

NHP SECURITIES NO.2 LIMITED

Report and Financial Statements

30 September 2015



REPORT AND FINANCIAL STATEMENTS 2015

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REPORT AND FINANCIAL STATEMENTS 2015

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
P.O. Box 112
Horsham
West Sussex RH12 1YQ

SOLICITORS

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

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

AUDITOR

Deloitte LLP
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 2015.

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 ACTIVITY

The principal activity of the Company is the holding of freehold and long leasehold interests in predominantly modern, purpose-built care homes, the overriding leasehold interests of which have been sold to Care Homes No.1 Limited, a group undertaking. The Directors intend to continue this activity in the forthcoming year.

BUSINESS REVIEW

During the year, the Company sold all five investment properties formerly leased to third party care home operators and three properties operated by HC-One Limited, the Company's group undertaking, realising a net loss of £1.5m.

At 30 September 2015 the carrying value of the Company's nine operating properties and a land site was £15.3m (2014: 23 operating properties and 11 investment properties at £32.2m).

RESULTS

The results for the year to 30 September 2015 are set out in the profit and loss account on page 7.

DIVIDENDS

No dividends in respect of the year are proposed (2014 - £nil).

DIRECTORS

The following Directors served throughout the year:

Dr 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.

PROPERTY VALUATIONS

The Company has not commissioned a third party valuation of the Company's property portfolio at this financial year-end. In past years, the Company and its group undertakings (the "Group") had obligations to provide up to date third party valuations to satisfy the requirements of its lenders who were keen to see if the likely sale value of the properties would enable the loan to be repaid.

On 12 November 2014 the loan was extinguished on the sale of NHP Holdco 1 Limited, the Company's intermediate parent undertaking. Under the new structure, the shareholders placed more emphasis on the trading performance of the Group's business rather than property values. Furthermore, the Directors have considered the costs of obtaining a third party valuation on an on-going basis and decided the costs outweigh the benefits or usefulness of such a valuation as the key users of the accounts are not now focused on property values.

The Directors have carried out an impairment review of the Company's property values taking into consideration current and expected operating performances. Any impairment arising from the review has been charged to the profit and loss account.

DIRECTORS' 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 financial statements.

Management have prepared a detailed forecasts for the Group for the period to 30 September 2017. 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 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.

AUDITOR

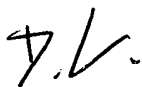
Each of the persons who is a director at the date of approval of this report confirms that:

- 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.

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



D Smith
Director
Date: 24 March 2016
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.2 LIMITED

We have audited the financial statements of NHP Securities No.2 Limited for the year ended 30 September 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movement in Shareholders' Funds, the Note of Historical Cost Profits and Losses and the related notes 1 to 17. 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 2015 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

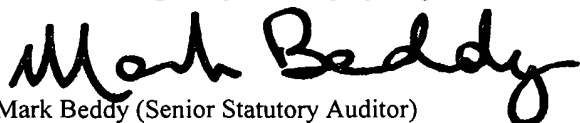
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NHP SECURITIES NO.2 LIMITED (Continued)**

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: 24 March 2016

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2015

	Notes	2015 £	Restated 2014 £
TURNOVER AND GROSS PROFIT	2	<u>2,558,257</u>	<u>3,441,929</u>
Reversal of past impairment in value of fixed assets		-	1,327,728
Impairment of fixed assets		(260,769)	-
Administrative income/ (expenses)	3	<u>39,179,603</u>	<u>(5,147,245)</u>
		<u>38,918,834</u>	<u>(3,819,517)</u>
OPERATING PROFIT/ (LOSS)		41,477,091	(377,588)
Loss on disposal of properties		(1,532,830)	-
Net interest receivable and similar income	4	<u>691,503</u>	<u>561,030</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		40,635,764	183,442
Tax on profit on ordinary activities	5	<u>-</u>	<u>1,159,035</u>
Profit on ordinary activities after taxation and profit for the financial year	12	<u><u>40,635,764</u></u>	<u><u>1,342,477</u></u>

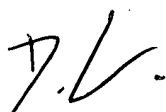
Results are derived wholly from continuing operations.

