

PORTHAVEN PROPERTIES NO 2 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

Registered No. 08167504

PORTHAVEN PROPERTIES NO 2 LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2022

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PORTHAVEN PROPERTIES NO 2 LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2022

The directors present their report together with the audited financial statements for the year ended 31 December 2022.

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.

Results and dividends

The profit for the year before taxation amounted to £12,153,902 (2021: £17,487,060). The directors have not recommended a dividend.

Going concern

The financial statements have been prepared on a going concern basis. 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 based on the cash flow forecast until December 2024.

The Company is dependent upon the continued financial support of its parent undertaking, which has been assured. With that support the Company has sufficient resources to meet known and expected liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements. It is the opinion of the directors that the preparation of the financial statements on a going concern basis is appropriate.

Future Developments

There have been no events affecting the company since the end of the financial year. The Company intends to continue to own and lease care homes for the elderly within the United Kingdom.

Directors' Indemnity

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the financial year and remain in force for all current and past Directors of the Company.

Directors

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

L Herbert (resigned 1 August 2023)
S T Kime
C R Snellgrove
J Storey (resigned on 22 May 2023)
L Soper (appointed on 31 May 2023)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

PORTHAVEN PROPERTIES NO 2 LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2022

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, 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 and profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 company's auditor is aware of that information.

AUDITOR

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

On behalf of the Board

C R Snellgrove

C R Snellgrove
Director
Date: 18/12/2023

PORTHAVEN PROPERTIES NO2 LIMITED

STRATEGIC REPORT

For the year ended 31 December 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

The company's principal activity is the development and ownership 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. The business continues to generate revenue through leasing its completed care homes to Porthaven Care Homes No 2 Limited, the Company's wholly-owned subsidiary entity.

Principal risks and uncertainties

Principal risks and uncertainties are directly related to the trading performance of the directly held subsidiaries of the ultimate parent undertaking. Further details are included in the financial statements of FRC Star Group Holdings Limited as at 31 December 2022 and these financial statements may be obtained from this address Royal Albert House, Sheet Street, Windsor, Berkshire, England, SL4 1BE.

Development and performance

The directors do not anticipate any significant changes in the company's activities in the forthcoming year.

Section 172 statement

The Directors acknowledge their duties owed to the Company which include to promote its success by having regard to the consequences of any decisions in the long term which affect the overall performance of the Group, fostering relationships with residents, suppliers and other stakeholders and maintaining a reputation for high standards of business conduct and to act fairly between members.

These factors are demonstrated by implementing the long-term business plan which the Director's consider to be key to the overall Group's success. The continued monitoring of the Group's key risks including those of its primary stakeholders, along with the on-going assessment of macro-economic conditions are important in promoting the Group and its subsidiaries' success.

This report was approved by the board on 18/12/2023 and signed on its behalf by:

Clive Snellgrove

C R Snellgrove
Director

PORTHAVEN PROPERTIES NO2 LIMITED

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Porthaven Properties No 2 Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

PORTHAVEN PROPERTIES NO2 LIMITED

INDEPENDENT AUDITOR'S REPORT

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report or strategic report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

PORTHAVEN PROPERTIES NO2 LIMITED

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We enquired of management, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected, or alleged fraud.
- We corroborated the results of our enquires to relevant supporting documentation.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (UK GAAP and the Companies Act 2006). We determined that the principal risks were in relation to:
 - unusual journal entries
 - potential management bias in determining accounting estimates.
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud
 - journal entry testing, including those with unusual accounts
 - challenging assumptions and judgements made by management in its significant accounting estimates.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - understanding of the legal and regulatory requirements specific to the entity.


