	365,378
NET ASSETS		367,564	365,378
CAPITAL AND RESERVES			
Called-up share capital	10	-	-
Profit and loss account	10	367,564	365,378
SHAREHOLDERS' FUNDS		367,564	365,378

These financial statements of NHP Securities No. 3 Limited (registered number 03287957) were approved by the Board of Directors and authorised for issue on 3rd April 2020 They were signed on its behalf by:



Mr D Smith
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2019

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 30 September 2017		364,320	364,320
Profit for the financial year	-	1,058	1,058
At 30 September 2018		365,378	365,378
Profit for the financial year	-	2,186	2,186
At 30 September 2019	-	367,564	367,564

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 30 September 2019****1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year.

General information and basis of accounting

NHP Securities No. 3 Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 2-4.

The average monthly number of employees (excluding executive Directors) was nil (2018: £Nil).

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) as issued by Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent undertaking, FC Skyfall Upper Midco Limited, which can be obtained from the Companies House at Crown Way, Cardiff, Wales, CF14 3UZ. Exemptions have been taken in these separate Company financial statements in relation to a cash flow statement, the disclosure of intercompany transactions with other group undertakings within the FC Skyfall Upper Midco Limited group, and remuneration of key management personnel.

Going concern and COVID-19

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its parent, FC Skyfall Upper Midco Limited. The company is part of the FC Skyfall Upper Midco Limited group of companies (the "Group"). The company meets its day to day working capital requirements from cash resources and intercompany balances with other Group companies. Therefore the going concern assessment of the company is dependent on that of the Group as a whole.

FC Skyfall Upper Midco Limited has indicated its intention to continue to make available such funds as are needed by the company at the balance sheet date for 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, subject to the uncertainty described below, they have no reason to believe that it will not do so. A material uncertainty exists in the Group in respect of going concern as there is a risk of breach of financial covenants on its term loans in a COVID-19 downside scenario.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 30 September 2019****1. ACCOUNTING POLICIES (Continued)****Going concern and COVID-19 (continued)**

The Group's directors have prepared detailed cash flow and covenant compliance forecasts for the Group for the period to 30 September 2024. Net debt levels, servicing costs, working capital and covenant requirements are closely monitored and managed in accordance to the Group's objectives, policies and processes, and these have each been considered as part of these forecasts. At 30 September 2019 the Group was financed by £12.2m of cash, £264.7m of terms loans and £14.0m of loan notes with related parties. There are financial covenants on the term loans.

Excluding the potential impact of COVID-19 which is considered below, these cash flow forecasts and projections indicate that, taking into account reasonably possible downsides in trading performance, the Group will have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

The Group's directors have separately considered the uncertainty as to the future impact of COVID-19 on the going concern assessment.

To date across the Group the impact has been that occupancy rates have remained stable, death rates within the Group's care homes have not materially differed to historical rates and the Group has received a number of requests from NHS and LA to block book beds. However the Group's directors cannot predict the longer term impact of the crisis including:

- (i) what the NHS demand for vacant beds will be;
- (ii) what the impact of the crisis will be on the death rate and occupancy levels within the Group's care homes; and
- (iii) what the impact of self isolation, care home isolation and other social distancing measures will have on payroll costs.

The current predictions of the impact of the virus on UK death rates vary widely but should the more pessimistic estimates prove correct, assuming the current high demand for beds from the NHS reduces and payroll costs are significantly increased, there would be a significant impact on the Group's profitability and cashflows and the Group would be at risk of breaching its financial covenants on the loans. Therefore the Group would require support from the banks by way of a covenant waiver or deferral.

Whilst the Group's directors believe that the Group would continue to have the support of its shareholders and the banks in these circumstances, there is no certainty that this would be the case. The Group's directors consider the specific downside scenario impact of COVID-19 on the Group's occupancy levels and cashflows to be so significant that it represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The directors of the Company have assessed the conclusions reached by the Group's directors and agree with their conclusion.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2019

1. ACCOUNTING POLICIES (Continued)

Taxation

Current 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.

