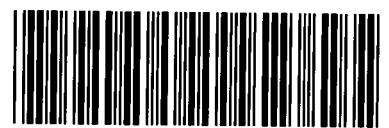


NHP SECURITIES NO.3 LIMITED
Annual Report and Financial Statements
For the year ended 30 September 2016

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**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
SEPTEMBER 2016**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
SEPTEMBER 2016**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Dr C Patel
Mr D Smith

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

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

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

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle Upon Tyne
United Kingdom

DIRECTORS' REPORT

The Directors present their annual report on the affairs of NHP Securities No. 3 Limited ("the Company"), together with the financial statements and auditor's report for the year ended 30 September 2016.

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 2016, the net book value of land and building was £150,000 (2015: £150,000 - restated).

RESULTS

The results for the year ended 30 September 2016 are set out in the profit and loss account on page 7.

DIVIDENDS

During the year, the Company declared and paid a dividend of £nil (2015: £nil).

DIRECTORS

The following Directors served throughout the year:

Dr C Patel
Mr D Smith

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

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 2018. Net debt levels, servicing costs and covenant requirements are closely monitored and managed in accordance to 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 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.

SUBSEQUENT EVENTS

No other significant events are noted after the year ended 30 September 2016. See note 13 to the financial statements.

DIRECTORS' REPORT (Continued)

AUDITOR

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

- so far as 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.

APPROVAL OF REDUCED DISCLOSURES

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objection has been received.

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved by the Board and signed on its behalf by:



Mr D Smith
Director
Date: 24 January 2017
Southgate House
Archer Street
Darlington
County Durham DL3 6AH

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 judgments 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 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 2016 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report or from the requirement to prepare a Strategic Report.



David Johnson (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle Upon Tyne, United Kingdom
Date: 25 January 2017

NHP SECURITIES NO.3 LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2016

	Notes	2016 £	2015 (Restated) £
Administrative (expenses)/ income		(16,375)	628,122,671
OPERATING (LOSS)/ PROFIT		(16,375)	628,122,671
Loss on disposal of property		-	(59,335)
Gain arising on revaluation of investment property	6	-	15,000
Net interest receivable and similar income	3	1,914,566	2,156,202
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,898,191	630,234,538
Tax on profit on ordinary activities	5	-	-
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		1,898,191	630,234,538
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		1,898,191	630,234,538

Results are derived wholly from continuing operations.

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

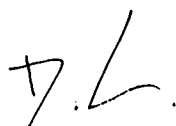
NHP SECURITIES NO.3 LIMITED

BALANCE SHEET
As at 30 September 2016

	Notes	2016 £	Restated 2015 £
TANGIBLE FIXED ASSETS			
Investment property	6	150,000	150,000
Investments	7	476,400,436	476,166,468
TOTAL FIXED ASSETS		<u>476,550,436</u>	<u>476,316,468</u>
CURRENT ASSETS			
Debtors			
- due within one year	8	182,243,378	167,376,553
Cash at bank and in hand		160,659	62,821
		<u>182,404,037</u>	<u>167,439,374</u>
CREDITORS: amounts falling due within one year	9	<u>(132,218,105)</u>	<u>(118,917,665)</u>
NET CURRENT ASSETS		50,185,932	48,521,709
CREDITORS: amounts falling due after more than one year	10	(163,084,558)	(163,084,558)
NET ASSETS		<u>363,651,810</u>	<u>361,753,619</u>
CAPITAL AND RESERVES			
Called-up share capital	11	2	2
Profit and loss account	11	363,651,808	361,753,617
SHAREHOLDERS' FUNDS		<u>363,651,810</u>	<u>361,753,619</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements of NHP Securities No. 3 Limited (registered number 03287957) were approved by the Board of Directors and authorised for issue on 24 January 2017. They were signed on its behalf by:



Mr D Smith
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2016

	Called-up share capital	Profit and loss account	Total
	£	£	£
At 1 October 2014	2	(268,480,921)	(268,480,919)
Profit for the financial year (restated)	-	630,234,538	630,234,538
At 30 September 2015	2	361,753,617	361,753,619
Profit for the financial year	-	1,898,191	1,898,191
At 30 September 2016	2	363,651,808	363,651,810

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2016

1. ACCOUNTING POLICIES

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

General information and basis of accounting

NHP Securities No. 3 Limited is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 2.

