

Company Registration
No. FC 027202

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CARE HOMES NO.2 (CAYMAN) LIMITED
Annual Report and Financial Statements
For the year ended 30 September 2017

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CARE HOMES NO. 2 (CAYMAN) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
SEPTEMBER 2017**

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CARE HOMES NO. 2 (CAYMAN) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr J Hutchens (appointed 26 September 2017)
Dr C Patel (resigned 26 September 2017)
Mr D Smith

COMPANY SECRETARY

Crestbridge Corporate Services Limited

REGISTERED OFFICE

c/o Walkers Corporate Limited
Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman
KY1-9008
Cayman Islands

ASSET MANAGER

NHP Management Limited
Southgate House
Archer Street,
Darlington
County Durham DL3 6AH

BANKERS

Barclays Bank PLC
Barclays Business Centre
8/9 Hanover Square
London W1A 4ZW

SOLICITORS

Skadden, Arps, Slate, Meagher & Flom (UK) LLP
Canary Wharf
London E14 5DS

Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

AUDITOR

Deloitte LLP
Statutory Auditor
Newcastle upon Tyne
United Kingdom

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 provisions of the Companies Act 2006 applicable to overseas companies. 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.

CARE HOMES NO. 2 (CAYMAN) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARE HOMES NO. 2 (CAYMAN) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the provisions of Companies Act 2006 applicable to overseas companies.

We have audited the financial statements of Care Homes No.2 Limited (the 'Company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

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).

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 required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

CARE HOMES NO. 2 (CAYMAN) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARE HOMES NO. 2 (CAYMAN) LIMITED (Continued)

Other information (Continued)

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. 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 respect of these matters.

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.

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.

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.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with the provisions of Companies Act 2006 applicable to overseas companies. 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CARE HOMES NO. 2 (CAYMAN) LIMITED
(Continued)**

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the provisions of the Companies Act 2006 applicable to overseas companies we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Dave Johnson (FCA)
Deloitte LLP
Statutory Auditor
Newcastle upon Tyne
United Kingdom
Date: 2 February 2018

CARE HOMES NO. 2 (CAYMAN) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2017

	Notes	Year ended 30 September 2017 £	Year ended 30 September 2016 £
TURNOVER AND GROSS PROFIT	3	4,513,590	9,162,619
Administrative expenses		(3,188,575)	(6,088,192)
OPERATING PROFIT		1,325,015	3,074,427
Net interest payable and similar charges	4	(1,844,793)	(3,072,966)
(LOSS)/ PROFIT BEFORE TAXATION			
	5	(519,778)	1,461
Tax on (loss)/ profit	6	(148,892)	148,892
(LOSS)/ PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		(668,670)	150,353
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE FINANCIAL YEAR		(668,670)	150,353

Results are derived wholly from continuing operations.

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

CARE HOMES NO. 2 (CAYMAN) LIMITED

BALANCE SHEET As at 30 September 2017

	Notes	2017	2016
		£	£
FIXED ASSETS			
Investments	7	72,426,253	64,300,573
CURRENT ASSETS			
Debtors	8	9,653,042	9,330,434
Deferred tax asset		-	148,892
Cash at bank and in hand		219,123	163,553
		<u>9,872,165</u>	<u>9,642,879</u>
CREDITORS: amounts falling due within one year	9	<u>(45,830,896)</u>	<u>(39,957,232)</u>
NET CURRENT LIABILITIES		<u>(35,958,731)</u>	<u>(30,314,353)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		36,467,522	33,986,220
CREDITORS: amounts falling due after more than one year	10	<u>(221,449,782)</u>	<u>(218,299,810)</u>
NET LIABILITIES		<u>(184,982,260)</u>	<u>(184,313,590)</u>
CAPITAL AND RESERVES	12		
Called-up share capital		500	500
Profit and loss account		<u>(184,982,760)</u>	<u>(184,314,090)</u>
SHAREHOLDERS' DEFICIT		<u>(184,982,260)</u>	<u>(184,313,590)</u>

These financial statements of Care Homes No. 2 (Cayman) Limited (registered number FC027202) were approved by the Board of Directors and authorised for issue on 2 February 2018. They were signed on its behalf by:



Mr D Smith
Director

CARE HOMES NO. 2 (CAYMAN) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2017

	Called-up share capital	Profit and loss account	Total
	£	£	£
At 1 October 2015	500	(184,464,443)	(184,463,943)
Profit for the financial year and total comprehensive income	-	150,353	150,353
At 30 September 2016	500	(184,314,090)	(184,313,590)
Loss for the financial year and total comprehensive loss	-	(668,670)	(668,670)
At 30 September 2017	<u>500</u>	<u>(184,982,760)</u>	<u>(184,982,260)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2017

1. ACCOUNTING POLICIES

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

General information and basis of accounting

Care Homes No. 2 (Cayman) Limited ("the Company") is a company incorporated in the Cayman Islands under the Company Law in the Cayman Islands. The address of the registered office is given on page 1. The portfolio of overriding leases acquired by the Company from its group undertaking, namely, Libra CareCo CH2 PropCo Limited were subsequently leased out to care home operators. The principal activity of the Company is to collect monthly operating rental income, paying its fees and expenses and the remaining net rental income to be payable as overriding lease rental to its group undertakings.