BALANCE SHEET
30 September 2015

	Notes	2015 £	Restated 2014 £
FIXED ASSETS			
Tangible fixed assets	6	15,292,855	32,160,000
Investment	7	35,810,055	-
CURRENT ASSETS			
Debtors	8	22,249,504	-
CREDITORS: amounts falling due within one year	9	(9,167,984)	(8,611,334)
NET CURRENT ASSETS/ (LIABILITIES)		13,081,520	(8,611,334)
TOTAL ASSETS LESS CURRENT LIABILITIES		64,184,430	23,548,666
PROVISIONS FOR LIABILITIES	10	-	-
NET ASSETS		64,184,430	23,548,666
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Capital contribution reserve	12, 13	30,809,580	30,809,580
Revaluation reserve	12, 13	-	-
Profit and loss account	12, 13	33,374,848	(7,260,916)
SHAREHOLDERS' FUNDS		64,184,430	23,548,666

These financial statements were approved and authorised for issue by the Board of Directors on 24 March 2016. The Company Registration number is 3287983.

Signed on behalf of the Board of Directors



D Smith
Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 September 2015

	2015 £	Restated 2014 £
Profit for the year	40,635,764	1,342,477
Net surplus on revaluation of tangible fixed assets	-	-
	<u>40,635,764</u>	<u>1,342,477</u>
Total recognised gains for the year	<u>40,635,764</u>	<u>1,342,477</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
Year ended 30 September 2015

	2015 £	Restated 2014 £
Profit for the year	40,635,764	1,342,477
Net surplus on revaluation of tangible fixed assets	-	-
	<u>40,635,764</u>	<u>1,342,477</u>
Net increase in shareholders' funds	40,635,764	1,342,477
Shareholders' funds at the beginning of the year	23,548,666	22,206,189
Shareholders' funds at the end of the year	<u>64,184,430</u>	<u>23,548,666</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 30 September 2015

	2015 £	2014 Restated £
Profit on ordinary activities before taxation	40,635,764	183,442
Realisation of property revaluation losses of previous years	-	885,111
	<u>40,635,764</u>	<u>1,068,553</u>
Historical cost profit on ordinary activities before taxation	<u>40,635,764</u>	<u>1,068,553</u>
Historical cost profit retained for the year	<u>40,635,764</u>	<u>1,342,477</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with all applicable United Kingdom accounting standards (as issued by Financial Reporting Council); except that, as explained below, investment properties are not depreciated.

The particular accounting policies adopted are described below and they have been applied consistently during the year and the preceding year, except for tangible fixed assets (see below).

Change in accounting policy for fixed assets

During the year the structure and ownership of the Company changed and this has led to a change in property strategy. The previous shareholders were focused on realisation of value through the sale of the properties and therefore the Directors had adopted a policy of holding all property at valuation. The Group's new shareholders are more focused on the trading performance of the business rather than the realisation of value through the sale of properties. In line with this approach, the Directors have changed the accounting policy for properties from valuation to cost, and prior year comparatives have been restated on this basis. The effect of this change is set out in note 13.

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 a detailed forecasts for the Group for the period to 30 September 2017. 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 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 represents amounts receivable on overriding lease rents during the year, excluding Value Added Tax. The Company recognises the amount of turnover in accordance with the Overriding Lease Agreement. 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

Tangible fixed assets are stated at valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life. Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2015

1. ACCOUNTING POLICIES (Continued)

Investment properties

The cost of investment properties is purchase cost, together with any incidental costs of acquisition and subsequent capital additions at cost.

Investment properties represent freehold properties held for long term retention. In accordance with SSAP No.19 'Accounting for Investment Properties', these investment properties were externally valued by Jones Lang LaSalle, the qualified external valuers on an individual property basis at Market Value at 30 September 2014. The investment properties were disposed of in full during the year ended 30 September 2015.

Depreciation

Investment properties

In accordance with SSAP 19, no depreciation is provided in respect of investment properties. Under the terms of the lease, freehold property is required to be maintained to a high standard by its tenant.

The fact that no depreciation is provided in respect of the investment properties is a departure from the statutory accounting rules, which requires all fixed assets to be depreciated over their effective useful lives. However, such property is not held for consumption, but for investment, and the Directors consider that systematic depreciation would be inappropriate and would not give a true and fair view. The accounting policy adopted and departure from the Companies Act 2006 is therefore necessary for the accounts to give a true and fair view. Depreciation is one of the factors reflected in the annual revaluation and amounts which might otherwise have been charged cannot be separately identified or quantified.

Operating properties

Operating properties comprise of land and building used in Company's principal activity, the management and running of care homes principally for the elderly. Land and buildings are depreciated in equal instalments over the estimated economic useful lives of each category of asset using the last external valuation at 30 September 2014. The estimated useful economic life of the land is indefinite and hence no depreciation is charged. The estimated useful economic lives of the buildings are as follows:

Freehold buildings	30 years
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The useful economic lives of the freehold and leasehold buildings of the Company, which are operated by HC-One and TTCC, the operating businesses, have been estimated as 30 years from the date these properties have become owner occupied.

