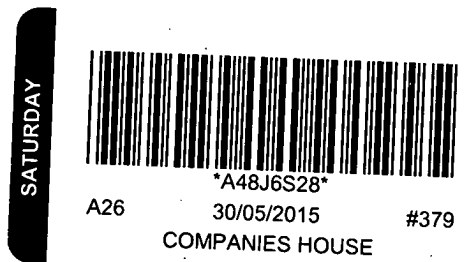


**NHP SECURITIES NO.3 LIMITED**  
**Report and Financial Statements**  
**30 September 2014**



**REPORT AND FINANCIAL STATEMENTS 2014**

**CONTENTS**

**Page**

<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>5</b>
<b>Independent auditor's report</b>	<b>6</b>
<b>Profit and loss account</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Statement of total recognised gains and losses</b>	<b>10</b>
<b>Reconciliation of movements in shareholders' deficit</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11</b>

**REPORT AND FINANCIAL STATEMENTS 2014**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Mr C Patel (appointed on 12 November 2014)  
Mr D Smith (appointed on 12 November 2014)  
Mr J M J M Jensen (resigned on 12 November 2014)  
Mr P H Thompson (resigned on 12 November 2014)

**REGISTERED OFFICE**

Southgate House  
Archer Street  
Darlington  
County Durham DL3 6AH

**BANKERS**

Barclays Bank PLC  
South East Corporate Banking Centre  
PO Box 112  
Horsham  
West Sussex RH12 1YQ

**SOLICITORS**

Eversheds LLP  
Eversheds House  
70 Great Bridgewater Street  
Manchester M1 5ES

**AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the year ended 30 September 2014.

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The Company has also taken the small companies exemption from the requirement to prepare a Strategic Report.

## **PRINCIPAL ACTIVITIES**

The Company receives rental income from three residential buildings. The Directors intend to continue these activities in the forthcoming year.

## **BUSINESS REVIEW**

At 30 September 2014 land and buildings were valued at £425,000 (2013: £425,000).

## **RESULTS**

The results for the year ended 30 September 2014 are set out in the profit and loss account on page 8.

## **DIVIDENDS**

During the year, the Company declared and paid a dividend of £nil (2013: £nil).

## **DIRECTORS**

The following Directors served throughout the year:

Mr C Patel (appointed on 12 November 2014)  
Mr D Smith (appointed on 12 November 2014)  
Mr J M J M Jensen (resigned on 12 November 2014)  
Mr P H Thompson (resigned on 12 November 2014)

The current Directors of the Company are detailed on page 1.

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force to the date of this report.

## **GOING CONCERN**

As at 30 September 2014 the Company was a guarantor for a £1,172m term loan (the 'Senior Loan') entered into by LIBRA No 3 Limited, the Company's intermediate parent undertaking.

The Group had been in breach of the covenants since November 2008 due to the fall in property values and the Directors of the Company had been in restructuring negotiation with its lenders and had entered into a series of standstill agreements.

At 30 September 2014 the Group and Capita Asset Services (UK) Limited ('Capita'), the Servicer and the Special Servicer to the Senior Loan had decided to pursue a possible sale of all of the shares of NHP Holdco 1 Limited, the Company's intermediate parent undertaking (the *Disposal*).

The Disposal was successfully concluded on 12 November 2014 following an acquisition made by Formation Capital, a leading healthcare-focused private investment firm in the USA, and Safanad, a global investment firm, in partnership with Court Cavendish Healthcare Management Services Limited. Consequently, NHP Holdco 1 Limited and all its subsidiaries including HC-One and TTCC have been transferred to the new owner. See note 14 for further details.

The change in ownership removed the uncertainty and financial risk connected with the bank debts of LIBRA No 3 Limited and LIBRA No 2 Limited, the Company's ultimate parent undertaking. The new structure properly funds the Group, the Company and the operations of HC-One Limited and TTCC Limited (both are group undertakings) and its plan for future development.

**DIRECTORS' REPORT (Continued)**

**GOING CONCERN (Continued)**

The obligations of NHP Holdco 1 Limited and its subsidiary undertakings under the £1,172m term loans were fully discharged on 12 November 2014.

On 12 December 2014 LIBRA No 2 Limited and LIBRA No 3 Limited have been placed into liquidation.

The Group maintains sufficient cash resources to meet its day-to-day working capital requirements. The Company is in a net liability position and is reliant on support from its parent undertaking to meet its obligations.

