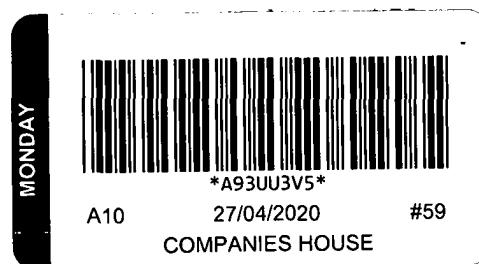


**FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED**

**Annual Report and Financial Statements**

**For the year ended 30 September 2019**





## **FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED**

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

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# **FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED**

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

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTOR**

Mr D Smith

Mr J Hutchens (Resigned 5<sup>th</sup> February 2020)

#### **REGISTERED OFFICE**

c/o Skadden, Arps, Slate, Meagher & Flom (Uk) Llp  
40 Bank Street  
Canary Wharf  
London  
United Kingdom  
E14 5DS

#### **AUDITOR**

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

# FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED

## STRATEGIC REPORT (Continued)

The Directors present their Strategic Report for the year ended 30 September 2019 under FRS102.

### THE BUSINESS MODEL

FC Skyfall Intermediate Holdco 2 Limited ("the Company") acts as a holding company, which conducts corporate activities on behalf of the Company and its subsidiaries ("the Group"). The Group owns care homes which are managed by the operating subsidiaries, HC-One Limited ("HC-One"), Meridian Healthcare Limited ("Meridian"), HC-One Beamish Limited ("Beamish"), and RV Care Homes Limited ("RV Care"), all providing nursing and residential care for the elderly in the UK, and HC-One Beamish Homecare Limited ("Beamish Homecare") and RV Extra Care Limited ("RV Extra Care") are domiciliary care providers in the North East and South West of England respectively. The Group also owns a number of homes leased to a third-party operator.

### RESULTS

The Company's profit before taxation for the year to 30 September 2019 was £5.9m (period ended 2018: £6.2m) due to dividends received. As at 30 September 2019 the net assets of the Company were £220.0m (2018: £220.0m).

### PRINCIPAL RISKS AND UNCERTAINTIES

The Directors of the Company has the overall responsibility 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.

### 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 principal activity of the company is to act as a holding company and should it not hold an investment in subsidiary then it would have ceased to trade and it would not be appropriate to prepare the financial statements on the going concern basis. The company is entirely dependent on the trading group to carry on its trade.

The Directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements. This assessment indicates that, taking account of reasonably possible downsides, the company will have sufficient funds through its normal operations.

The trading subsidiaries within the company's sub-group are dependent on funding from FC Skyfall Upper Midco Limited to meet day to day working capital requirements. The company is part of the FC Skyfall Upper Midco Limited Group of companies (the "Group"). Therefore the going concern assessment of the company is dependent on that of the Group.

FC Skyfall Upper Midco Limited has indicated its intention to continue to make available such funds as are needed by the trading subsidiaries 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.

### GOING CONCERN AND COVID-19 (continued)

**STRATEGIC REPORT (Continued)**

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 cash flows 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 cash flows 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.

Approved by the Board and signed on its behalf by:



Mr D Smith  
Director  
Date: 3<sup>rd</sup> April 2020

*Registered office address:*  
40 Bank Street  
Canary Wharf  
London  
United Kingdom  
E14 5DS

## **FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED**

### **DIRECTORS' REPORT**

The Directors present their annual report on the affairs of FC Skyfall Intermediate Holdco 2 Limited ("the Company"), together with the audited financial statements and auditor's report for the year ended 30 September 2019.

### **INCORPORATION**

The Company was incorporated in United Kingdom and registered in England and Wales on 14 June 2017.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company's parent undertaking, FC Skyfall Upper Midco Limited and its subsidiaries (the "Group"), is the management and running of care homes principally for the elderly. The Group also owns the freeholds of care homes which are leased to the operating subsidiaries (HC-One Limited, Meridian Healthcare Limited and HC-One Beamish Limited) and a small number of third-party operators.

The principal activity of the Company is to act as a holding company. The Directors intend to continue this activity in the forthcoming year.

### **DIVIDENDS**

Dividends of £5,901,000 (period ended 2018: £6,178,000) were proposed and paid in respect of the financial year

### **DIRECTOR**

The following Director served during the year and to the date of signing:

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.

### **SUBSEQUENT EVENTS**

No significant events are noted between the year ended 30 September 2019 and the date of signing of this report. See note 9 to the financial statements.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties are disclosed in the Strategic Report on pages 2-3.