The average monthly number of employees (excluding executive Directors) was nil (2015: nil).

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) as issued by Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information, see note 16.

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 a cash flow statement and the disclosure of intercompany transactions with other group undertakings within the FC Skyfall Upper Midco Limited 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 financial statements.

Management have prepared detailed forecasts for the Group for the period to 30 September 2018. Net debt levels, servicing costs and covenant requirements are closely monitored and managed in accordance to 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 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.

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.

Tangible fixed assets

Investment property

Investment property for which fair value can be measured reliably without undue costs or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2016

1. ACCOUNTING POLICIES (Continued)

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 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.

Interest

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

Financial instrument

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 statement of financial position 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2016

1. ACCOUNTING POLICIES (Continued)

Financial instrument (Continued)

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 expired.

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.

2. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. There are no critical accounting judgments in the preparation of the financial statements.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty applied in the preparation of financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2016

3. NET INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Interest payable to NHP Limited on subordinated loan notes	(13,301,473)	(13,326,993)
Finance costs	(33)	(123)
Interest receivable on bank deposits	36	117
Interest receivable on loan notes to group undertakings	15,216,036	15,483,201
	<u>1,914,566</u>	<u>2,156,202</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging and crediting:

	2016	2015
	£	(Restated) £
Group management fees	(4,919)	(67,550)
Write back of provision for doubtful debts – group undertakings*	-	628,203,819
Fees payable to the Company's Auditor for the audit of the annual financial statements	(8,400)	(9,600)
Tax adviser fees payable to the Company's Auditor	(4,000)	(4,000)
	<u>(17,319)</u>	<u>546,548</u>

*Write back of provision for doubtful debts include total of £nil (2015: £476,165,715) for the investment in loan notes and £nil (2015: £152,038,104) for other amounts owed by group undertakings.

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 preceding year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2016

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016	2015
	£	(Restated) £
Current taxation:		
Corporation tax charge	-	-
	<hr/>	<hr/>
Total tax (charge) / credit	-	-
Reconciliation of current year charge:		
Profit before tax	1,898,191	630,234,538
	<hr/>	<hr/>
Tax on profit at standard rate of 20.0% (2015: 20.5%)	379,638	129,198,080
Factors affecting tax charge:		
Non-deductible provisions		12,164
Profit on disposal	-	
Income not taxable for tax purposes		(128,781,783)
Effect of group relief	(379,638)	(425,386)
Non-taxable revaluation gain	-	(3,075)
	<hr/>	<hr/>
Total tax charge for the year	<u>-</u>	<u>-</u>

The standard rate of tax applied to reported profit on ordinary activities is 20.0% (2015: 20.5%).

Finance Act No.2 2015 included provisions to reduce the corporate tax to 19% with effect from 1 April 2017 and 18% 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% to 17% from 1 April 2020. Accordingly these rates have been applied when calculating deferred tax assets and liabilities as at 30 September 2016.

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

6. INVESTMENT PROPERTY

	£
Cost	
At 1 October 2014	425,000
Disposal	(290,000)
Surplus on revaluation	15,000
	<hr/>
At 30 September 2015 (Restated)	150,000
Surplus on revaluation	-
	<hr/>
At 30 September 2016	<u>150,000</u>

The investment property which comprises of a freehold residential property was valued by the Directors at fair value at 30 September 2015 and 30 September 2016 using recent transaction indicative valuation in the location of the investment property being valued.

The investment property was used by the care home staff working for HC-One Limited, a group undertaking.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2016

7. INVESTMENTS

	Subordinated loan notes investment in group undertaking £
Cost and net book value	
At 1 October 2015	476,166,468
Additions	<u>233,968</u>
At 30 September 2016	<u><u>476,400,436</u></u>

Subordinated loan notes investment

At 30 September 2016 £2,100,147 (2015: £2,096,844) 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.

At 30 September 2016 the loan notes of £23,841,468 (2015: £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.

At 30 September 2016 the loan notes of £72,106,107 (2015: £72,106,107) and £47,707,425 (2015: £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.