After making enquiries and based on the Group's forecasts and projections, taking into account of reasonably 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.

**POST BALANCE SHEET EVENTS**

On 12 November 2014 Formation Capital, a leading healthcare-focused private investment firm in the USA, and Safanad, a global investment firm, in partnership with Court Cavendish Healthcare Management Services Limited, a related party of the Group, acquired 100% share capital of NHP Holdco 1 Limited from LIBRA No 3 Limited. The change in ownership removed the uncertainty and financial risk connected with the bank debts of LIBRA 3 and LIBRA No 2 Limited. The new structure properly funds the Group, the Company and the operations of HC-One and TTCC and its plan for future development.

The Group's new partnership is with two organisations who share HC-One and TTCC's passion for care. Since 1999, Formation Capital and its investors have invested over US\$5.5billion across care in the senior housing sector. Safanad Limited is a global investment firm that invests in property, private and public market.

The new partnership has been created with the view to consolidating HC-One's transformation and is planning to acquire further homes and diversify the care provided to include retirement villages, residential, nursing and home care. In doing so becoming an integrated health and social care provider working in collaboration with public sector commissioners delivering high quality and cost effective services.

As such, the acquisition represents the start of a new era for the Group's residents, staff and relatives. An investment programme will commence in 2015 to invest more than £100 million over five years to continue improving HC-One's homes and the services provided.

**AUDITOR**

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

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director 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.

Deloitte LLP have indicated their willingness to be re-appointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

**DIRECTORS' REPORT (Continued)**

Approved by the Board of Directors  
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'D. Smith', written in a cursive style.

D Smith  
Director  
Date: 29 April 2015  
Southgate House  
Archer Street  
Darlington  
County Durham DL3 6AH

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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). 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHP SECURITIES NO.3 LIMITED**

We have audited the financial statements of NHP Securities No.3 Limited for the year ended 30 September 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movement in Shareholders' Deficits 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 (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

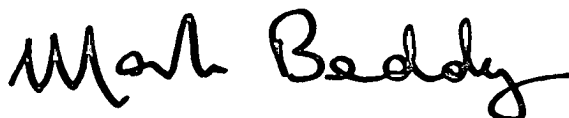


**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF NHP SECURITIES NO.3 LIMITED**

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Mark Beddy (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

Date: 29 April 2015

**PROFIT AND LOSS ACCOUNT**  
**Year ended 30 September 2014**

	Notes	2014 £	2013 £
Other administrative expenses	3	<u>(15,293,761)</u>	<u>(14,805,406)</u>
<b>OPERATING LOSS</b>		<b>(15,293,761)</b>	<b>(14,805,406)</b>
Net interest receivable and similar income	4	<u>1,680,953</u>	<u>1,801,759</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(13,612,808)</b>	<b>(13,003,647)</b>
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR</b>	12	<b><u>(13,612,808)</u></b>	<b><u>(13,003,647)</u></b>

Results are derived wholly from continuing operations.

**BALANCE SHEET**  
**at 30 September 2014**

	Notes	2014	2013
		£	£
<b>TANGIBLE FIXED ASSETS</b>			
Land and buildings	6	425,000	425,000
<b>INVESTMENTS</b>			
	7	-	-
<b>TOTAL FIXED ASSETS</b>		<u>425,000</u>	<u>425,000</u>
<b>CURRENT ASSETS</b>			
Debtors			
- due within one year	8	4,265	4,265
Cash at bank and in hand		100,734	107,458
		<u>104,999</u>	<u>111,723</u>
<b>CREDITORS: amounts falling due within one year</b>			
	10	<u>(269,010,918)</u>	<u>(255,411,277)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(268,905,919)</u>	<u>(255,299,554)</u>
<b>NET LIABILITIES</b>		<u>(268,408,919)</u>	<u>(254,874,554)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	2	2
Revaluation reserve	12	42,185	35,742
Profit and loss account	12	<u>(268,523,106)</u>	<u>(254,910,298)</u>
<b>SHAREHOLDERS' DEFICIT</b>		<u>(268,480,919)</u>	<u>(254,874,554)</u>

These financial statements were approved and authorised for issue by the Board of Directors on 29 April 2015. The Company Registration number is 3287957.

