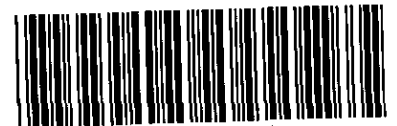


FC SKYFALL TOPCO LIMITED

Annual Report and Financial Statements

For the year ended 30 September 2018

THURSDAY



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23/05/2019
COMPANIES HOUSE

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
SEPTEMBER 2018**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
SEPTEMBER 2018**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr B S Beckwith
Mr J M Benn
Mr J G Cleveland (appointed 14 December 2017)
Mr Z Dannaoui
Mr S Fishman (resigned on 30 October 2018)
Mr J J Hutchens (appointed 13 December 2017)
Dr C B Patel
Mr V Pica
Mr D A Smith
Mr D J Wall (appointed 14 December 2017)
Sir W H W Wells
Mr A Whitman
Mr D M Russ (appointed on 30 October 2018)

REGISTERED OFFICE

c/o Trident Trust Company (Cayman) Limited
One Capital Place
Shedden Road
P.O. Box 847
George Town
Grand Cayman KY1-1103
Cayman Islands

BANKERS

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FC SKYFALL TOPCO LIMITED**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Skyfall Topco Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30 September 2018 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 which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

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 Financial Reporting Council's (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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FC SKYFALL TOPCO 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 (the FRC's) website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under 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.

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

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.



David Johnson
Deloitte LLP
Statutory Auditor
Newcastle upon Tyne
United Kingdom
Date: 26 April 2019

PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2018

| | Notes | Year ended 30 September 2018 £ | Year ended 30 September 2017 £ |
|--|-------|--------------------------------------|--------------------------------------|
| TURNOVER | 3 | 6,177,941 | 42,323,301 |
| Administrative expenses | 4 | (420,605) | (301,472) |
| OPERATING PROFIT | | 5,757,336 | 42,021,829 |
| Profit on disposal of subsidiary | 5 | - | 117,125,604 |
| Interest receivable and similar income | 6 | 31,584 | 134,299 |
| Interest payable and similar expenses | 7 | (7,285,022) | (7,342,733) |
| (LOSS)/ PROFIT BEFORE TAXATION | 8 | (1,496,102) | 151,938,999 |
| Tax on (Loss)/ Profit | 10 | - | - |
| (LOSS)/ PROFIT FOR THE FINANCIAL YEAR | | (1,496,102) | 151,938,999 |
| TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR | | (1,496,102) | 151,938,999 |

Results are derived wholly from continuing operations.

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

FC SKYFALL TOPCO LIMITED

BALANCE SHEET As at 30 September 2018

| | | 2018 | | 2017 | |
|--|-------|---------------------|---------------------------|--------------------|---------------------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Investments | 11 | | 175,815,203 | | 175,815,203 |
| CURRENT ASSETS | | | | | |
| Debtors | | | | | |
| - due after one year | 12 | 1,316,000 | | - | |
| - due within one year | 12 | 13,394,340 | | 13,562,139 | |
| Cash at bank and in hand | | 401,585 | | 602,194 | |
| | | <u>15,111,925</u> | | <u>14,164,333</u> | |
| CREDITORS: amounts falling due within one year | 13 | <u>(14,801,587)</u> | | <u>(7,484,132)</u> | |
| NET CURRENT ASSETS | | | <u>310,338</u> | | <u>6,680,201</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 176,125,541 | | 182,495,404 |
| CREDITORS: amounts falling due after more than one year | 14 | | (55,055,284) | | (55,055,284) |
| NET ASSETS | | | <u><u>121,070,257</u></u> | | <u><u>127,440,120</u></u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 16 | | 101,702 | | 101,350 |
| Share premium | 16 | | 1,303,828 | | - |
| Revenue Reserve | 16 | | (1,936,655) | | (1,936,655) |
| Capital Contribution | 16 | | 1,223,137 | | 1,223,137 |
| Profit and loss account | 16 | | 120,378,245 | | 128,052,288 |
| SHAREHOLDERS' FUNDS | | | <u><u>121,070,257</u></u> | | <u><u>127,440,120</u></u> |