At 30 September 2016, a loan note of £330,414,624 (2015: £330,414,624) was owed by Libra CareCo Limited, a group undertaking. The interest rate charged was at LIBOR plus 2% per annum, repayable on demand.

During the year to 30 September 2015, the Company sold one of its properties. The proceeds of the sale were loaned to FC Skyfall Bidco Limited. At 30 September 2016 loan notes of £230,665 (2015: £nil) were owed from FC Skyfall Bidco Limited, an intermediate parent undertaking. The loan repayment date is on 11 November 2019 and the loan notes bear a fixed interest rate of 9% per annum.

8. DEBTORS

	2016 £	2015 £
Amounts falling due within one year:		
Amounts owed by group undertakings	182,203,853	167,372,287
Other debtors	<u>4,266</u>	<u>4,266</u>
	<u><u>182,243,378</u></u>	<u><u>167,376,553</u></u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Amounts owed to group undertakings	132,214,105	118,913,665
Accruals and deferred income	<u>4,000</u>	<u>4,000</u>
	<u><u>132,218,105</u></u>	<u><u>118,917,665</u></u>

Amounts owed to group undertakings

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2016

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

	2016	2015
	£	£
Loan notes due to group undertaking	163,084,558	163,084,558
	<u>163,084,558</u>	<u>163,084,558</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 (2015: 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 January 2008.

11. CALLED-UP SHARE CAPITAL AND RESERVES

	2016	2015
	£	£
Called-up, allotted and fully paid:		
2 ordinary shares at £1 each	<u>2</u>	<u>2</u>

The profit and loss account represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties and net of other adjustments.

12. CONTINGENT LIABILITIES AND GUARANTEES

The Company and its group undertakings are guarantors to a facility agreement entered into by FC Skyfall Lower Midco Limited and FC Skyfall Bidco Limited, the Company's intermediate parent undertakings and FC Skyfall TA Limited, the Company's related group undertaking. The facility is secured by a fixed and floating charge over the group assets and unlimited guarantee from its group undertakings. As at 24 January 2017 the outstanding loan amount is £281.5m.

13. SUBSEQUENT EVENTS

No other significant events are noted after the year ended 30 September 2016.

14. RELATED PARTY TRANSACTIONS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2016

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is NHP Limited, a company incorporated in the United Kingdom and registered in England and Wales. The Directors regard FC Skyfall LP, a limited partnership incorporated and registered in the Cayman Islands, as the ultimate parent undertaking. There is no controlling party beyond FC Skyfall LP.

The largest group 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.

Copies of FC Skyfall Upper Midco Limited consolidated financial statements for the year ended 30 September 2016 are available from Companies House at Crown Way, Cardiff, Wales CF14 3UZ.

16. TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements for the year ended 30 September 2015 were prepared under previous UK GAAP hence the transition date to FRS 102 was 1 October 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard. Freehold land and building has been reclassified from operating property to investment property, hence a write back of depreciation.

Reconciliation of equity

	At 30 September 2015 £
Equity reported under previous UK GAAP	<u>361,735,894</u>
Write back of depreciation	6,445
Write back of depreciation on disposal of land and building	(3,720)
Revaluation gain on investment property	15,000
Equity reported under FRS 102	<u><u>361,753,619</u></u>

Notes to the reconciliation of equity at 30 September 2015

On the adoption of FRS 102, land and building was reclassified as investment property and was measured at fair value at 30 September 2015. No depreciation is charged on investment property hence a write back of depreciation charge of £6,445. A freehold land and building was sold during the year ended 30 September 2015. The gain on disposal which was calculated net of depreciation charge of £3,720 was written back following the adoption of FRS 102.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2016

16. TRANSITION TO FRS 102 (Continued)

Reconciliation of profit for the year ended 30 September 2015

	At 30 September 2015 £
Profit for the financial year under previous UK GAAP	<u>630,216,813</u>
Write back of depreciation	6,445
Write back of depreciation on disposal of land and building	(3,720)
Revaluation gain on investment property	15,000
Profit for the financial year under FRS 102	<u><u>630,234,538</u></u>

Notes to the reconciliation of profit or loss account for the year ended 30 September 2015

Please refer to note to the reconciliation of equity at 30 September 2015 above for further details.