Signed on behalf of the Board of Directors



D Smith  
Director

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 30 September 2014**

	Note	2014 £	2013 £
Loss for the year		(13,612,808)	(13,003,647)
Net surplus on revaluation of property interests	12	<u>6,443</u>	<u>26,444</u>
Total recognised losses for the year		<u>(13,606,365)</u>	<u>(12,977,203)</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**  
**Year ended 30 September 2014**

	Note	2014 £	2013 £
Loss for the year		(13,612,808)	(13,003,647)
Net surplus on revaluation of property interests	12	<u>6,443</u>	<u>26,444</u>
Net decrease in shareholders' deficit		(13,606,365)	(12,977,203)
Shareholders' deficit at the beginning of the year		<u>(254,874,554)</u>	<u>(241,897,351)</u>
Shareholders' deficit at the end of the year		<u>(268,480,919)</u>	<u>(254,874,554)</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 September 2014**

**1. GOING CONCERN**

As at 30 September 2014 the Company was a guarantor for a £1,172m term loan (the 'Senior Loan') entered into by LIBRA No 3 Limited, the Company's intermediate parent undertaking.

The Group had been in breach of the covenants since November 2008 due to the fall in property values and the Directors of the Company had been in restructuring negotiation with its lenders and had entered into a series of standstill agreements.

At 30 September 2014 the Group and Capita Asset Services (UK) Limited ('Capita'), the Servicer and the Special Servicer to the Senior Loan had decided to pursue a possible sale of all of the shares of NHP Holdco 1 Limited, the Company's intermediate parent undertaking (the *Disposal*).

The Disposal was successfully concluded on 12 November 2014 following an acquisition made by Formation Capital, a leading healthcare-focused private investment firm in the USA, and Safanad, a global investment firm, in partnership with Court Cavendish Healthcare Management Services Limited. Consequently, NHP Holdco 1 Limited and all its subsidiaries including HC-One and TTCC have been transferred to the new owner. See note 14 for further details.

The change in ownership removed the uncertainty and financial risk connected with the bank debts of LIBRA No 3 Limited and LIBRA No 2 Limited, the Company's ultimate parent undertaking. The new structure properly funds the Group, the Company and the operations of HC-One Limited and TTCC Limited (both are group undertakings) and its plan for future development.

The obligations of NHP Holdco 1 Limited and its subsidiary undertakings under the £1,172m term loans were fully discharged on 12 November 2014.

On 12 December 2014 LIBRA No 2 Limited and LIBRA No 3 Limited have been placed into liquidation.

The Group maintains sufficient cash resources to meet its day-to-day working capital requirements. The Company is in a net liability position and is reliant on support from its parent undertaking to meet its obligations.

After making enquiries and based on the Group's forecasts and projections, taking into account of reasonably 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.

**2. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements are prepared under the historical cost convention, as modified by the revaluation of the other fixed assets. The particular accounting policies adopted are described below. The financial statements are prepared in accordance with applicable United Kingdom accounting standards (as issued by Accounting Council).

The accounting policies have been followed consistently during the current and previous year.

**Turnover**

Turnover represent amounts receivable on rental accommodation due in the normal course of business, net of Value Added Tax. 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.

**Other fixed assets – land and buildings**

The residential properties are held to provide accommodation to care employees of HC-One Limited, a care home operator.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2014**

**2. ACCOUNTING POLICIES (Continued)**

**Depreciation**

Land and buildings are depreciated in equal instalments over the estimated useful economic lives of each category of asset. The amount of depreciation, the calculation of which is based on the valuation less estimated residual value, is charged to the profit and loss account with an appropriate adjustment made to the revaluation reserve by the transfer of a sum from the revaluation reserve to the profit and loss account. The estimated useful economic lives are as follows:

Freehold land	no depreciation
Freehold buildings	50 years

**Investments**

Investments held as fixed assets are stated at cost less provision for impairment.

**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 which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognised in respect of gains and losses on revalued assets unless the company has entered into a binding agreement to sell the assets and the gains or losses have been recognised in the profit and loss account. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Interest**

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

**Cash flow statement**

As the Company is a wholly-owned subsidiary, it has taken exemption under the terms of Financial Reporting Standard 1 (revised 1996) 'Cash flow statements' from preparing cash flow statement, as it is included in the consolidated financial statements of NHP Holdco 1 Limited, which are publicly available.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2014**

**3. ADMINISTRATIVE EXPENSES**

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 NHP Management Limited, a group undertaking during the current and preceding year.