These financial statements of FC Skyfall TopCo Limited (registered number FC032425) were approved by the Board of Directors and authorised for issue on 26 April 2019. They were signed on its behalf by:



Mr D Smith
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2018

| | Note | Called up share capital £ | Capital Contribution * £ | Share Premium * £ | Revenue Reserve £ | Profit and loss account £ | Total £ |
|--|------|------------------------------------|-----------------------------------|----------------------------|-------------------------|---------------------------------|--------------|
| At 1 October 2016 | | 101,350 | - | - | - | (12,151,014) | (12,049,664) |
| Profit for the financial year and total comprehensive income | | - | - | - | - | 151,938,999 | 151,938,999 |
| Dividends paid on equity shares | 17 | - | - | - | - | (11,735,697) | (11,735,697) |
| Loss on preference share buy-back | 16 | - | - | - | (1,936,655) | - | (1,936,655) |
| Contribution received | 16 | - | 1,223,137 | - | - | - | 1,223,137 |
| At 30 September 2017 | | 101,350 | 1,223,137 | - | (1,936,655) | 128,052,288 | 127,440,120 |
| Issue of Shares | 16 | 352 | - | 1,303,828 | - | - | 1,304,180 |
| Loss for the financial year and total comprehensive loss | | - | - | - | - | (1,496,102) | (1,496,102) |
| Dividends paid on equity shares | 17 | - | - | - | - | (6,177,941) | (6,177,941) |
| At 30 September 2018 | | 101,702 | 1,223,137 | 1,303,828 | (1,936,655) | 120,378,245 | 121,070,257 |

*The Company has no obligation to repay these amounts nor to provide any consideration for receiving them.

CASH FLOW STATEMENT
For the year ended 30 September 2018

| | Notes | 2018 £ | 2017 £ |
|---|-------|----------------|----------------|
| Net cash inflows from operating activities | 18 | 6,743,855 | 40,991,495 |
| Cash flows from investing activities | | | |
| Investment in shares of subsidiary undertakings | | - | (194,915,203) |
| Disposal of shares in subsidiary undertakings | | - | 175,815,203 |
| Interest received | | - | 134,299 |
| Net cash flows used in investing activities | | - | (18,965,701) |
| Cash flow from financing activities | | | |
| Buy-back of preference shares | | - | (11,160,000) |
| Capital contribution received | | - | 1,223,137 |
| Issue of loan notes | | (1,316,000) | |
| Dividend paid - preference shares | | - | (8,122,192) |
| Dividend paid - equity shares | | (6,177,941) | (18,266,254) |
| Proceeds from issue of shares | | 1,304,180 | - |
| Finance costs | | (3,095) | (1,676) |
| Intercompany loan | | (751,608) | 13,789,570 |
| Net cash flows used in financing activities | | (6,944,464) | (22,537,415) |
| Net increase/ (decrease) in cash and cash equivalent in the year | | (200,609) | (511,621) |
| Cash and cash equivalent at beginning of year | | 602,194 | 1,113,815 |
| Cash and cash equivalent at end of year | | 401,585 | 602,194 |
| Reconciliation to cash at bank and in hand: | | | |
| Cash at bank and in hand | | 401,585 | 602,194 |

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 30 September 2018****1. ACCOUNTING POLICIES**

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

General information and basis of accounting

FC Skyfall TopCo Limited ("the Company") is a company incorporated and registered in Cayman Islands. The address of the registered office is given on page 1. The principal activity of the Company is to act as a holding company of a group of companies specialised in 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 third party operator.

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 average monthly number of employees (excluding executive directors) was nil.

The Company has not prepared a consolidated financial statement as there is not a statutory requirement for a Cayman Island entity.

Going concern

The going concern position of the Company is dependent on the overall going concern of the Group headed by FC Skyfall Holdco 3 Limited, the Company's subsidiary undertaking.