A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

PORTHAVEN PROPERTIES NO2 LIMITED

INDEPENDENT AUDITOR'S REPORT

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Joanne Love LLB FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 18/12/2023

PORTHAVEN PROPERTIES NO 2 LIMITED**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2022

	Note	31 Dec 2022 £	31 Dec 2021 £
Turnover	3	10,488,771	10,133,623
Fair value adjustments on investment properties		1,695,642	7,403,028
Administrative expenses		<u>(30,156)</u>	<u>(49,411)</u>
Operating profit	4	12,154,257	17,487,240
Net interest (payable)/receivable and other similar charges	5	(355)	(180)
Profit for the year before taxation		12,153,902	17,487,060
Tax on profit	6	(313,446)	(9,874,988)
Profit for the year		11,840,456	7,612,072
Other comprehensive income		-	-
Total comprehensive income		<u>11,840,456</u>	<u>7,612,072</u>

All transactions arise from continuing operations.

The accompanying notes on pages 11 to 18 form an integral part of these financial statements.

PORTHAVEN PROPERTIES NO 2 LIMITED**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

	Note	31 Dec 2022 £	31 Dec 2021 £
Fixed assets			
Investment Property	7	224,310,431	222,610,000
Property, plant and equipment	8	-	-
Investments	9	100	100
		<u>224,310,531</u>	<u>222,610,100</u>
Current assets			
Debtors	10	70,039,608	59,931,025
Cash at bank and in hand		566,755	175,783
		<u>70,606,362</u>	<u>60,106,808</u>
Creditors: amounts falling due in less than one year	11	<u>(100,443,068)</u>	<u>(100,555,885)</u>
Net current liabilities		(29,836,706)	(40,449,077)
Total assets less current liabilities		194,473,825	182,161,023
Provisions for liabilities	12	(36,345,556)	(35,873,210)
Net Assets		<u>158,128,269</u>	<u>146,287,813</u>
Capital and Reserves			
Share Capital	14	1,000	1,000
Profit and Loss Account	15	<u>158,127,269</u>	<u>146,286,813</u>
		<u>158,128,269</u>	<u>146,287,813</u>

The financial statements were approved by the directors and authorised for issue on 18/12/2023, and are signed on their behalf by:



C R Snellgrove
Director

Registered No. 08167504

The accompanying notes on pages 11 to 18 form an integral part of these financial statements.

PORTHAVEN PROPERTIES NO 2 LIMITED**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2022

	Share Capital £	Profit and Loss Account £	Total £
As at 31 December 2020	1,000	138,674,741	138,675,741
Profit for the year	-	7,612,072	7,612,072
At 31 December 2021	1,000	146,286,813	146,287,813
Profit for the year	-	11,840,456	11,840,456
At 31 December 2022	1,000	158,127,269	158,128,269

The accompanying notes on pages 11 to 18 form an integral part of these financial statements.

PORTHAVEN PROPERTIES NO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 STATUTORY INFORMATION

Porthaven Properties No 2 Limited is a private company, limited by shares and domiciled in England and Wales, registration number 08167504. The registered office is Royal Albert House, Sheet Street, Windsor, Berkshire, England, SL4 1BE.

2 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

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.

This information is included in the consolidated financial statements of FRC Star Group Holdings Limited as at 31 December 2022 and these financial statements may be obtained from this address Royal Albert House, Sheet Street, Windsor, Berkshire, England, SL4 1BE.

The financial statements are presented in Sterling (£). The principal accounting policies adopted in the year are set out below.

Going concern

The financial statements have been prepared on a going concern basis. 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 based on the cash flow forecast until December 2024.

The Company is dependent upon the continued financial support of its parent undertaking, which has been assured. With that support the Company has sufficient resources to meet known and expected liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements. It is the opinion of the directors that the preparation of the financial statements on a going concern basis is appropriate.

Turnover

Turnover represents the rent charged to the Company's 100% owned subsidiaries and is recognised in the period to which it relates.

PORTHAVEN PROPERTIES NO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Investment property

Investment property is carried at fair value and revaluation surpluses or losses are recognised in the Income Statement. Deferred taxation is provided on the gains at the rate expected to apply when the property is sold.

Investments in subsidiaries

Investments in subsidiaries are included at cost less impairments. Profits or losses arising from disposals of investments in subsidiaries are recognised in the Statement of Comprehensive Income.

