

NHP MANAGEMENT LIMITED

Report and Financial Statements

30 September 2015

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REPORT AND FINANCIAL STATEMENTS 2015

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditor's report	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

REPORT AND FINANCIAL STATEMENTS 2015

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Dr C Patel
Mr D Smith

REGISTERED OFFICE

Southgate House
Archer Street
Darlington
County Durham DL3 6AH

BANKERS

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

SOLICITORS

Eversheds LLP
Eversheds House
70 Great Bridgewater Street
Manchester M1 5ES

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30 September 2015.

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 ACTIVITY

The principal activity of the Company is the management of care home property portfolios and administrative matters on behalf of its group undertakings.

BUSINESS REVIEW

In the year to 30 September 2015, the Company has continued the management of care home property portfolios and administrative matters on behalf of its group undertakings and this will continue in the foreseeable future.

RESULTS

The results for the year to 30 September 2015 are set out in the profit and loss account on page 7.

DIVIDENDS

No dividends in respect of the year are proposed (2014 - £nil).

DIRECTORS

The following Directors served throughout the year:

Dr C Patel (appointed on 12 November 2014)
Mr D Smith (appointed on 12 November 2014)
Mr J M J M Jensen (resigned on 12 November 2014)
Mr P H Thompson (resigned on 12 November 2014)

The current Directors of the Company are detailed on page 1.

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force to the date of this report.

GOING CONCERN

The going concern position of the Company is dependent on the overall going concern of the Group headed by FC Skyfall Upper Midco Limited.

The Directors have reviewed the going concern of the Company and the Group carefully in the preparation of the consolidated financial statements.

The Directors have received written confirmations from its group undertakings that they do not intend to recall any debts due on demand for a period of at least 12 months from the date of approval of the financial statements for the period ended 30 September 2015. The Company's group undertakings have sufficient recourse to continue to support the Company.

Management have prepared detailed forecasts for the Group for the period to 30 September 2017. Net debt levels, servicing costs and covenant requirements are closely monitored and managed in accordance to the Group's objectives, policies and processes.

The Group maintains sufficient cash resources to meet its day-to-day working capital requirements.

The Directors believe that the Group and the Company are well placed to manage its risk appropriately.

DIRECTORS' REPORT

(Continued)

GOING CONCERN (Continued)

After making enquiries and based on the Group's forecasts and projections, taking into account reasonable possible changes in trading performance, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they adopt the going concern basis of accounting in preparing the annual financial statements.

AUDITOR

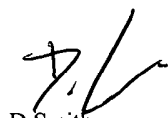
Each of the persons who is a director at the date of approval of this report confirms that:

- 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.

Deloitte LLP have indicated their willingness to be re-appointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



D Smith
Director
Date: 24 March 2016
Southgate House
Archer Street
Darlington
County Durham DL3 6AH

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom 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 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 judgments and accounting estimates that are reasonable and prudent;
- 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHP MANAGEMENT LIMITED

We have audited the financial statements of NHP Management Limited for the year ended 30 September 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 September 2015 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.

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 NHP MANAGEMENT LIMITED**

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 from preparing a Strategic Report or in preparing the Directors' Report.



Mark Beddy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date: 24 March 2016

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2015

	Notes	2015 £	2014 £
TURNOVER AND GROSS PROFIT	2	1,472,067	1,547,224
Administrative income/ (expenses)			
- on-going	5	5,921,211	(3,248,792)
- exceptional costs		(630,000)	-
OPERATING PROFIT/ (LOSS)		6,763,278	(1,701,568)
Net interest payable/ (receivable) and similar charges/ (income)	6	(494)	9,888
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		6,762,784	(1,691,680)
Tax on profit/ (loss) on ordinary activities	7	-	-
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT/ (LOSS) FOR THE YEAR	13	6,762,784	(1,691,680)

Turnover and operating profit are derived wholly from continuing operations.

There are no recognised gains or losses for the current financial year or preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

BALANCE SHEET
30 September 2015

	Notes	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible fixed assets	8		-		1,414
CURRENT ASSETS					
Debtors	9	15,150,320		5,981,458	
Bank		-		258,995	
		15,150,320		6,240,453	
CREDITORS: amounts falling due within one year	10	(19,922,902)		(17,777,233)	
NET CURRENT LIABILITIES			(4,772,582)		(11,536,780)
TOTAL ASSETS LESS CURRENT LIABILITIES			(4,772,582)		(11,535,366)
NET LIABILITIES			(4,772,582)		(11,535,366)
CAPITAL AND RESERVES					
Share capital	12		2		2
Profit and loss account	13		(4,772,584)		(11,535,368)
SHAREHOLDERS' DEFICIT	14		(4,772,582)		(11,535,366)

These financial statements were approved and authorised for issue by the Board of Directors on 24 March 2016. The Company Registration number is 3288142.

Signed on behalf of the Board of Directors



D Smith
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards (as issued by Accounting Council). The particular accounting policies adopted are described below and they have been applied consistently during the current year and the preceding year.

Going concern

The going concern position of the Company is dependent on the overall going concern of the Group headed by FC Skyfall Upper Midco Limited.

The Directors have reviewed the going concern of the Company and the Group carefully in the preparation of the consolidated financial statements.

The Directors have received written confirmations from its group undertakings that they do not intend to recall any debts due on demand for a period of at least 12 months from the date of approval of the financial statements for the period ended 30 September 2015. The Company's group undertakings have sufficient recourse to continue to support the Company.

Management have prepared detailed forecasts for the Group for the period to 30 September 2017. Net debt levels, servicing costs and covenant requirements are closely monitored and managed in accordance to the Group's objectives, policies and processes.

The Group maintains sufficient cash resources to meet its day-to-day working capital requirements.

The Directors believe that the Group and the Company are well placed to manage its risk appropriately.

After making enquiries and based on the Group's forecasts and projections, taking into account reasonable possible changes in trading performance, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents amounts receivable on the services provided in the normal course of business, net of VAT. The Company recognises turnover when the administration expenses incurred can be reliably measured, when there is a right to consideration, and recharged to group undertakings. Turnover is recorded at the value of consideration due.

Depreciation

Tangible fixed assets are stated at cost less depreciation which is provided at rates calculated to write off the cost in equal amounts over their anticipated useful lives as follows:

Office equipment	3 years
Computer equipment	3 years

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 which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognised in respect of gains and losses on revalued assets unless the company has entered into a binding agreement to sell the assets and the gains or losses have been recognised in the profit and loss account. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2015

1. ACCOUNTING POLICIES (Continued)

Pensions

NHP Management Limited contributes to defined contribution schemes. The amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year.

Interest

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

Cash flow statement

As the Company is a wholly owned subsidiary, it has taken exemption under the terms of Financial Reporting Standard 1 (revised 1996) 'Cash flow statements' from preparing a cash flow statement, as it is included in the consolidated financial statements of FC Skyfall Upper Midco Limited, which are publicly available.

2. TURNOVER AND GROSS PROFIT

Turnover comprises the following items earned from the Company's ordinary activities, which take place wholly within the United Kingdom.

	Year ended 30 September 2015 £	Year ended 30 September 2014 £
Management fees, excluding value added tax, received from: group undertakings	1,472,067	1,547,224
	<u>1,472,067</u>	<u>1,547,224</u>

3. STAFF COSTS

The aggregate payroll costs (excluding executive Director) were as follows:

	Year ended 30 September 2015 £	Year ended 30 September 2014 £
Wages and salaries	341,278	409,474
Social security costs	66,074	52,585
Pension – defined contribution scheme	24,450	24,451
	<u>431,802</u>	<u>486,510</u>

	Year ended 30 September 2015 No.	Year ended 30 September 2014 No.
Average number of employees (excluding executive Director):		
Group	No.	No.
Administrative	<u>3</u>	<u>3</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2015

4. DIRECTORS' EMOLUMENTS

None of the Directors received emoluments in relation to their services to the Company during the current or preceding year. Directors' emoluments have been borne by HC-One Limited, a group undertaking during the current year.

J M J M Jensen was an executive director of the Company and of the group until 12 November 2014. He was the Chief Restructuring Officer of NHP Holdco 1 Limited and its subsidiaries.

J M J M Jensen's services were provided via a contract with The Aaronite Partnership LLP in which he is a partner. Total fees (including VAT) of £91,354 (2014: £574,446) were incurred for the year ended 30 September 2015. The total fees amount is included in the total administrative expenses. In addition, J M J M Jensen received a success fee amount of £600,000 (including VAT) following the completion of group restructuring on 11 November 2014. This amount is included in the exceptional costs.

P H Thompson was a non-executive director of the Company and of the Group until 12 November 2014. P H Thompson's services were also provided via a contract with The Aaronite Partnership LLP in which he is a partner. Total fees (including VAT) of £27,896 were incurred for the year ended September 2015 (2014: £154,261). The total fees amount is included in the total administrative expenses.

5. ADMINISTRATIVE INCOME/ (EXPENSES)

Administrative income/ (expenses) include, inter alia:

	2015 £	2014 £
Depreciation of other fixed assets	(1,415)	(2,464)
Write back/ (off) of provision for doubtful debts – group undertakings	6,906,570	(1,682,556)
Exceptional costs		
- Restructuring	(630,000)	-
	<hr/>	<hr/>
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditors for the audit of the Company's annual account	18,800	28,800
Fees payable to the Company's auditors and their associates for other services to the Company:		
- tax compliance services	38,987	49,148
	<hr/>	<hr/>
	57,787	77,948

6. NET INTEREST (PAYABLE) RECEIVABLE AND SIMILAR (CHARGES)/ INCOME

	2015 £	2014 £
Interest receivable from bank deposits	651	833
Interest receivable from Group undertakings	-	10,233
Finance costs	(1,145)	(1,178)
	<hr/>	<hr/>
	(494)	9,888

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2015

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £	2014 £
Corporation tax	-	-
Profit/ (Loss) before tax	6,762,784	(1,691,680)
Tax on profit/ (loss) at standard rate of 20.5% (2014: 22%)	1,386,278	(372,170)
Factors affecting tax charge:		
Non-deductible expenditure	26	-
Income not taxable for tax purposes	(1,415,752)	-
Non-deductible provisions	-	370,162
Capital allowances for period in excess of depreciation	290	542
Permanent diminution in value	-	178
Increase in losses carried forward	29,158	1,288
Current tax charge	-	-

8. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 October 2014	5,836	30,938	36,744
Disposals	(5,836)	(30,938)	(36,744)
At 30 September 2015	-	-	-
Accumulated depreciation			
At 1 October 2014	(5,836)	(29,524)	(35,360)
Charge for the year	-	(1,414)	(1,414)
Disposals	5,836	30,938	36,774
At 30 September 2015	-	-	-
Net book value			
At 30 September 2015	-	-	-
At 30 September 2014	-	1,414	1,414

9. DEBTORS

	2015 £	2014 £
Amounts due within one year:		
Other debtors	696,146	139,730
Amount due from group undertakings	14,422,996	5,765,640
Prepayments and accrued income	31,178	76,088
	15,150,320	5,981,458

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2015

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Other creditors	957,780	872,343
Other taxation and social security	6,701	9,962
Amounts owed to group undertakings	18,797,569	16,592,237
Accruals and deferred income	160,852	302,691
	<u>19,922,902</u>	<u>17,777,233</u>

Amounts owed to group undertakings have no repayment date and are due on demand bearing no interest.

11. DEFERRED TAXATION

	Provided		Unprovided	
	2015	2014	2015	2014
	£	£	£	£
Accelerated capital allowances	-	-	(39,835)	(128,301)
Losses carried forward	-	-	(116,331)	-
	<u>-</u>	<u>-</u>	<u>(156,166)</u>	<u>(128,301)</u>

A deferred tax asset has not been recognised on accelerated capital allowances as it is considered more likely than not that there will be insufficient taxable profits in the future against which future capital allowances may be utilised.

The Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the main rate of UK corporation tax to 21% effective from 1 April 2014 and 20% with effect from 1 April 2015. Accordingly 20% has been applied when calculating un-recognised deferred tax assets and liabilities as at 30 September 2015.

Finance Act No2 2015, which was substantively enacted on 26 October 2015, includes further provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. As the enabling legislation had not been substantively enacted as at the balance sheet date these rates do not apply to the deferred tax position at 30 September 2015.

12. CALLED UP SHARE CAPITAL

	2015	2014
	£	£
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

13. PROFIT AND LOSS ACCOUNT

	£
At 1 October 2014	(11,535,368)
Profit for the year	<u>6,762,784</u>
At 30 September 2015	<u>(4,772,584)</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2015

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2015 £	2014 £
At 1 October	(11,535,366)	(9,843,686)
Profit/ (Loss) for the year	6,762,784	(1,691,680)
At 30 September	<u>(4,772,582)</u>	<u>(11,535,366)</u>

15. RETIREMENT BENEFIT SCHEMES

NHP Management Limited contributes to defined contribution schemes. The amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. The contributions charged in the year were £24,450 (2014: £24,451). There were no outstanding contributions at the balance sheet date.

16. CONTINGENT LIABILITIES AND GUARANTEES

The Company and its group undertakings are guarantors to a facility agreement entered into by FC Skyfall Lower Midco Limited and FC Skyfall Bidco Limited, the Company's intermediate parent undertakings. The facility is secured by a fixed and floating charge over the group assets and unlimited guarantee from its group undertakings. As at 23 March 2016 the outstanding loan amount is £278.2m.

17. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No. 8 "Related Party Disclosures", transactions with other undertakings within the FC Skyfall Upper Midco Limited group have not been disclosed in these financial statements.

Transactions with directors are discussed in note 4.

18. POST BALANCE SHEET EVENTS

No post balance sheet event is noted.

19. ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking is NHP Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent undertaking is FC Skyfall LP, a limited partnership incorporated and registered in the Cayman Islands. FC Skyfall Upper Midco Limited is both the smallest and largest group the consolidated financial statements are drawn up.

Copies of FC Skyfall Upper Midco Limited financial statements to 30 September 2015 are available from the Companies House at Crown Way, Cardiff, Wales CF14 3UZ.