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

Management have prepared a detailed forecast for the Group for the period to 30 September 2020. Net debt levels, servicing costs and covenant requirements are closely monitored and managed in accordance with the Group's objectives, policies and processes.

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

The Directors believe that the Group and the Company are well placed to manage their 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2018

1. ACCOUNTING POLICIES (continued)

Taxation (Continued)

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 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.

Turnover

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

Dividend expense

Dividend payable is recognised in the financial statements when amounts have been declared and paid. Dividends were proposed and paid to FC Skyfall SPV Limited, an intermediate parent undertaking.

Interest

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

Investments

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

Debtors

Debtors are recognised initially at cost less any provision for impairment.

Creditors

Trade creditors are recorded initially at fair value, net of transaction costs incurred.

Preference shares

Preference shares are issued at a nominal value with an associated premium.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

The estimates and underlying assumptions are reviewed on an on-going 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. There are no significant judgements made by the Company in its accounting policies during the period.

3. TURNOVER

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

| | 2018 £ | 2017 £ |
|----------|-----------|------------|
| Dividend | 6,177,941 | 42,323,301 |

4. ADMINISTRATIVE EXPENSES

| | Year ended 30 September 2018 £ | Year ended 30 September 2017 £ |
|--|---|---|
| Administrative expenses include the following restructuring costs: | | |
| Investments abortive costs | (287,604) | (219,660) |

From the date the Company commenced trading, it has been exploring new business investment opportunities. Legal and professional fees of £287,604 and £219,660 in association to abortive investment deals were written off respectively in the current and preceding year.

5. PROFIT ON DISPOSAL OF SUBSIDIARY

On 28 September 2017, the Company sold its holding in FC Skyfall Upper Midco Limited, to FC Skyfall Holdco 3 Limited, a group undertaking, realising a profit of £117.1m.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

| | Year ended 30 September 2018 £ | Year ended 30 September 2017 £ |
|--|---|---|
| Interest receivable on loans with group undertakings | - | 134,299 |
| Interest receivable from a loan to a director | 31,584 | - |
| | 31,584 | 134,299 |

Total interest income on financial instruments is measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

7. INTEREST PAYABLE AND SIMILAR EXPENSES

| | Year ended 30 September 2018 | Year ended 30 September 2017 |
|--|------------------------------------|------------------------------------|
| | £ | £ |
| 9% Cumulative preference share dividends | (7,269,899) | (7,329,029) |
| 9% Cumulative B preference share dividends | (12,028) | (12,028) |
| Bank charges | (3,095) | (1,676) |
| | <u>(7,285,022)</u> | <u>(7,342,733)</u> |

Total interest expenses on financial instruments are measured at amortised cost.

8. (LOSS)/ PROFIT BEFORE TAXATION

| | Year ended 30 September 2018 | Year ended 30 September 2017 |
|---|------------------------------------|------------------------------------|
| | £ | £ |
| (Loss)/ Profit before taxation is stated after charging: | | |
| Fees payable to the Company's auditor for the audit of the Company's financial statements | 20,000 | 20,000 |
| Fees payable to the Company's auditor for tax services | 9,000 | 8,964 |
| | <u>29,000</u> | <u>28,964</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 year (see note 9) and are not repayable.

9. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services borne by the various operating companies of the group were as follows:

| | Year ended 30 September 2018 | Year ended 30 September 2017 |
|---|------------------------------------|------------------------------------|
| | £ | £ |
| Emoluments | 1,190,597 | 468,000 |
| Company contributions to money purchase pension schemes | 33,599 | 27,000 |
| | <u>1,224,196</u> | <u>495,000</u> |

During the year, the emoluments of the highest paid Director was £567,000 (2017: £287,000) and company pension contribution of £599 (2017: £27,000). This is the highest paid Director for the Group and not the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