Administrative expenses include:

	2014 £	2013 £
Group management fees	68,356	70,312
Depreciation on land and building	6,443	6,444
Waiver of loans by group undertakings	-	(285,994)
Provision for doubtful debts – group undertakings*	15,127,730	14,981,969
Gain/ (Loss) on group loans restructuring	99,916	-
Fees payable to the Company's auditor for the audit of the annual accounts	9,600	9,600
Tax adviser fees payable to the Company's auditor	4,000	4,000
	<u>          </u>	<u>          </u>

\*Provision for doubtful debts totalled £15,127,730 was in respect of other amounts owed by group undertakings during the year (30 September 2013: £14,981,969).

**4. NET INTEREST RECEIVABLE AND SIMILAR INCOME**

	2014 £	2013 £
Interest payable to NHP Limited on subordinated loan notes	(13,298,801)	(13,292,318)
Finance costs	(374)	(21)
Interest receivable on bank deposits	231	98
Interest receivable on loan notes to group undertakings	14,979,897	15,094,000
	<u>          </u>	<u>          </u>
	1,680,953	1,801,759
	<u>          </u>	<u>          </u>

**5. TAX ON LOSS ON ORDINARY ACTIVITIES**

	2014 £	2013 £
Corporation tax credit:		
Current year	-	-
Prior year	-	-
	<u>          </u>	<u>          </u>
Total tax credit	-	-
	<u>          </u>	<u>          </u>
Loss before tax	(13,612,808)	(13,003,647)
	<u>          </u>	<u>          </u>
Tax on loss at standard rate of 22% (2013: 23.5%)	(2,994,818)	(3,055,857)
Factors affecting tax charge:		
Non-deductible provisions	3,328,100	3,453,554
Profit on disposal	21,982	-
Depreciation in excess of capital allowances	1,418	1,514
Group relief for nil consideration	(356,682)	(399,211)
	<u>          </u>	<u>          </u>
Current tax charge	-	-
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2014**

**5. TAX ON LOSS ON ORDINARY ACTIVITIES (Continued)**

The tax charge for the current year is higher than that resulting from applying the standard rate of corporation tax due to certain expenditure being disallowable for tax purposes.

**6. TANGIBLE FIXED ASSETS**

<b>Cost or Valuation</b>	<b>Land and buildings £</b>
At 1 October 2013	425,000
Surplus on revaluation of properties (see note 12)	-
	<hr/>
At 30 September 2014	425,000
	<hr/> <hr/>
<b>Depreciation</b>	
At 1 October 2013	-
Charge	(6,443)
Transfer to revaluation reserve (see note 12)	6,443
	<hr/>
At 30 September 2014	-
	<hr/> <hr/>
Net book value at 30 September 2014	425,000
	<hr/> <hr/>
Net book value at 30 September 2013	425,000
	<hr/> <hr/>

Land and buildings are stated at market value as at 30 September 2014 as valued by professionally qualified external valuers. The land and buildings were valued by Jones Lang LaSalle, Chartered Surveyors. The valuations have been prepared in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. In their valuation report, Jones Lang LaSalle have confirmed that the opinions and values stated therein represent their objective view as at 30 September 2014.

The Directors have reviewed Jones Lang LaSalle's valuation at 30 September 2014 and have considered that no permanent diminution is required on the land and buildings.

**7. INVESTMENTS**

	At 30 September 2013 £	Transferred from 'Debtors' – accrued interest £	Additions £	Repayments £	At 30 September 2014 £
Subordinated loan notes investment in					
LIBRA No 3 Limited	5,500,000	2,069,517	99,918	(7,669,435)	-
Care Homes No.2 (Cayman) Limited	2,092,456	-	2,635	-	2,095,091
Care Homes No.3 Limited	23,841,468	-	-	-	23,841,468
NHP Operations (York) Limited	180,883	-	-	(180,883)	-
Libra CareCo CH2 PropCo Limited	72,106,107	-	-	-	72,106,107
Libra CareCo CH3 PropCo Limited	47,707,425	-	-	-	47,707,425
Libra CareCo Limited**	330,414,624	-	-	-	330,414,624
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	481,842,965	2,069,517	102,553	(7,850,318)	476,164,715
Provision for impairment	(481,842,965)	(2,069,517)	78,330	7,669,435	(476,164,715)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	-	-	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2014**

**7. INVESTMENTS (Continued)**

At 4 June 2014 total loan notes of £7,669,435 invested in LIBRA No 3 Limited, an intermediate parent undertaking was sold to Liba CareCo Limited, a group undertaking at market value of £1. The loan notes had been fully provided for in previous years and charged to profit and loss account.