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.

Investment

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2015

1. ACCOUNTING POLICIES (Continued)

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 a cash flow statement, as it is included in the consolidated financial statements of FC Skyfall Upper Midco Limited, which are publicly available.

2. TURNOVER AND GROSS PROFIT

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

	2015 £	2014 £
Overriding lease rents received from group undertaking	2,558,257	3,441,929

3. ADMINISTRATIVE INCOME/ (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 HC-One Limited, a group undertaking during the current year and by NHP Management Limited, also a group undertaking in the preceding year.

Administrative income/ (expenses) include:

	2015 £	2014 £
Group management fees	(181,696)	(163,419)
Write back/ (off) of provision for doubtful debts – group undertakings*	39,974,693	(4,360,502)
Depreciation on operating properties	(597,395)	(607,728)
Fees payable to the Company's auditor for the audit of the Company's annual accounts	(12,000)	(12,000)
Tax adviser fees payable to the Company's auditors	(4,000)	(5,000)

*Write back of provision for doubtful debts include £33,251,798 for the investment in subordinated loan notes and £6,722,895 for other amounts owed by group undertakings (Charge to provision for doubtful debts at 30 September 2014: £3,441,929 and £918,573 respectively).

4. NET INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £	2014 £
Loan notes interest receivable from group undertaking	1,048,639	918,167
Interest payable to NHP Limited in respect of loan notes	(357,136)	(357,137)
	691,503	561,030

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2015

5. TAX ON PROFIT ORDINARY ACTIVITIES

	2015 £	2014 £
Current taxation:		
Corporation tax charge	-	-
Current tax charge	-	-
Deferred taxation:		
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods	-	1,159,035
Total deferred taxation	-	1,159,035
Total tax/credit	-	1,159,035
 Reconciliation of current year charge:		
Profit before tax	40,635,764	183,442
Tax on profit at standard rate of 20.5% (2014: 22%)	8,330,332	40,357
Factors affecting tax charge:		
Non-deductible provisions	363,351	982,792
Income not taxable for tax purposes	(8,194,264)	(315,582)
Capital allowances for period in excess of depreciation	630,495	-
Depreciation in excess of capital allowances	-	133,701
Benefit of s.198 elections	(503,726)	-
Group relief for nil consideration	(626,188)	(841,268)
Current tax charge	-	-

The total tax charge for the current year is lower than that resulting from applying the standard rate of corporation tax due to certain income not being taxable.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2015

6. TANGIBLE FIXED ASSETS

At cost or valuation	Freehold investment properties £	Long leasehold investment properties £	Freehold operating properties £	Total £
At 1 October 2014	5,010,000	4,540,000	22,610,000	32,160,000
Provision for permanent diminution in value			(260,769)	(260,769)
Disposals	(5,010,000)	(4,540,000)	(6,590,000)	(16,140,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2015	-	-	15,759,231	15,759,231
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 October 2014	-	-	-	-
Depreciation charge	-	-	(597,395)	(597,395)
Disposals	-	-	131,019	131,019
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2015	-	-	(466,376)	(466,376)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:				
At 30 September 2015	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	-	-	15,292,855	15,292,855
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2014	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	5,010,000	4,540,000	22,610,000	32,160,000

Details of the valuation of investment properties is provided in note 1.

The Company has not commissioned a third party valuation of the Company's property portfolio at this financial year-end. In past years, the Company and its group undertakings (the "Group") had obligations to provide up to date third party valuations to satisfy the requirements of its lenders who were keen to see if the likely sale value of the properties would enable the loan to be repaid.

On 12 November 2014 the loan was extinguished on the sale of NHP Holdco 1 Limited, the Company's intermediate parent undertaking. Under the new structure, the shareholders placed more emphasis on the trading performance of the Group's business rather than property values. Furthermore, the Directors have considered the costs of obtaining a third party valuation on an on-going basis and decided the costs outweigh the benefits or usefulness of such a valuation as the key users of the accounts are not now focused on property values.