10. TAX ON (LOSS) /PROFIT

| | Year ended 30 September 2018 | Year ended 30 September 2017 |
|---|---------------------------------|---------------------------------|
| | £ | £ |
| (Loss)/ Profit before tax | (1,496,102) | 151,938,999 |
| Tax on profit/ (loss) at standard rate of 19.0% (2017: 19.5%) | (284,259) | 29,626,024 |
| Factors affecting tax charge: | | |
| Expenses not deductible for tax purposes | 1,383,566 | 1,464,328 |
| Group relief for nil consideration | 74,502 | - |
| Income not taxable | (1,173,809) | (31,090,352) |
| Total tax charge for the year | - | - |

The standard rate of tax applied to reported profit on ordinary activities is 19.0% (2017: 19.5%).

Finance Act No.2 2015 included provisions to reduce the corporate tax to 19.0% with effect from 1 April 2018 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 2018.

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

11. INVESTMENTS

| | Shares in subsidiary undertaking £ |
|---|---|
| Cost and valuation | |
| As at 30 September 2017 and 30 September 2018 | 175,815,203 |

Shares in subsidiary undertakings

On 28 June 2017, the investment in FC Skyfall Holdco Limited, a company incorporated in the Cayman Islands, was acquired, and comprises a 100% holding of its issued share capital.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

11. INVESTMENTS (Continued)

At 30 September 2018, the Company held investments either directly or indirectly in the following subsidiary undertakings:

| Name | Country of incorporation | % Holdings | Principal activity |
|---|---------------------------------|-------------------|---|
| FC Skyfall Upper Midco Limited ^b | United Kingdom | 100% | Holding company |
| FC Skyfall Lower Midco Limited ^b | United Kingdom | 100% | Holding company |
| FC Skyfall Intermediate Holdco 1 Limited ^a | United Kingdom | 100% | Holding company |
| FC Skyfall Intermediate Holdco 2 Limited ^a | United Kingdom | 100% | Holding company |
| FC Skyfall Intermediate Holdco 3 Limited ^a | United Kingdom | 100% | Holding company |
| FC Skyfall Bidco Limited ^b | United Kingdom | 100% | Holding company |
| NHP Holdco 1 Limited ^c | Cayman Islands | 100% | Holding company |
| NHP Holdco 2 Limited ^c | Cayman Islands | 100% | Holding company |
| NHP Holdco 3 Limited ^c | Cayman Islands | 100% | Holding company |
| Libra CareCo CH2 PropCo Holdco Limited ^c | United Kingdom | 100% | Investment company in group undertaking with investment in care home properties |
| Libra CareCo CH2 PropCo Limited ^c | United Kingdom | 100% | Investment in care home properties |
| Libra CareCo CH3 PropCo Holdco Limited ^c | United Kingdom | 100% | Investment company in group undertaking with investment in care home properties |
| Libra CareCo CH3 PropCo Limited ^c | United Kingdom | 100% | Investment in care home properties |
| Libra CareCo Holdings Limited ^c | United Kingdom | 100% | Dormant company |
| Libra CareCo Investments 1 Limited ^c | United Kingdom | 100% | Investment company in group undertaking with investment in care home properties |
| Libra CareCo Investments 2 Limited ^c | United Kingdom | 100% | Investment company in group undertaking with investment in care home properties |
| Libra CareCo Limited ^c | United Kingdom | 100% | Parent company of subsidiary undertakings with investment in care home properties |
| NHP Limited ^c | United Kingdom | 100% | Parent company of subsidiary undertakings with investment in care home properties |
| NHP Securities No.1 Limited ^c | United Kingdom | 100% | Investment in care home properties |
| NHP Securities No.2 Limited ^c | United Kingdom | 100% | Investment in care home properties |
| NHP Securities No.3 Limited ^c | United Kingdom | 100% | Investment in care home properties |
| NHP Securities No.4 Limited ^c | United Kingdom | 100% | Dormant company |
| NHP Securities No.5 Limited ^d | Jersey | 100% | Investment in care home properties |
| NHP Securities No.8 Limited ^d | Jersey | 100% | Investment in care home properties |
| NHP Securities No.9 Limited ^d | Jersey | 100% | Dormant company |
| NHP Securities No.10 Limited ^d | Jersey | 100% | Investment in care home properties |
| NHP Securities No.11 Limited ^d | Jersey | 100% | Parent company of NHP Securities No.9 Limited |
| NHP Securities No.12 Limited ^c | United Kingdom | 100% | Investment in care home properties |
| NHP Management Limited ^c | United Kingdom | 100% | Management of care home property portfolios |
| NHP Operations (York) Limited ^c | United Kingdom | 100% | Care home property development |
| Care Homes No. 1 Limited ^c | Cayman Islands | 100% | Investment in care home properties |
| Care Homes No. 2 (Cayman) Limited ^c | Cayman Islands | 100% | Investment in care home properties |
| Care Homes No. 3 Limited ^c | Cayman Islands | 100% | Investment in care home properties |
| Libra Intermediate Holdco Limited ^d | Jersey | 100% | Investment company in care home operating company |
| HC-One Limited ^c | United Kingdom | 100% | Care home operator |
| TTCC Limited ^f | United Kingdom | 100% | Care home operator |
| LLNH Limited ^c | United Kingdom | 100% | Dormant company |
| Meridian Healthcare (Holdings) Limited ^c | United Kingdom | 100% | Care home operator |
| Meridian Healthcare Limited ^c | United Kingdom | 100% | Care home operator |
| Boxutra Limited ^c | United Kingdom | 100% | Dormant company |
| Sweetgrove Limited ^c | United Kingdom | 100% | Dormant company |
| Meridian Care Developments Limited ^c | United Kingdom | 100% | Dormant company |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