Property, Plant and Equipment - depreciation

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful lives. The rates generally applicable are or will be:

Motor vehicles	3 years
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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 Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Statement of Comprehensive Income.

Financial assets and financial liabilities, including derivative financial instruments, are carried at fair value in the Statement of Financial Position with any changes in fair value recognised in the Income Statement.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Tax

Current tax is recognised for income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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.

PORTHAVEN PROPERTIES NO 2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2022

Statement of Cash Flows

The directors have taken advantage of the exemption in FRS 102 from including a Statement of Cash Flows in the Financial Statements on the grounds that the Company is a wholly owned subsidiary and its ultimate parent undertaking publishes a Consolidated Statement of Cash Flows.

Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The items in the financial statements where these judgements and estimates have been made include the valuation of freehold property and the recognition or otherwise of deferred tax assets. The valuation of freehold property is made with reference to valuations provided by an independent valuation specialist, these valuations take into consideration fair maintainable trade, the detailed assumptions used to assess this are included in Note 7. Judgements in relation to the recognition of deferred tax assets depend on the certainty of expected future cash flows. Actual results may differ from these estimates.

The key management personnel are considered to be the directors of the ultimate parent. The ultimate parent undertaking publishes details of their remuneration.

3 TURNOVER

Turnover in the current and prior year represents the rental income receivable for leasing the completed care homes, all of which are based in the United Kingdom.

4 OPERATING PROFIT

The operating profit is stated after crediting/(charging):

	31 Dec 2022 £	31 Dec 2021 £
Fair value adjustments on investment properties	1,695,642	7,403,028
Depreciation of Property, Plant and Equipment	<u>-</u>	<u>-</u>

The Auditor's remuneration of £19,500 (2021: £14,426) in the current and prior year was borne by the parent undertaking.

There were no employees during the current or prior year and the directors were remunerated by other group companies.

5 NET INTEREST (PAYABLE)/RECEIVABLE

	31 Dec 2022 £	Dec 2021 £
Interest (payable)/receivable	(355)	(180)
	<u>(355)</u>	<u>(180)</u>

PORTHAVEN PROPERTIES NO 2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2022

6 TAXATION

	31 Dec 2022 £	31 Dec 2021 £
Analysis of tax charge in the year		
Current tax:		
UK Corporation tax based on the results for the year at 19% (2021: 19%).	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	358,983	1,406,575
Adjustments in respect of prior periods	(158,900)	-
Difference in tax rate	113,363	8,468,413
Total deferred tax	<u>313,446</u>	<u>9,874,988</u>
Tax on profit on ordinary activities	<u><u>313,446</u></u>	<u><u>9,874,988</u></u>

Factors affecting the current tax charge

The tax assessed on the profit for the year is less than the standard rate of corporation tax in the UK of 19% (2021: 19%)

	31 Dec 2022 £	31 Dec 2021 £
Profit before taxation	<u>12,153,902</u>	<u>17,487,060</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	2,309,241	3,322,541
Effects of:		
Transfer pricing adjustment	-	(1,463)
Movement in previously unrecognised deferred tax	-	-
Income not taxable for tax purposes	-	-
Group Relief	(1,950,259)	(1,712,051)
Difference in tax rate	113,363	8,435,300
Other timing differences	(158,899)	(169,339)
Total current tax	<u><u>313,446</u></u>	<u><u>9,874,988</u></u>

A net deferred tax asset of £nil (2021: £726,127) resulting from tax losses carried forward has not been recognised in the accounts due to the current uncertainty of future profits. The deferred taxes have been measured and reflected in the financial statements using the expected future tax rate at 25%.