The Directors have carried out an impairment review of the Company's property values taking into consideration current and expected operating performances. Any impairment arising from the review has been charged to the profit and loss account. During the year, the Directors have considered that an impairment of £260,769 is required on the properties.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2015

7. INVESTMENT

	Subordinated loan notes investment in group undertaking £
Cost	
At 1 October 2014	33,251,798
Additions	2,558,257
	<u>35,810,055</u>
At 30 September 2015	
Provision	
At 1 October 2014	(33,251,798)
Write back of provision for impairment	33,251,798
	<u>-</u>
At 30 September 2015	
Net book value:	
At 30 September 2015	<u><u>35,810,055</u></u>
At 30 September 2014	<u><u>-</u></u>

At 30 September 2015, a loan note of £35,810,055 (2014: £33,251,798) was invested in Care Homes No. 1 Limited, a group undertaking. The loan note has no fixed repayment date and bear interest of LIBOR plus 2% per annum.

8. DEBTORS

	2015 £	2014 £
Amount due within one year:		
Other amounts due from group undertakings*	22,249,504	-
	<u>22,249,504</u>	<u>-</u>

*This amount includes a write back of provision for doubtful debts of £6,722,895.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Other creditors	4,000	4,000
Loan notes due to NHP Limited*	4,201,615	4,201,615
Loan note interest payable to group undertaking	3,937,667	3,580,531
Amounts owed to group undertakings	1,024,702	825,188
	<u>9,167,984</u>	<u>8,611,334</u>

*The loan note, which represents the consideration payable for assets transferred from group undertakings, has no final repayment dates and carries loan interest at 8.5% (2014 – 8.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2015

10. PROVISIONS FOR LIABILITIES

	Provided		Unprovided	
	2015	2014	2015	2014
	£	£	£	£
Deferred taxation				
Accelerated capital allowances	-	-	(526,861)	(1,142,019)
	-	-	(526,861)	(1,142,019)

No deferred tax liability has been recognised on timing differences relating to accelerated capital allowances.

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

The Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the main rate of UK corporation tax to 21% effective from 1 April 2014 and 20% with effect from 1 April 2015. Accordingly 20% has been applied when calculating un-recognised deferred tax assets and liabilities as at 30 September 2015.

Finance Act No2 2015, which was substantively enacted on 26 October 2015, includes further provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. As the enabling legislation had not been substantively enacted as at the balance sheet date these rates do not apply to the deferred tax position at 30 September 2015.

11. CALLED UP SHARE CAPITAL

	2015	2014
	£	£
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	2	2

12. RESERVES (Restated)

	Capital contribution reserve*	Revaluation reserve	Profit and loss account
	£	£	£
At 1 October 2014	30,809,580	-	(7,260,916)
Profit for the year	-	-	40,635,764
At 30 September 2015	30,809,580	-	33,374,848

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2015

13. RESTATEMENT

As noted in note 1, during the year, the Company has changed the accounting policy for properties from valuation to cost; hence the comparatives have been restated on this basis.

The restatement had the impact of changing the originally recorded loss for the financial year of £91,987 to a profit of £1,342,477, an increase of £1,434,464. The reversal of past impairments of £1,434,464 had previously been recognised directly to reserves and was recorded within the Statement of Total Recognised Gains and Losses.

The change did not impact on net assets. The impact on reserves is shown below:

	Capital contribution reserve* £	Revaluation reserve £	Profit and loss account £
At 30 September 2014	30,809,580	(5,651,548)	(1,609,368)
Realisation of property revaluation losses of previous years	-	5,651,548	(5,651,548)
Restated at 30 September 2014	<u>30,809,580</u>	<u>-</u>	<u>(7,260,916)</u>

14. 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. The facility is secured by a fixed and floating charge over the group assets and unlimited guarantee from its group undertakings. As at 17 March 2016 the outstanding loan amount is £278.2m.

15. POST BALANCE SHEET EVENT

No post balance sheet event is noted.

16. RELATED PARTY TRANSACTIONS

(a) In accordance with Financial Reporting Standard No. 8 "Related Party Disclosures", transactions with other undertakings within the FC Skyfall Upper Midco Limited group have not been disclosed in these financial statements.

(b) During the year, FC Skyfall TopCo Limited, the Company's intermediate parent undertaking, made a payment on behalf of the Company for an amount of £1,819. This amount remained outstanding at 30 September 2015 and is reported in note 9 "Creditors: amounts falling due within one year".

17. ULTIMATE PARENT UNDERTAKINGS

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

The ultimate parent undertaking is FC Skyfall LP, a limited partnership incorporated and registered in the Cayman Islands. FC Skyfall Upper Midco Limited is both the smallest and largest group the consolidated financial statements are drawn up.

Copies of FC Skyfall Upper Midco Limited financial statements to 30 September 2015 are available from the Companies House at Crown Way, Cardiff, Wales CF14 3UZ.