11. INVESTMENTS (Continued)

**Shares in subsidiary undertakings
(Continued)**

| Name | Country of incorporation | % Holdings | Principal activity |
|--|-------------------------------------|-----------------------|------------------------------------|
| Meridian Care Group Limited ^c | United Kingdom | 100% | Dormant company |
| Sanlor Care Homes (Scunthorpe) Limited ^c | United Kingdom | 100% | Dormant company |
| Meridian Care Limited ^c | United Kingdom | 100% | Dormant company |
| HC-One Beamish Ltd ^c | United Kingdom | 100% | Care home operator |
| HC-One Beamish Homecare Limited ^c | United Kingdom | 100% | Care home operator |
| HC-One Beamish Properties Ltd ^g | Isle of Man | 100% | Investment in care home properties |
| FC Beamish Bidco Limited ^c | United Kingdom | 100% | Holding company |
| FC Skyfall IOM Properties Ltd ^g | Isle of Man | 100% | Investment in care home properties |
| RV Care Homes Limited ^c | United Kingdom | 100% | Care home operator |
| RV Extra Care Limited ^c | United Kingdom | 100% | Care home operator |
| Libra GuaranteeCo Limited ^c | United Kingdom | 100% | Dormant company |
| FC Skyfall Holdco Limited* [^] | Cayman Islands | 100% | Holding company |
| FC Skyfall Holdco 1 Limited* | Cayman Islands | 100% | Holding company |
| FC Skyfall Holdco 2 Limited* | Cayman Islands | 100% | Holding company |
| FC Skyfall Holdco 3 Limited* | Cayman Islands | 100% | Holding company |
| FC Oval Holdco 1 Limited* | Cayman Islands | 100% | Holding company |
| FC Oval Holdco 2 Limited* | Cayman Islands | 100% | Holding company |
| FC Oval Holdco 3 Limited* | Cayman Islands | 100% | Holding company |
| FC Oval Bidco Limited* | Cayman Islands | 100% | Holding company |
| HC-One Oval Limited ^c | United Kingdom | 100% | Care home operator |
| NH JV Limited ^c | United Kingdom | 100% | Holding company |
| HC-One Alium Holdco Limited ^c | United Kingdom | 100% | Holding company |
| HC-One Alium Parentco Limited ^c | United Kingdom | 100% | Holding company |
| Hailsham House and Operations Limited ^c | United Kingdom | 100% | Care home operator |
| Kettlewell House and Operations Limited ^c | United Kingdom | 100% | Care home operator |

[^]shares directly held by FC Skyfall Topco Limited. All others are indirect.