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

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

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

Exemption from consolidation

The Company has taken advantage of section 401 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

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

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

Management have prepared detailed forecasts for the Group for the period to 30 September 2019. Net debt levels, servicing costs and covenant requirements are closely monitored and managed in accordance to the Group's objectives, policies and processes.

The Directors have received written confirmations from its group undertakings that they do not intend to recall any debts due on demand for a period of at least 12 months from the date of approval of the financial statements for the period ended 30 September 2017. The Company's group undertakings have sufficient recourse to continue to support the Company. The Group maintains sufficient cash resources to meet its day-to-day working capital requirements. The Directors believe that the Group and the Company are well placed to manage its risk appropriately.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2017

1. ACCOUNTING POLICIES (Continued)

Turnover

Turnover earned from the ordinary activities of the Company, which is stated net of value added tax, takes place wholly within the United Kingdom. Rental income is received and receivable from care homes operating leases leased to and managed by the Company's group undertaking, HC-One Limited. Turnover represents rental income accounted for on an accrual basis under the terms of operating lease agreements.

Overriding leases

Rental under overriding leases is accounted for on an accrual basis under the terms of the overriding lease agreement. The overriding leases were collapsed on 31 March 2017 when the properties were sold to FC Skyfall IOM Properties Limited, a group undertaking.

Taxation

Current tax, including UK corporation 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.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. All monetary assets and liabilities in foreign currencies are expressed in pounds sterling at the period end rates. Gains and losses arising from the movements in exchange rates during the period are dealt with in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2017

1. ACCOUNTING POLICIES (Continued)

Investment

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

Interest

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

Financial instruments

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2017

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements are considered to be those which are also key sources of estimation which are been discussed below.

Key sources of estimation uncertainty

Overriding lease rental

Determining the overriding lease rental expense require estimation of some fees and expenses. Management have used its past experience to calculate amount to recognise at each financial year.

3. TURNOVER AND GROSS PROFIT

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

	2017 £	2016 £
Rental receivable	4,513,590	9,162,619
	<u>4,513,590</u>	<u>9,162,619</u>

4. NET INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £	2016 £
Interest payable to group undertakings	(6,099,465)	(6,516,968)
Interest receivable on bank deposits	-	85
Interest receivable on loan notes from group undertakings	4,254,711	3,444,005
Bank charges	(39)	(88)
	<u>(1,844,793)</u>	<u>(3,072,966)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2017

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/ Profit before taxation is stated after charging:

	2017 £	2016 £
Management fees payable to a group undertaking	18,591	14,760
Overriding lease rents to Libra CareCo CH2 PropCo Limited, a group undertaking	<u>3,147,950</u>	<u>6,048,788</u>
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	5,000	10,600
Fees payable to the Company's auditor and their associates for other services to the Company:	4,000	4,000
- Tax compliance services	<u> </u>	<u> </u>
Total audit remuneration	<u>9,000</u>	<u>14,600</u>

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

None of the Directors received emoluments in relation to their services to the Company during the current or preceding year. Directors' emoluments have been borne by HC-One Limited, a group undertaking during the current and the preceding year and were not recharged to the Company.

6. TAX CHARGE ON (LOSS)/ PROFIT

	2017 £	2016 £
Deferred tax:		
Origination and reversal of timing differences	170,776	(175,167)
Effect of changes in tax rates	(21,884)	26,275
Total deferred tax charge/ (credit)	<u>148,892</u>	<u>(148,892)</u>
Reconciliation of current tax charge:		
(Loss)/ Profit before tax	(519,778)	1,461
Tax on (loss)/ profit at standard rate of 19.5% (2016: 20.0%)	(101,350)	292
Factors affecting charge:		
Group relief not paid for	272,126	614,593
Movement in deferred tax not recognised	-	(790,052)
Tax rate changes	(21,884)	26,275
Total tax charge/ (credit) for the year	<u>148,892</u>	<u>(148,892)</u>

The standard rate of tax applied to reported profit on ordinary activities is 19.5% (2016: 20.0%).

Finance Act No.2 2015 included provisions to reduce the corporate tax to 19.0% with effect from 1 April 2017 and 18.0% with effect from 1 April 2020. In addition, Finance Bill 2016 was substantively enacted on 6 September 2016 which introduced a further reduction in the main rate of corporation tax from 18.0% to 17.0% from 1 April 2020. Accordingly these rates have been applied when calculating deferred tax assets and liabilities as at 30 September 2017.