**DIRECTORS' REPORT (Continued)**

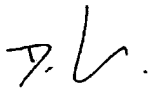
**AUDITOR**

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

- so far as the Directors are 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.

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: 3<sup>rd</sup> April 2020

*Registered office address:*  
40 Bank Street  
Canary Wharf  
London E14 5DS

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic Report, 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 year. 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.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED**

### **Opinion**

We have audited the financial statements of FC Skyfall Intermediate Holdco 2 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 Company's ability to continue as a going concern is dependent on it continuing to hold its investment in its subsidiary.

Our opinion is not modified in respect of this matter.

### **Strategic report and Directors' report**

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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;
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED  
(Continued)**

**Directors' responsibilities**

As explained more fully in their statement set out on page 6, 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](http://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

3<sup>rd</sup> April 2020

# FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2019

	Notes	Year Ended 30 September 2019 £'000	Period Ended 30 September 2018 £'000
Turnover	3	5,901	6,178
<b>PROFIT BEFORE TAXATION</b>	4	<b>5,901</b>	<b>6,178</b>
Tax on profit	5	-	-
<b>PROFIT FOR THE FINANCIAL YEAR / PERIOD</b>		<b>5,901</b>	<b>6,178</b>

Results are derived wholly from continuing operations.

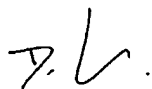
There is no other comprehensive income in the current year and preceding period other than the profit for the year. Accordingly, no separate statement of comprehensive income is disclosed.

# FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED

## BALANCE SHEET As at 30 September 2019

	Notes	2019 £'000	2018 £'000
<b>FIXED ASSETS</b>			
Investments	6	220,041	220,041
<b>TOTAL ASSETS</b>		<b>220,041</b>	<b>220,041</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	220,041	220,041
Profit and loss account		-	-
<b>SHAREHOLDERS' FUNDS</b>		<b>220,041</b>	<b>220,041</b>

These financial statements of FC Skyfall Intermediate Holdco 2 Limited (registered number 10818240) were approved by the Board of Directors and authorised for issue on 3<sup>rd</sup> April 2020. They were signed on its behalf by:



Mr D Smith  
Director

# FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED

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

	Note	Called up share capital £'000	Profit and loss account £'000	Total £'000
<b>At 14 June 2017</b>		-	-	-
Issue of share capital		220,041	-	220,041
Profit for the financial period		-	6,178	6,178
Dividends paid on equity shares	8	-	(6,178)	(6,178)
<b>At 30 September 2018</b>		<b>220,041</b>	<b>-</b>	<b>220,041</b>
Profit for the financial year		-	5,901	5,901
Dividends paid on equity shares	8	-	(5,901)	(5,901)
<b>At 30 September 2019</b>		<b>220,041</b>	<b>-</b>	<b>220,041</b>

## FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED

### 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 for the current year and prior period.

##### **General information and basis of accounting**

FC Skyfall Intermediate Holdco 2 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 4 and 5.

The average monthly number of employees (excluding executive directors) was 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, 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 remuneration of key management personnel, and the disclosure of intercompany transactions with other group undertakings within the FC Skyfall Upper Midco Limited Group.

##### **Exemption from consolidation**

The Company has taken advantage of section 400 of the Companies Act 2006 from the requirement to prepare Group financial statements as the Company is itself a subsidiary undertaking of FC Skyfall Upper Midco Limited. These financial statements provide information about the Company as an individual undertaking and not about its group.

##### **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 principal activity of the company is to act as a holding company and should it not hold an investment in subsidiary then it would have ceased to trade and it would not be appropriate to prepare the financial statements on the going concern basis. The company is entirely dependent on the trading group to carry on its trade.

The Directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements. This assessment indicates that, taking account of reasonably possible downsides, the company will have sufficient funds through its normal operations.

The trading subsidiaries within the company's sub-group are dependent on funding from FC Skyfall Upper Midco Limited to meet day to day working capital requirements. The company is part of the FC Skyfall Upper Midco Limited Group of companies (the "Group"). Therefore the going concern assessment of the company is dependent on that of the Group.

FC Skyfall Upper Midco Limited has indicated its intention to continue to make available such funds as are needed by the trading subsidiaries 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 cash flows 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 cash flows 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.

## FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED

### 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. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. 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.

##### **Investments**

Fixed asset investments are stated at cost less provision for impairment.

##### **Dividends**

Dividends receivable and dividend payable are recognised in the financial statements when amounts have been declared and paid.

##### **Turnover**

The Company recognises turnover when the amount can be reliably measured and when there is a right to consideration. Turnover is recorded at the value of consideration due.

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

**1. ACCOUNTING POLICIES (Continued)**

**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.

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 expires.