All shares held are ordinary shares.

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

^b The registered address is 25 Canada Square, Level 37, London, England, E14 5LQ.

^c The registered address is Southgate House, Archer Street, Darlington, County Durham, DL3 6AH.

^d The registered address is 47 Esplanade, St Helier, Jersey, Channel Islands, JE1 0BD.

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

^f Drakes Court, 302 Alcester Road, Wythall, Birmingham, B47 6JR

^g c/o Integrated-Capabilities Limited, Bridge Chambers, West Quay, Ramsey, Isle of Man, IM8 1DL

* c/o Trident Trust Company (Cayman) Limited, One Capital Place, Shedden Road, PO Box 847, George Town, Grand Cayman KY-1103.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

12. DEBTORS

| | 2018 | 2017 |
|------------------------------------|-------------------|-------------------|
| | £ | £ |
| Amount due after one year: | | |
| Other loan | 1,316,000 | - |
| | <u>1,316,000</u> | <u>-</u> |
| | 2018 | 2017 |
| | £ | £ |
| Amount due within one year: | | |
| Amount due from group undertakings | 13,362,706 | 12,602,131 |
| Other loan interest | 31,584 | - |
| Other debtors | 50 | 960,008 |
| | <u>13,394,340</u> | <u>13,562,139</u> |

All financial assets instruments are measured at amortised costs as at 30 September 2018 and 30 September 2017.

Other loan

A loan note was issued to a director on 13 December 2017 for £1,316,000. The loan note is charged at interest rate 3% per annum, repayable on 13 December 2027.

Amount due within one year:

Amount due from group undertakings

These amounts are due on demand bearing no interest. All amounts related to unsecured debts.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|--|-------------------|------------------|
| | £ | £ |
| Other Creditors | - | - |
| Accruals | 55,526 | 28,964 |
| Amounts owing to group undertakings | 110,816 | 101,852 |
| 9% Cumulative preference share dividends | 14,635,245 | 7,353,316 |
| | <u>14,801,587</u> | <u>7,484,132</u> |

All financial liabilities instruments are measured at amortised costs as at 30 September 2018 and 30 September 2017.

Amounts due to group undertakings

The amounts are due on demand bearing no interest. All amounts related to unsecured liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

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

| | 2018 | 2017 |
|---|-------------------|-------------------|
| | £ | £ |
| 9% Cumulative 1,000 preference shares of £1 each | 1,000 | 1,000 |
| Share premium arising from the issue of 1,000 preference shares | 70,674,536 | 70,674,536 |
| Less: Preference share buy-back | (9,223,345) | (9,223,345) |
| Less: Dividend declared and paid | (6,530,557) | (6,530,557) |
| | 54,921,634 | 54,921,634 |
| 9% Cumulative 135,000 B preference shares at £0.99 each | 133,650 | 133,650 |
| | <u>55,055,284</u> | <u>55,055,284</u> |

9% Cumulative preference shares and B preference shares

Preference shares are 9% cumulative preference shares with a nominal value of £1 each but issued at total premium of £70,674,536. B preference shares are 9% cumulative preference shares with a nominal value of £0.99 each, which was also the subscription price. The preference shares and B preference shares shall not be entitled to any voting rights. Preference shares and B preference shares are entitled to dividends at the rate of 9% per annum at subscription price. Dividends are accrued on a daily basis

15. DEFERRED TAXATION

| | Provided | | Unprovided | |
|------------------------|----------|----------|------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Losses carried forward | - | - | - | (8,888) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>(8,888)</u> |

16. CALLED-UP SHARE CAPITAL AND RESERVES

| | £ |
|--|----------------|
| Called-up, allotted and fully paid: | |
| At 30 September 2017 | 101,350 |
| Issue of shares | 352 |
| | <u>101,702</u> |
| At 30 September 2018 | <u>101,702</u> |

The preference shares are presented as a liability (see note 13) and accordingly are excluded from called up share capital in the balance sheet.