**Subordinated loan notes investment**

£2,095,091 (2013: £2,092,457) of the loan notes were owed from Care Homes No.2 (Cayman) Limited. The loan notes are repayable on 2 January 2026 and also bear interest at 8.91% per annum. The investment in the loan notes in Care Homes No. 2 (Cayman) Limited has been written down in full as its current liabilities exceeded its current assets by £225,421,288 as at 30 September 2014.

The loan notes of £23,841,468 (2013: £23,841,468) due by Care Homes No.3 Limited, which represent the consideration payable for the financing of overriding leases, have no fixed repayment dates and bear interest at 6.60% per annum. The investment in the loan notes in Care Homes No. 3 Limited has been written down in full as its current liabilities exceeded its current assets by £201,464,567 as at 30 September 2014.

The loan notes of £72,106,107 and £47,707,425 due by Libra CareCo CH2 PropCo Limited and Libra CareCo CH3 PropCo Limited respectively have no fixed repayment dates and bear interest at daily 12 month LIBOR plus 2%. The loan notes were issued to finance part consideration for the purchase of the interests in freehold and long leasehold residual properties. The investment in the loan notes in Libra CareCo CH2 PropCo Limited has been provided against in full as its current liabilities exceeded its current assets by £109,615,839 as at 30 September 2014; equally for the investment in the loan notes in Libra CareCo CH3 PropCo Limited, where its current liabilities exceeded its current assets by £82,297,605 as at 30 September 2014.

On 28 September 2013, a loan note of £330,414,624 for prior advances was made to Libra CareCo Limited, a group undertaking which enabled it to repay bank and inter-company debts. The interest rate charged was at LIBOR plus 2% per annum, repayable on demand. The investment in the loan notes in Libra CareCo Limited has been written down in full as its current liabilities exceeded its current assets by £653,039,667 as at 30 September 2014.

As at 30 September 2014 the Company and all its group undertakings remained as guarantors to a £1,172 million term loan facility agreement entered by LIBRA No 3 Limited, a group undertaking with CS Funding 1 Limited, a group undertaking of Credit Suisse on 15 January 2007 until 12 November 2014 when LIBRA No 3 Limited sold its 100% shareholdings in NHP Holdco 1 Limited. Please refer to note 14 for further details.

**8. DEBTORS**

	2014	2013
	£	£
Amounts falling due within one year:		
Other debtors	4,265	4,265
	<u>4,265</u>	<u>4,265</u>
	<u><u>4,265</u></u>	<u><u>4,265</u></u>

The amounts presented in the balance sheet are net of allowances for doubtful receivable.

A fully provided loan interest and other amounts due by group undertaking amounted to £2,069,517 at year ended 30 September 2013 were transferred to 'Investments' following accrued interest has been added to loan notes at 4 June 2014.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2014**

**9. PROVISIONS FOR LIABILITIES**

	Provided		Unprovided	
	2014	2013	2014	2013
	£	£	£	£
<b>Deferred taxation</b>				
Accelerated capital allowances	-	-	-	-
Revaluation of investment properties	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

No deferred tax asset has been recognised on the potential capital loss arising in relation to the revalued freeholds.

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014	2013
	£	£
Loan notes due to NHP Limited	163,385,814	163,084,558
Amounts owed to group undertakings	17,035,925	17,028,862
Interest on loan notes payable to NHP Limited, a group undertaking	88,586,178	75,293,857
Accruals and deferred income	3,000	4,000
	<u>269,010,917</u>	<u>255,411,277</u>

**Loan notes**

Since 1997 NHP Limited has transferred proceeds from equity issues in consideration of loan notes to enable the Company to finance asset acquisitions. The loan notes of £140,289,814 have no fixed repayment dates and bear interest at 8.5% per annum (2013: 8.5%). In 2002, following a Rights Issue by NHP Limited, the Company issued a further £32,254,764 of subordinated loan notes, bearing interest at 6.0% per annum, in consideration of a further transfer of funds. These loan notes have no fixed repayment date. An amount of £9,460,020 was repaid in the previous year.