**Impairment of assets**

Assets, other than those measured at fair value, 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.

## FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED

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

#### 2. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Group'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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. There are no significant judgements made by the Company in its accounting policies during the year.

##### Key sources of estimation uncertainty

Determining whether the investment in subsidiary undertakings should be impaired based on the financial position and future prospect of the investment requires annual assessment. See note 6.

#### 3. TURNOVER

Turnover represents the dividend received from the Company's subsidiary undertakings.

	Year Ended 30 September 2019 £'000	Period Ended 30 September 2018 £'000
Dividend received	5,901	6,178

#### 4. PROFIT BEFORE TAXATION

The Company had no employees during the current year.

The Directors of the Company are also directors of the other companies within the FC Skyfall Upper Midco Limited group. The Directors' emoluments are paid by HC-One Limited, a group undertaking during the current year, and no recharges to the Company.

No audit fees have been charged to the profit and loss account. Audit fees of £1,000 have been borne by NHP Management Limited in the current year, and are not repayable by the Company.

The Company did not incur any non-audit fees during the current year.

#### 5. TAX ON PROFIT

	2019 £'000	2018 £'000
Current tax:		
Total tax charge	-	-
<b>Profit before tax</b>	<b>5,901</b>	<b>6,178</b>
Tax on profit at standard rate of 19.0%	1,121	1,174
Income not taxable	(1,121)	(1,174)
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

# FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2019

### 5. TAX ON PROFIT (Continued)

The standard rate of tax applied to reported profit is 19.0% (2018: 19.0%).

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. 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.

There is no expiry date on timing differences, unused tax losses or tax credits.

### 6. INVESTMENTS

Shares in  
subsidiary  
undertaking  
£'000

#### Cost and Valuation

As at 30 September 2018 and 30 September 2019

220,041

#### Shares in subsidiary undertakings

On 14 June 2017, the Company subscribed to one ordinary share of FC Skyfall Intermediate Holdco 3 Limited, a company incorporated in United Kingdom for £1. On 28 June 2017 the Company acquired another 203,741,391 ordinary shares of £1 each for £203,741,391. On 30 June 2017 the Company acquire a further 16,300,000 ordinary shares for £1 per share. At 30 September 2019, the Company owned 100% issued share capital of FC Skyfall Intermediate Holdco 3 Limited.

Name	Country of incorporation	% Holdings	Principal activity
FC Skyfall Intermediate Holdco 3 Ltd <sup>a</sup>	United Kingdom	100%	Holding company
FC Skyfall Bidco Limited <sup>b</sup>	United Kingdom	100%	Holding company
NHP Holdco 1 Limited <sup>c</sup>	Cayman Islands	100%	Holding company
NHP Holdco 2 Limited <sup>c</sup>	Cayman Islands	100%	Holding company
NHP Holdco 3 Limited <sup>c</sup>	Cayman Islands	100%	Holding company
Libra CareCo CH2 PropCo Holdco Limited <sup>c</sup>	United Kingdom	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo CH2 PropCo Limited <sup>c</sup>	United Kingdom	100%	Investment in care home properties
Libra CareCo CH3 PropCo Holdco Limited <sup>c</sup>	United Kingdom	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo CH3 PropCo Limited <sup>c</sup>	United Kingdom	100%	Investment in care home properties
Libra CareCo Holdings Limited <sup>c</sup>	United Kingdom	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo Investments 1 Limited <sup>c</sup>	United Kingdom	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo Investments 2 Limited <sup>c</sup>	United Kingdom	100%	Investment company in group undertaking with investment in care home properties
Libra GuaranteeCo Limited <sup>c</sup>	United Kingdom	100%	Dormant company
Libra CareCo Limited <sup>c</sup>	United Kingdom	100%	Parent company of subsidiary undertakings with investment in care home properties

# FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED

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

### 6. INVESTMENTS (Continued)

Name	Country of incorporation	% Holdings	Principal activity
NHP Limited <sup>c</sup>	United Kingdom	100%	Parent company of subsidiary undertakings with investment in care home properties
NHP Securities No.1 Limited <sup>c</sup>	United Kingdom	100%	Investment in care home properties
NHP Securities No.2 Limited <sup>c</sup>	United Kingdom	100%	Investment in care home properties
NHP Securities No.3 Limited <sup>c</sup>	United Kingdom	100%	Investment in care home properties
NHP Securities No.4 Limited <sup>c</sup>	United Kingdom	100%	Partner in LLNHP Partnership
NHP Securities No.5 Limited <sup>d</sup>	Jersey	100%	Investment in care home properties
NHP Securities No.8 Limited <sup>d</sup>	Jersey	100%	Investment in care home properties
NHP Securities No.9 Limited <sup>d</sup>	Jersey	100%	Investment in overriding lease of care home properties
NHP Securities No.10 Limited <sup>d</sup>	Jersey	100%	Investment in care home properties
NHP Securities No.11 Limited <sup>d</sup>	Jersey	100%	Parent company of NHP Securities No.9 Limited
NHP Securities No.12 Limited <sup>d</sup>	Jersey	100%	Investment in care home properties
NHP Management Limited <sup>c</sup>	United Kingdom	100%	Management of care home property portfolios
NHP Operations (York) Limited <sup>c</sup>	United Kingdom	100%	Care home property development
Care Homes No.1 Limited <sup>c</sup>	Cayman Islands	100%	Investment in care home properties
Care Homes No.2 (Cayman) Limited <sup>e</sup>	Cayman Islands	100%	Investment in care home properties
Care Homes No.3 Limited <sup>e</sup>	Cayman Islands	100%	Investment in care home properties
LLNH Limited <sup>c</sup>	United Kingdom	100%	Partner in LLHNP Partnership
Libra Intermediate Holdco Limited <sup>d</sup>	Jersey	100%	Investment company in care home operating Company
HC-One Limited <sup>c</sup>	United Kingdom	100%	Care home operator
Meridian Healthcare (Holdings) Limited <sup>c</sup>	United Kingdom	100%	Holding company
Meridian Healthcare Limited <sup>c</sup>	United Kingdom	100%	Care home operator
Boxultra Limited <sup>c</sup>	United Kingdom	100%	Dormant company
Sweetgrove Limited <sup>c</sup>	United Kingdom	100%	Dormant company
Meridian Care Developments Limited <sup>c</sup>	United Kingdom	100%	Dormant company
Meridian Care Limited <sup>c</sup>	United Kingdom	100%	Dormant company
Meridian Care Group Limited <sup>c</sup>	United Kingdom	100%	Dormant company
Sanlor Care Homes (Scunthorpe) Limited <sup>c</sup>	United Kingdom	100%	Dormant company
FC Beamish Bidco Limited <sup>c</sup>	United Kingdom	100%	Holding company
HC-One Beamish Properties Ltd <sup>f</sup>	Isle of Man	100%	Investment in care home properties
HC-One Beamish Ltd <sup>c</sup>	United Kingdom	100%	Care home operator
HC-One Beamish Homecare Ltd <sup>c</sup>	United Kingdom	100%	Domiciliary care provider
FC Skyfall IOM Properties Ltd <sup>f</sup>	Isle of Man	100%	Investment in care home properties
RV Care Homes Limited <sup>c</sup>	United Kingdom	100%	Care home operator
RV Extra Care Limited <sup>c</sup>	United Kingdom	100%	Domiciliary care provider

\* shares directly held by FC Skyfall Intermediate Holdco 2 Limited.  
All shares held are ordinary shares.

# FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED

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

### 6. INVESTMENTS (Continued)

<sup>a</sup> The registered address is c/o Skadden, Arps, Slate, Meagher & Flom (UK) LLP, 40 Bank Street, Canary Wharf, London, E14 5DS.

<sup>b</sup> The registered address is 25 Canada Square, Level 37, London, England, E14 5LQ.

<sup>c</sup> The registered address is Southgate House, Archer Street, Darlington, County Durham, DL3 6AH.

<sup>d</sup> The registered address is 47 Esplanade, St Helier, Jersey, Channel Islands, JE1 0BD.

<sup>e</sup> The registered address is c/o Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.

<sup>f</sup> c/o Integrated-Capabilities Limited, PO Box 665 Bridge Chambers, West Quay, Ramsey, Isle of Man, IM99 4PD.

### 7. CALLED UP SHARE CAPITAL

	2019 £'000	2018 £'000
<b>Called up, allotted and fully paid:</b>		
Issued 220,041,392 ordinary shares issued at £1	220,041	220,041

### 8. DIVIDENDS ON EQUITY SHARES

	2019 £'000	2018 £'000
<b>Declared and paid during the year:</b>		
Equity dividends on ordinary shares	5,901	6,178

### 9. SUBSEQUENT EVENTS

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

### 10. RELATED PARTY TRANSACTIONS

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

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

### 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 subsidiary undertaking. The facility is secured by a fixed and floating charge over the group assets and unlimited guarantee from its group undertakings. As at 3<sup>rd</sup> April 2020 the outstanding loan amount is £254.2m.

## **FC SKYFALL INTERMEDIATE HOLDCO 2 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the year ended 30 September 2019**

#### **12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is FC Skyfall Holdco 1 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 Intermediate 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