Deferred tax is provided in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing differences and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense and income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise that assets and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: (a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis; or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Interest

Interest receivable and interest payable are recognised in the financial statements on an accruals basis.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2019

1. ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. There are no critical accounting judgements in the preparation of the financial statements.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty applied in the preparation of financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2019

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £'000	2018 £'000
Interest receivable from related group undertakings	15,497	14,873
	<u>15,497</u>	<u>14,873</u>

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £'000	2018 £'000
Interest payable on loan from related group undertaking	13,292	13,292
	<u>13,292</u>	<u>13,292</u>

5. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging and crediting:

	2019 £'000	2018 £'000
Group management fees	5	6
Provision of intercompany debts	-	509
Fees payable to the Company's Auditor for the audit of the annual financial statements	10	4
Non-audit fees for tax compliance services	4	4
	<u>19</u>	<u>513</u>

The Company had no employees during the current or preceding year.

No Directors' remuneration has been charged to the profit and loss account of the Company during the current or preceding year. Directors' emoluments have been borne by HC-One Limited, a group undertaking during the current and preceding year, and are not repayable.

6. TAX ON PROFIT

	2019 £'000	2018 £'000
Current taxation:		
Corporation tax charge	-	-
Total tax charge	-	-
Reconciliation of current year charge:		
Profit before tax	2,186	1,058
Tax on profit at standard rate of 19% (2018: 19%)	415	201
Factors affecting tax charge:		
Non-deductible provisions	-	97
Expenses not deductible	-	-
Effect of group relief/other reliefs	(415)	(298)
Total tax for the year	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2019

6. TAX ON PROFIT (Continued)

The standard rate of tax applied to reported profit is 19% (2018: 19%).

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 30 September 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

7. INVESTMENTS

	Subordinated loan notes investment in group undertaking £'000
Cost and net book value	
At 30 September 2018	2,498
Additions	5
At 30 September 2019	2,503

Subordinated loan notes investment

At 30 September 2019 £2,112,000 (2018: £2,107,000) of the loan notes were owed from Care Homes No.2 (Cayman) Limited. The loan notes are repayable on 2 January 2026 and bear interest at 8.91% per annum.

At 30 September 2019 loan notes of £231,000 (2018: £231,000) were owed from FC Skyfall Bidco Limited, an intermediate parent undertaking. The loan repayment date is on 11 November 2019 and the loan notes bear a fixed interest rate of 9.00% per annum.

At 30 September 2019 loan notes of £160,000 (2018: £160,000) were owed from FC Skyfall IOM Properties Limited, a group undertaking. The loan repayment date is on 31 March 2022 and the loan notes bear a fixed interest rate of 6.50 % per annum

8. DEBTORS

	2019 £'000	2018 £'000
Amounts due within one year:		
Loan notes due from group undertakings	474,070	474,070
Amounts owed by group undertakings	226,038	210,523
	700,108	684,593

Loan notes due from group undertakings

At 30 September 2019 the loan notes of £23,842,000 (2018: £23,842,000) due by Care Homes No.3 Limited, which represent the consideration payable for the financing of overriding leases, have no fixed repayment dates and bear interest at 6.60% per annum.

At 30 September 2019 the loan notes of £72,106,000 (2018: £72,106,000) and £47,707,000 (2018: £47,707,000) due by Libra CareCo CH2 PropCo Limited and Libra CareCo CH3 PropCo Limited respectively have no fixed repayment dates and bear interest at daily 12 month LIBOR plus 2.00%. The loan notes were issued to finance part consideration for the purchase of the interests in freehold and long leasehold residual properties.

At 30 September 2019, a loan note of £330,415,000 (2018: £330,415,000) was owed by Libra CareCo Limited, a group undertaking. The interest rate charged was at LIBOR plus 2.00% per annum, repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2019

8. DEBTORS (Continued)

Amounts owed by group undertakings

As at 30 September 2019 FC Skyfall Bidco Limited owed £81,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £61,000).

As at 30 September 2019 Care Homes No. 2(Cayman) Limited owed £2,463,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £2,280,000).

As at 30 September 2019 Care Homes No.3 Limited owed £18,286,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £16,712,000).

As at 30 September 2019 Libra CareCo CH2 PropCo Limited owed £43,605,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £41,410,000).

As at 30 September 2019 Libra CareCo CH3 PropCo Limited owed £30,591,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £29,139,000).

As at 30 September 2019 Libra CareCo Limited owed £118,455,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £108,398,000).