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

CARE HOMES NO. 2 (CAYMAN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 30 September 2017

7. INVESTMENTS

	Investments in subsidiary undertakings £	Loan notes investment in group undertaking £	Total £
Cost and net book value			
At 1 October 2016	21,000	64,279,573	64,300,573
Additions	-	8,125,680	8,125,680
At 30 September 2017	21,000	72,405,253	72,426,253

Investments in Subsidiary Undertakings

Both NHP Securities No.5 Limited and NHP Securities No.8 Limited were incorporated in Jersey and their sole activities are to purchase long leasehold interests in modern purpose-built care homes, which are leased back to care home operators. The registered address of both NHP Securities No.5 Limited and NHP Securities No.8 Limited is 47 Esplanade, St Helier, Jersey, Channel Islands, JE1 0BD. The authorised share capital of both NHP Securities No.5 Limited and NHP Securities No.8 Limited is £10,000, divided into 8,000 A Ordinary Shares of £1 each (the "A Shares") and 2,000 B Ordinary Shares of £1 each (the "B Shares"), all of which have been issued and are fully paid. The A Shares carry a right to vote generally but the B Shares do not carry a right to receive notice of, attend or vote at any general meeting of the Company. The Company paid £2,500 to acquire the 'B' Ordinary Shares.

Loan notes investment in group undertaking

During the year to 30 September 2017 further loans totalling £4,300,000 was invested in HC-One Limited, a group undertaking. At 30 September 2017 total loan of £25,317,308, including interest capitalised of £1,895,448 (2016: £19,121,860 including interest capitalised of £1,106,263) invested in HC-One Limited remained outstanding. The loan is due for repayment on 11 November 2019 and bears fixed interest rate of 9% per annum.

At 30 September 2017, total loan of £44,187,945 (including interest capitalised of £1,930,232) invested in Libra Intermediate Holdco Limited remained outstanding. The loan has no fixed repayment date and bears interest at LIBOR plus 4% per annum (2016: £42,257,713, including interest capitalised of £1,417,090).

At 30 September 2017 total loan of £2,900,000 (2016: £2,900,000) was invested in FC Skyfall Bidco Limited, a group undertaking to enable the company to pay interest due on external loans. The loan has no fixed repayment date and bears interest at fixed rate of 8% per annum. No interest has been capitalised during the year (2016: £nil).

8. DEBTORS

	2017 £	2016 £
Amount due within one year:		
Prepayments and accrued income	165,254	262,241
Amounts due from group undertakings	9,487,788	9,068,193
	9,653,042	9,330,434

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2017

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Amounts due to group undertakings	45,826,896	39,951,772
Accruals and deferred income	4,000	5,460
	<u>45,830,896</u>	<u>39,957,232</u>

Amounts due to group undertakings

These amounts are due on demand bearing no interest.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £	2016 £
Loan notes due to group undertakings	221,449,782	218,299,810
	<u>221,449,782</u>	<u>218,299,810</u>

Loan notes to group undertakings

£2,064,230 (2016: £2,064,230) of the loan notes were issued to NHP Securities No. 3 Limited, a group undertaking. The loan notes have no fixed repayment dates and bear interest of 8.91% per annum. A further £39,184 (2016: £35,917) of loan notes were issued to NHP Securities No. 3 Limited and are repayable on 2 January 2026 and also bears interest at 8.91% per annum.

A loan note of £8,000 (2016: £8,000) was issued to NHP Limited, a group undertaking and is repayable on 2 January 2026 and bears interest at 8.446% per annum.

At 30 September 2017 loan notes of £219,338,368 (2016: £216,191,663) was issued to Libra CareCo CH2 Propco Limited, a group undertaking. The loan note has no fixed repayment date and bears interest of LIBOR plus 2% per annum.

11. DEFERRED TAXATION

	Provided 2017 £	Unprovided 2017 £	Provided 2016 £	Unprovided 2016 £
Loss carried forward	-	-	(148,892)	-
	<u>-</u>	<u>-</u>	<u>(148,892)</u>	<u>-</u>

	2017 £	2016 £
Deferred tax assets:		
Provision at 1 October	(148,892)	-
Deferred tax charge/ (credit) to income statement for the year	148,892	(148,892)
Provision at 30 September	<u>-</u>	<u>(148,892)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2017

12. CAPITAL AND RESERVES

	2017 £	2016 £
Called-up, allotted and fully paid:		
1,000 ordinary shares at US \$1 each	1,000	1,000
Pounds sterling equivalent	£500	£500

The profit and loss account represents cumulative profits or losses, net of other adjustments.

13. CONTINGENT LIABILITIES AND GUARANTEES

The Company and its group undertakings are guarantors to a facility agreement entered into by FC Skyfall Bidco Limited, the Company's intermediate parent undertaking. The facility is secured by a fixed and floating charge over the group assets and unlimited guarantee from its group undertakings. As at 2 February 2018 the outstanding loan amount is £281.3m.

14. SUBSEQUENT EVENTS

No other significant events are noted between the year ended 30 September 2017 and the date of signing this report.

15. RELATED PARTY TRANSACTIONS

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

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

The key management personnel of the Company are also the key management personnel of the Group and other group undertakings. Management do not believe it is possible to allocate these costs to each individual company. Further details can be found in the consolidated financial statements of FC Skyfall Upper Midco Limited.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Libra CareCo CH2 PropCo 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 and 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 40 Bank Street, Level 29, London, E14 5DS.

Copies of FC Skyfall Upper Midco Limited consolidated financial statements for the year ended 30 September 2017 are available from Companies House at Crown Way, Cardiff, Wales, CF14 3UZ.