Ordinary shares issued are:

- a) 850,000 Class A ordinary shares at £0.10 each;
- b) 15,000 Class B ordinary shares at £1 each;
- c) 30,000 Class B1 ordinary shares at £0.01 each;
- d) 55,000 Class C ordinary shares at £0.01 each;
- e) 50,000 Class D ordinary shares at £0.01 each;
- f) 5,025 Class E ordinary shares at £0.01 each;
- g) 30,151 B Growth shares at £0.01 each

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

16. CALLED-UP SHARE CAPITAL AND RESERVES (Continued)

Class A, Class B and Class B1 ordinary shares shall have voting rights, not equally.

Class C, Class D, Class E ordinary shares and B Growth shares shall have no voting rights.

The Company's other reserves are as follows:

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

The capital contribution represents the cash investment from the Company's immediate subsidiary. The Company has no obligation to repay these amounts nor to provide any consideration for receiving them. Therefore support classification as equity.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The revenue reserve represents the loss from the preference share buy-back.

17. DIVIDENDS ON EQUITY

| | 2018 £ | 2017 £ |
|---|-----------|------------|
| Declared and paid during the year: | | |
| Equity dividends on ordinary shares | 6,177,941 | 11,735,697 |

18. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW

| | 2018 £ | 2017 £ |
|-----------------------------------|------------------|-------------------|
| Operating profit | 5,757,336 | 42,021,829 |
| Increase/ (Decrease) in creditors | 26,561 | (70,327) |
| Decrease/ (Increase) in debtors | 959,958 | (960,007) |
| | <u>6,743,855</u> | <u>40,991,495</u> |

19. CONTINGENT LIABILITIES AND GUARANTEES

There are no noted contingent liabilities and guarantees.

20. SUBSEQUENT EVENTS

No significant events are noted between the year ended 30 September 2018 and to the date of signing of this report.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

21. RELATED PARTY TRANSACTIONS

a) Set out below were amounts owed by/ (to) the Company's related group undertakings at 30 September 2018:

| | Loan principal £ | Accrued interest £ | Other amounts £ | Total £ |
|--------------------------------|---------------------|--------------------------|-----------------------|-------------------|
| FC Skyfall SPV Limited | - | - | 5,883,657 | 5,883,657 |
| FC Skyfall Upper Midco Limited | - | - | (101,852) | (101,852) |
| NHP Management Limited | - | - | (8,964) | (8,964) |
| HC-One Limited | - | - | 7,479,049 | 7,479,049 |
| At 30 September 2018 | - | - | 13,251,890 | 13,251,890 |

| | Loan principal £ | Accrued interest £ | Other amounts £ | Total £ |
|--------------------------------|---------------------|--------------------------|-----------------------|-------------------|
| FC Skyfall SPV Limited | 5,771,043 | 112,614 | - | 5,883,657 |
| FC Skyfall Upper Midco Limited | - | - | (101,852) | (101,852) |
| HC-One Limited | - | - | 6,718,476 | 6,718,476 |
| At 30 September 2017 | 5,771,043 | 112,614 | 6,616,624 | 12,500,281 |

Amounts due to or from related group undertakings are due on demand bearing no interest. All amounts related to unsecured debts.

b) On 13 December 2017 a loan note of £1,316,000 (2017: £nil) was issued to a director at interest rate charged at 3% per annum, repayable on 13 December 2027.

c) 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 Holdco 3 Limited.

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is FC Skyfall SPV Limited, a company incorporated in the Cayman Islands.

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.

Copies of the Company's financial statements to 30 September 2018 are available from the Companies House at Crown Way, Cardiff, Wales, CF14 3UZ.