

PORTHAVEN PROPERTIES NO 2 LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 MARCH 2014

Registered No. 8167504

PORTHAVEN PROPERTIES NO 2 LIMITED

FINANCIAL STATEMENTS

For the period ended 31 March 2014

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PORTHAVEN PROPERTIES NO 2 LIMITED

DIRECTOR'S REPORT

The directors present their report together with the audited financial statements for the period ended 31 March 2014.

Principal activity

Porthaven Properties No 2 Limited (the "Company" or "PPL2") is principally involved in the development of care homes within the United Kingdom through the acquisition of land with planning permission and the design and construction thereon of care homes using third party professionals and contractors. Completed care homes are leased on 30 year leases to Porthaven Care Homes No 2 Ltd, the Company's wholly-owned subsidiary entity.

Results and dividends

The loss for the period amounted to £339,614 (2013: £64,380). The directors have not recommended a dividend.

Financial risk management objectives and policies

The Company uses various financial instruments including bank loans and cash as well as other items, such as trade debtors and trade creditors that arise directly from its operations to raise finance.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

Interest rate risk

The Company currently finances its operations through intercompany borrowings. In the future it will finance these operations primarily through bank borrowings and intercompany loans. The Company's exposure to interest rate fluctuations on its borrowings will be managed by the use of both fixed and floating facilities.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

Credit risk

The Company's principal financial assets are cash and intercompany debtors.

Directors

The directors during the period and to the date of these accounts were as follows:

S T Kime
N M Morgan
R Sharratt
J Storey
A D Thorne

(appointed 29 April 2013)

PORTHAVEN PROPERTIES NO 2 LIMITED

DIRECTOR'S REPORT

DIRECTORS' RESPONSIBILITIES STATEMENT

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 period. 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 laws. 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 and 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.

The directors confirm that:

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


The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

On behalf of the Board



N M Morgan
Director
2 July 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTHAVEN PROPERTIES NO 2 LIMITED

We have audited the financial statements of Porthaven Properties No 2 Limited for the period ended 31 March 2014 which comprise the principal accounting policies, the Profit and Loss Account, the Balance Sheet and related notes. 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 THE DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement as 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 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 March 2014 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the Directors' Report.



Philip Westerman

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants
London

2 July 2014

PORTHAVEN PROPERTIES NO 2 LIMITED

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold property, and in accordance with United Kingdom applicable accounting standards.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of Section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The principal accounting policies adopted in the period are set out below.

Going concern

The financial statements have been prepared on a going concern basis. The Company is dependent upon the continued financial support of its parent undertaking, which has been assured. The Company is part of a group which has a detailed business plan to which the shareholders have committed significant funds. The directors have no reason to believe that the parent undertaking will not be able to execute its business plan and pay its indebtedness to its subsidiaries as and when due. The accounts do not contain any adjustments that would be necessary should this basis not be appropriate. The directors therefore believe that it is appropriate to prepare the accounts on a going concern basis.

Turnover

Turnover will represent the rent charged at an arm's length basis to the Company's 100% owned subsidiaries and will be recognised in the period to which it relates.

Tangible fixed assets and depreciation

Land and buildings are included at valuation. Revaluation gains and losses are recognised in the Statement of Total Recognised Gains and Losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and Loss Account.

Freehold land is not depreciated.

Assets in the course of construction are not depreciated during the construction phase. On completion these assets are transferred into the appropriate asset category and depreciated in accordance with the stated accounting policy.

Depreciation is calculated to write down the cost less estimated residual value of all other tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Buildings	2% on value per annum
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Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

PORTHAVEN PROPERTIES NO 2 LIMITED

PRINCIPAL ACCOUNTING POLICIES

Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the Profit and Loss Account.

Creditors

It is the Company's policy to pay its providers and other creditors in accordance with agreed terms and conditions.

Borrowings

Bank loans are initially recognised on the balance sheet at cost net of transaction costs incurred at the time of arranging the loan. The transaction costs associated with the bank loans are amortised over the term of the loan. The transaction costs of loan notes, issued to other group companies but then used to provide financing to PPL, are amortised over a period of up to 8 years which is in line with the directors' initial business plan.

All borrowings are classified as either current or long term liabilities, as appropriate, based on the repayment terms.

Deferred Tax

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Cashflow Statement

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised 1996) from including a Cash Flow Statement in the Financial Statements on the grounds that the Company is a wholly owned subsidiary and its ultimate parent undertaking publishes a Consolidated Cash Flow Statement.

PORTHAVEN PROPERTIES NO 2 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 MARCH 2014

	Note	2014 £	2013 £
Administrative expenses		<u>(83,477)</u>	<u>(64,380)</u>
Operating loss	1	(83,477)	(64,380)
Net interest payable and other similar charges	2	(256,137)	-
Loss for the year before taxation		<u>(339,614)</u>	<u>(64,380)</u>
Tax on loss on ordinary activities	3	-	-
Loss for the financial year	11	<u>(339,614)</u>	<u>(64,380)</u>

All transactions arise from continuing operations.

There were no recognised gains or losses other than the loss for the financial period.