As at 30 September 2019 FC Skyfall IOM Properties Limited owed £26,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £16,000).

As at 30 September 2019 Libra Investments 1 Limited owed £6,251,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £6,251,000).

As at 30 September 2019 Libra Investments 2 Limited owed £5,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £5,000).

As at 30 September 2019 NHP Holdco No.3 Limited owed £282,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £282,000).

As at 30 September 2019 NHP Management Limited owed £5,544,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £5,528,000). A provision of doubtful debts of £509,000 has been made against the amount owed as at 30 September 2019 (2018: £509,000).

As at 30 September 2019 NHP Operations (York) Limited owed £950,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £950,000).

As at 30 September 2019 Care Homes No.1 Limited owed £8,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £Nil).

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Loan notes due to group undertaking	163,085	163,085
Amounts owed to group undertakings	172,092	158,799
Accruals and deferred income	13	4
	<u>335,190</u>	<u>321,888</u>

Loan notes due to group undertaking

Since 1997 NHP Limited has transferred proceeds from equity issues in consideration of loan notes to enable the Company to finance asset acquisitions. The loan notes of £140,290,000 have no fixed repayment dates and bear interest at 8.50% per annum (2018: 8.50%). In 2002, following a Rights Issue by NHP Limited, the Company issued a further £32,255,000 of subordinated loan notes, bearing interest at 6.00% per annum, in consideration of a further transfer of funds. These loan notes have no fixed repayment date. An amount of £9,460,000 was repaid in January 2008.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2019

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (Continued)

Amounts owed to group undertakings

As at 30 September 2019 the Company owed NHP Limited £157,678,000 (2018: £144,386,000) and this amount is unsecured and due on demand with no repayment date, bearing no interest.

As at 30 September 2019 the Company owed NHP Securities No.1 Limited £13,228,000 (2018: £13,228,000) and this amount is unsecured and due on demand with no repayment date, bearing no interest.

As at 30 September 2019 the Company owed NHP Securities No.2 Limited £1,185,000 (2018: £1,185,000) and this amount is unsecured and due on demand with no repayment date, bearing no interest.

As at 30 September 2019 the Company owed HC-One Limited £1,000 (2018: £Nil) and this amount is unsecured and due on demand with no repayment date, bearing no interest.

10. CALLED-UP SHARE CAPITAL AND RESERVES

	2019	2018
	£'000	£'000
Called-up, allotted and fully paid:		
2 ordinary shares at £1 each	-	-

The profit and loss account represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties and net of other adjustments.

11. CONTINGENT LIABILITIES AND GUARANTEES

The Company and its group undertakings are guarantors to a facility agreement entered into by FC Skyfall Bidco Limited, the Company's intermediate parent undertaking. The facility is secured by a fixed and floating charge over the group assets and unlimited guarantee from its group undertakings. As at 3rd April 2020 the outstanding loan amount is £254.2m.

12. SUBSEQUENT EVENTS

No other significant events are noted between the year ended 30 September 2019 and to the date of signing of this report.

13. RELATED PARTY TRANSACTIONS

The Company has taken exemption provided under FRS 102 to not disclose intercompany transactions with other wholly owned group undertakings within the FC Skyfall Upper Midco Limited group.

There are no transactions between the Company and the Directors during the current year or the preceding year.

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is NHP Limited, a company incorporated in the United Kingdom and registered in England and Wales. The Directors regard FC Skyfall LP, a limited partnership incorporated and registered in the Cayman Islands, as the ultimate parent undertaking. There is no controlling party beyond FC Skyfall LP.

The largest group into which these financial statements are consolidated is FC Skyfall Holdco 3 Limited with registered office at c/o Trident Trust Company (Cayman) Limited, One Capital Place, Shedden Road, PO Box 847, George Town, Grand Cayman KY-1103.

The smallest group in which the results of the Company are consolidated is that headed by FC Skyfall Upper Midco Limited, a company incorporated in England and Wales. The registered address of FC Skyfall Upper Midco Limited is 25 Canada Square, Level 37, London, England, E14 5LQ.

Copies of financial statements of all the companies for the year ended 30 September 2019 are available from Companies House at Crown Way, Cardiff, Wales, CF14 3UZ.