**Amounts owed to group undertakings**

Amounts owed to group undertakings have no repayment date and are due on demand bearing no interest.

**11. CALLED UP SHARE CAPITAL**

	2014	2013
	£	£
<b>Called up, allotted and fully paid:</b>		
2 ordinary shares at £1 each	<u>2</u>	<u>2</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 September 2014**

**12. RESERVES**

	<b>Revaluation reserve £</b>	<b>Profit and loss account £</b>
At 1 October 2013	35,742	(254,910,298)
Net surplus on revaluation of land and building	6,443	-
Loss for the year	-	(13,612,808)
At 30 September 2014	<u>42,185</u>	<u>(268,523,106)</u>

**13. CONTINGENT LIABILITIES AND GUARANTEES**

On 12 November 2014 the Company and its group undertakings became guarantors to a facility agreement entered into by FC Skyfall Bidco Limited, the Company's new 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 29 April 2015 the outstanding loan amount is £295.8m.

**14. POST BALANCE SHEET EVENTS**

(a) On 12 November 2014 Formation Capital, a leading healthcare-focused private investment firm in the USA, and Safanad, a global investment firm, in partnership with Court Cavendish Healthcare Management Services Limited, a related party of the Group, acquired 100% share capital of NHP Holdco 1 Limited from LIBRA No 3 Limited. The change in ownership removed the uncertainty and financial risk connected with the bank debts of LIBRA 3 Limited and LIBRA No 2 Limited. The new structure properly funds the Group, the Company and the operations of HC-One and TTCC and its plan for future development.

The Group's new partnership is with two organisations who share HC-One and TTCC's passion for care. Since 1999, Formation Capital and its investors have invested over US\$5.5billion across care in the senior housing sector. Safanad Limited is a global investment firm that invests in property, private and public market.

The new partnership has been created with the view to consolidating HC-One's transformation and is planning to acquire further homes and diversify the care provided to include retirement villages, residential, nursing and home care. In doing so becoming an integrated health and social care provider working in collaboration with public sector commissioners delivering high quality and cost effective services.

As such, the acquisition represents the start of a new era for the Group's residents, staff and relatives. An investment programme will commence in 2015 to invest more than £100 million over five years to continue improving HC-One's homes and the services provided.

(b) On 12 November 2014 following the change of ownership, the obligations of the Company and its group undertakings under the £1,172m term loans were fully discharged.

(c) On 12 December 2014 LIBRA No 2 Limited and LIBRA No 3 Limited have been placed into liquidation.

(d) On 12 November 2014 the Company and all its group undertakings were acceded as guarantors to a facility agreement entered into by FC Skyfall Bidco Limited. The facility is secured by a fixed and floating charge over the group assets and unlimited guarantee from its group undertakings. As at 29 April 2015 the outstanding loan amount is £295.8m.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 September 2014**

**15. RELATED PARTY TRANSACTIONS**

In accordance with Financial Reporting Standard No. 8 "Related Party Disclosures", transactions with other undertakings within the NHP Holdco 1 Limited group have not been disclosed in these financial statements.

**16. ULTIMATE PARENT UNDERTAKINGS**

The immediate parent undertaking is NHP Limited, a company incorporated in the United Kingdom and registered in England and Wales.

On 12 November 2014 Formation Capital, a leading healthcare-focused private investment firm in the USA, and Safanad, a global investment firm, in partnership with Court Cavendish Healthcare Management Services Limited, a related party of the Group, acquired 100% share capital of NHP Holdco 1 Limited, the Company's intermediate parent undertaking from LIBRA No 3 Limited, also the Company's intermediate parent undertaking.

Following the change to new ownership on 12 November 2014 FC Skyfall Bidco Limited, a company incorporated in the United Kingdom and registered in England and Wales, becomes the Company's intermediate parent undertaking. As disclosed in note 14, LIBRA No 2 Limited and LIBRA No 3 Limited have been placed into liquidation on 12 December 2014 hence NHP Holdco 1 Limited is both the smallest and largest group including the Company for which consolidated accounts are prepared.

Copies of the NHP Holdco 1 Limited group consolidated financial statements to 30 September 2014, which include the results of the Company, are available from the Companies House at Crown Way, Cardiff, Wales CF14 3UZ.