PORTHAVEN PROPERTIES NO 2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2022

7 FREEHOLD INVESTMENT PROPERTY

	£
Fair value at 31 December 2021	222,610,000
Additions	4,789
Disposals	0
Net gain from fair value adjustments	1,695,642
At 31 December 2022	<u>224,310,431</u>

All of the properties in the portfolio were revalued based on a valuation provided by the independent valuation specialist CBRE Loan Services Limited ("CBRE") on 31 December 2022. CBRE have used 'Fair Maintainable Trade' being the EBITDARM (Earnings Before Interest Tax Depreciation Amortisation Rent and Management costs - a standard profit measure within the industry) that they believe to be achievable and maintainable if the home is managed efficiently and has reached maturity, as adjusted for non-stabilised homes. This is based on historic and forecast trading results. Various factors have been considered including regional distribution, size and facility of each room, CQC registration and compliance as well as various key performance indicators such as number of beds and occupancy. A number of assumptions have been made in relation to these factors.

The Directors have reviewed the current and expected performance of the care homes, considered the valuations provided by CBRE and believe them to be reasonable at 31 December 2022. The Directors have used this valuation as a basis for determining the fair value of freehold land and buildings as reported in these financial statements.

8 PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles £
Cost:	
At 1 January 2022	189,224
Additions	-
At 31 December 2022	<u>189,224</u>
Depreciation:	
At 1 January 2022	189,224
Provided in the year	-
At 31 December 2022	<u>189,224</u>
Net book amount:	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>-</u>

PORTHAVEN PROPERTIES NO 2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2022

9 INVESTMENTS

	Investments in subsidiaries £
Cost at 31 December 2021 and 31 December 2022	100
Net book value at 31 December 2021 and 31 December 2022	100

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 operates care homes in the United Kingdom.

10 DEBTORS

	31 Dec 2022 £	31 Dec 2021 £
Prepayments	57,839	35,321
Amounts due from group undertakings	69,264,961	59,775,917
Other debtors	716,808	119,787
	70,039,608	59,931,025

All amounts due from group undertakings are unsecured, interest free and repayable on demand.

11 CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR

	31 Dec 2022 £	31 Dec 2021 £
Trade creditors	271	7,281
Other creditors	-	-
Accruals	0	0
Amounts owed to group undertakings	100,442,797	100,548,604
	100,443,068	100,555,885

Included within amounts owed to group undertakings is a loan from another group company of £39,338,515 (2021: £39,338,515). The loan is repayable on demand and no interest is charged and the loan is subordinated to the Starwood loan.

12 PROVISIONS FOR LIABILITIES

	Deferred tax 31 Dec 2022 £	31 Dec 2021 £
Provision at 31 December	35,873,210	26,157,122
Charge for year	472,346	9,716,088
	36,345,556	35,873,210

PORTHAVEN PROPERTIES NO 2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2022

13 DEFERRED TAXATION

	31 Dec 2022	31 Dec 2021
	£	£
Revaluation of properties	<u>36,345,556</u>	<u>35,873,210</u>

14 SHARE CAPITAL

	31 Dec 2022	31 Dec 2021
	£	£
Authorised, allotted, called up and fully paid ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

15 RESERVES**Share Capital**

Represents the nominal value of shares that have been issued.

Profit and Loss Account

Includes all current and prior period retained profits and losses.

16 CAPITAL COMMITMENTS

The Company had no capital commitments at 31 December 2021 or at 31 December 2022.

17 CONTINGENT LIABILITIES

The Company had no contingent liabilities to disclose at 31 December 2021 and 31 December 2022.

18 COMMITMENTS UNDER OPERATING LEASES

The Company has no commitments under non-cancellable operating leases, (2021: £nil).

19 ULTIMATE PARENT UNDERTAKING

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

Copies of the group financial statements can be obtained from FRC Star 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.

20 CONTROLLING PARTY

The Company's ultimate controlling party is Fremont Investment Advisors Inc. by virtue of its control of the majority of the shares of FRC Star Group Holdings Limited.

PORTHAVEN PROPERTIES NO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

21 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 102 and has not disclosed transactions with wholly owned subsidiaries. The key management personnel are considered to be the Directors of the ultimate parent. The Directors are employed by Porthaven Management Ltd which provides management services to the ultimate parent and Company. Their remuneration is disclosed in the financial statements of FRC Star Group Holdings Ltd.