The accompanying notes on pages 9 to 12 form an integral part of these financial statements


PORTHAVEN PROPERTIES NO 2 LIMITED

BALANCE SHEET

AS AT 31 MARCH 2014

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	4	8,760,561	3,372,596
Investments	5	100	100
		<u>8,760,661</u>	<u>3,372,696</u>
Current assets			
Debtors	6	459,610	66,994
Cash at bank and in hand		200,838	-
		<u>660,448</u>	<u>66,994</u>
Creditors: amounts falling due in less than one year	7	<u>(7,366,426)</u>	<u>(3,503,070)</u>
Net current liabilities		(6,705,978)	(3,436,076)
Total assets less current liabilities		2,054,683	(63,380)
Creditors: amounts falling due after more than one year	8	(2,457,677)	-
Net Liabilities		<u>(402,994)</u>	<u>(63,380)</u>
Capital and Reserves			
Share Capital	9	1,000	1,000
Profit and Loss Account	10	<u>(403,994)</u>	<u>(64,380)</u>
	11	<u>(402,994)</u>	<u>(63,380)</u>

The financial statements were approved by the directors and authorised for issue on 2 July 2014, and are signed on their behalf by:



J Storey
Director

Registered No. 8167504

The accompanying notes on pages 9 to 12 form an integral part of these financial statements

PORTHAVEN PROPERTIES NO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 OPERATING LOSS

No depreciation was charged in the period.

The Auditors' remuneration was borne by the parent undertaking.

There were no employees during the period and the directors were remunerated by other group companies.

2 NET INTEREST PAYABLE AND OTHER SIMILAR CHARGES

	2014 £	2013 £
Bank loans	53,812	-
Other interest payable and similar charges	158,875	-
Amortisation of debt finance costs	43,450	-
	<u>256,137</u>	<u>-</u>

3 TAXATION

	2014 £	2013 £
Analysis of tax charge in the year		
Current tax:		
UK Corporation tax based on the results for the year at 23% (2013: 24%)	-	-
Total current tax	<u>-</u>	<u>-</u>

Factors affecting the current tax charge

The tax assessed on the loss on ordinary activities for the year is greater than the standard rate of corporation tax in the UK of 23% (2013: 24%).

	2014 £	2013 £
Loss on ordinary activities before taxation	<u>(339,614)</u>	<u>(64,380)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	(78,111)	(15,451)
Effects of:		
Tax losses arising	74,661	15,451
Expenses not deductible for tax purposes	3,450	-
Total current tax	<u>-</u>	<u>-</u>

A net deferred tax asset of £64,923 (2013: £14,807) resulting from tax losses carried forward and other timing differences has not been recognised in the accounts due to the current uncertainty of future profits.

PORTHAVEN PROPERTIES NO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4 TANGIBLE FIXED ASSETS

	Assets under construction £
Cost:	
At 1 April 2013	3,372,596
Additions	5,387,965
At 31 March 2014	<u>8,760,561</u>
Depreciation:	
At 1 April 2013	-
Provided in the period	-
At 31 March 2014	<u>-</u>
Net book amount at 31 March 2014	<u>8,760,561</u>
Net book amount at 31 March 2013	<u>3,372,596</u>

Land and assets under construction are not being depreciated.

5 FIXED ASSET INVESTMENTS

	2014 £
Cost:	
At 1 April 2013 and 31 March 2014	<u>100</u>
Net book value at 1 April 2013 and 31 March 2014	<u>100</u>

The above amount represents the entire issued share capital of Porthaven Care Homes No 2 Limited, a company registered in England and Wales.

Porthaven Care Homes No 2 Limited will operate care homes in the United Kingdom but is not yet trading.

6 DEBTORS

	2014 £	2013 £
Amounts due from group undertakings	-	1,500
Other debtors	459,610	65,494
	<u>459,610</u>	<u>66,994</u>

PORTHAVEN PROPERTIES NO 2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS****7 CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR**

	2014 £	2013 £
Trade creditors	360,571	75,312
Other Creditors	39,551	-
Accruals	41,798	201,303
Amounts owed to group undertakings	6,924,506	3,226,455
	<u>7,366,426</u>	<u>3,503,070</u>

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £	2013 £
Bank loan	2,540,581	-
Unamortised arrangement fee	(82,904)	-
	<u>2,457,677</u>	<u>-</u>

The bank loan has been drawn from the Loan Facility provided by HSBC to finance the development of assets and is secured by a first charge over the freehold land and buildings. The loan is repayable on 28 March 2018.

9 SHARE CAPITAL

	2014 £	2013 £
Authorised, allotted, called up and fully paid ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

10 RESERVES

	Profit and Loss Account 2014 £
At 1 April 2013	(64,380)
Loss for the year	<u>(339,614)</u>
At 31 March 2014	<u>(403,994)</u>

PORTHAVEN PROPERTIES NO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £
Shareholders' deficit at 1 April 2013	(63,380)
Loss for the year	<u>(339,614)</u>
Shareholders' deficit at 31 March 2014	<u>(402,994)</u>

12 CAPITAL COMMITMENTS

	2014 £	2013 £
Future contracted construction costs	<u>5,926,845</u>	<u>3,622,398</u>

13 CONTINGENT LIABILITIES

The Company had no contingent liabilities at 31 March 2014 and 31 March 2013.

14 COMMITMENTS UNDER OPERATING LEASES

The Company has no commitments under non-cancellable operating leases.

15 ULTIMATE PARENT UNDERTAKING

The directors consider that the Company's immediate parent undertaking is Porthaven Management Limited and the ultimate parent undertaking is Porthaven Group Holdings Limited, both companies are incorporated in England and Wales.

Copies of the group financial statements can be obtained from Porthaven Group Holdings Limited's registered office. The directors consider these accounts to be both the smallest and largest group of undertakings for which group accounts are prepared.

16 CONTROLLING PARTY

The Company's ultimate controlling party is Phoenix Equity Partners 2010 Guernsey Limited by virtue of its control of the majority of the shares of Porthaven Group Holdings Limited.

17 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings.