

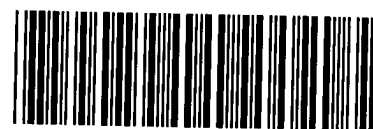
**Company Registration No. 04611037**

**NHP OPERATIONS (YORK) LIMITED**

**Report and Financial Statements**

**30 September 2014**

**SATURDAY**



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**COMPANIES HOUSE**

# **NHP OPERATIONS (YORK) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2014**

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**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  
P.O. 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 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 ACTIVITY**

The principal activity of the group is specialising in the purchase and leaseback of modern purpose-built care homes to care home operators.

The continuing principal activity of the Company is the receipt of monthly operating rental income from care home operators.

The Directors intend to continue this activity in the forthcoming year.

## **BUSINESS REVIEW**

At 30 September 2014 the Company freehold property was valued at £9,100,000 (2013: £7,870,000).

## **RESULTS**

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

## **DIVIDENDS**

No dividends in respect of the year are proposed (2013 - £nil).

## **DIRECTORS**

The following Directors served throughout the year except as noted:

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 had 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 15 for further details.

## **DIRECTORS' REPORT (Continued)**

### **GOING CONCERN (Continued)**

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 current 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.

**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.



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

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 OPERATIONS (YORK) LIMITED**

We have audited the financial statements of NHP Operations (York) 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' Funds 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 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**

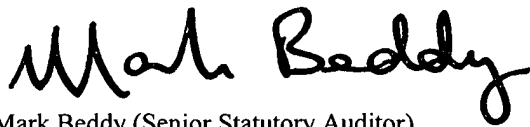
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
NHP OPERATIONS (YORK) 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: 29 April 2015

# NHP OPERATIONS (YORK) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 30 September 2014

	Notes	2014 £	2013 £
<b>TURNOVER AND GROSS PROFIT</b>	3	477,919	477,918
Administrative expenses	4	(545,850)	(237,576)
<b>OPERATING (LOSS) /PROFIT</b>		(67,931)	240,342
Net interest payable and similar charges	5	(74,838)	(121,999)
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(142,769)	118,343
Tax charge on profit on ordinary activities	6	-	-
<b>(Loss) / Profit on ordinary activities after taxation and (loss) / profit for the financial year</b>	13	(142,769)	118,343

Results are wholly derived from continuing operations.

# NHP OPERATIONS (YORK) LIMITED

## BALANCE SHEET 30 September 2014

	Notes	2014	2013
		£	£
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	9,100,000	7,870,000
Investment	8	268,503	256,706
<b>TOTAL FIXED ASSETS</b>		<u>9,368,503</u>	<u>8,126,706</u>
<b>DEBTORS</b>			
Debtor	9	2,615	2,681
<b>CREDITORS: amounts falling due within one year</b>	10	(3,758,113)	(3,841,120)
<b>NET CURRENT LIABILITIES</b>		<u>(3,755,498)</u>	<u>(3,838,439)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS</b>		<u>5,613,005</u>	<u>4,288,267</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	7,779	7,779
Revaluation reserve	13	5,685,575	4,218,068
Profit and loss account	13	(80,349)	62,420
<b>SHAREHOLDERS' FUNDS</b>		<u>5,613,005</u>	<u>4,288,267</u>

The financial statements were approved and authorised for issue by the Board of Directors on 29 April 2015. The Company Registration Number is 04611037.

Signed on behalf of the Board of Directors



D Smith  
Director

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**Year ended 30 September 2014**

	<b>Notes</b>	<b>2014 £</b>	<b>2013 £</b>
(Loss) / Profit for the year	13	(142,769)	118,343
Net surplus on revaluation of property	13	1,467,507	166,576
Total recognised gains for the year		<u>1,324,738</u>	<u>284,919</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Year ended 30 September 2014**

	<b>Notes</b>	<b>2014 £</b>	<b>2013 £</b>
(Loss) / Profit for the year	13	(142,769)	118,343
Surplus on revaluation of property	13	1,467,507	166,576
Net increase in shareholders' funds		<u>1,324,738</u>	<u>284,919</u>
Shareholders' funds at the beginning of the year		4,288,267	4,003,348
Shareholders' funds at the end of the year		<u>5,613,005</u>	<u>4,288,267</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 15 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 current 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**

The financial statements are prepared under the historical cost convention, as modified by the revaluation of tangible fixed assets, and in accordance with all applicable United Kingdom accounting standards (as issued by Accounting Council); except that, as explained below, investment property is not depreciated.

The particular accounting policies adopted are described below and they have been applied consistently during the year and the preceding year.

**Turnover**

Turnover represents amounts receivable for goods and services provided 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**

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 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 2014****2. ACCOUNTING POLICIES (Continued)****Operating property**

Individual freehold and leasehold properties other than investment properties are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

On 1 November 2011, the lease agreement of the investment property leased by the Company to a third party tenant was assigned to HC-One Limited, a wholly owned subsidiary of NHP Holdco 1 Limited and since then has been operated by that company. Accordingly, this tangible fixed asset was reclassified as operating property from investment property at the then existing uses value. Operating property is valued annually at the balance sheet date on existing use basis by Jones Lang LaSalle.

**Depreciation**

Operating property is depreciated using the new market value of the property less £nil residual value over a decreasing useful economic lives. The estimated useful economic lives are as follows:

Freehold buildings	30 years
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The useful economic lives of the freehold building, which relate to the freehold buildings of the Group operated by HC-One operating business, has 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.

**Investment**

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

**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 NHP Holdco 1 Limited, which are publicly available.

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

**3. TURNOVER AND GROSS PROFIT**

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Principal base rent	477,919	477,918

**4. 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 fees include:	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Audit fee for the audit of the Company's annual accounts	6,000	6,000
Depreciation on building	237,507	231,576
Bad debts – group undertakings	302,627	-

The Company did not incur any non-audit fees during the year (30 September 2013: £nil).

**5. NET INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Loan note interest payable to group undertakings	94,192	132,197
Loan note interest receivable from group undertakings	(19,300)	(10,202)
Bank (credit)/ charges	(54)	4
	<u>74,838</u>	<u>121,999</u>

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

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Deferred tax credit	-	-
Total current tax	-	-
Reconciliation of current tax charge: (Loss) / Profit before tax	(142,769)	118,343
Tax on (loss) / profit at standard rate of 22% (2013: 23.5%)	(31,409)	27,811
Factors affecting tax charge:		
Non deductible provisions	66,577	-
Utilisation brought forward losses	-	-
Depreciation in excess of capital allowances	52,252	54,420
Group relief for nil consideration	(87,420)	(82,231)
Current tax charge	-	-

The tax charge for the current year is higher than that resulting from applying the standard rate of corporation tax due to

**7. TANGIBLE FIXED ASSETS**

**Operating property**

<b>At valuation</b>	<b>£</b>
At 1 October 2013	7,870,000
Surplus on revaluation (see note 13)	1,230,000
At 30 September 2014	9,100,000
<b>Depreciation</b>	<b>£</b>
At 1 October 2013	-
Depreciation charge	(237,507)
Transferred to revaluation reserve (see note 13)	237,507
At 30 September 2014	-
<b>Net book value:</b>	
At 30 September 2014	9,100,000
At 30 September 2013	7,870,000

At 30 September 2014 the operating property has been valued by Jones Lang LaSalle as individual operational entities having regard to their trading potential, excluding head office costs.

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

**7. TANGIBLE FIXED ASSETS (Continued)**

**Operating property (Continued)**

The Company's property portfolio is valued in compliance with International Valuation Standards by external professionally qualified valuers. The primary source of evidence for valuations should be recent, comparable open market transactions at arm's length. The values are very dependent upon occupancy, capital expenditure spends and performance of the management teams at macro and micro levels. In a short period of time the effects of the recent changes particularly in relation to HC-One operating properties and capital expenditure spent and to be spent should be more readily discernable and in the opinion of Jones Lang LaSalle, they would consider these in their valuation at a later date.

The basis of valuation of operating property was the 'profit' method; which consider the property as a trading asset with consideration of its business potential. This requires an understanding of the vast quantity of legislation and regulatory standard healthcare operators should adhere to. Valuations of trading assets are derived from their potential earnings before interest, taxes, depreciation and amortisation (EBITDA).

The Directors have reviewed Jones Lang LaSalle's valuation at 30 September 2014 and have considered that no permanent diminution in value is required on the tangible fixed assets, which represents a permanent fall in value.

The historical cost of the Company's land and building at 30 September 2014 was £4,160,000 (2013: £4,160,000).

**8. INVESTMENTS**

**Loan notes investment in group undertaking**

<b>Cost</b>	<b>£</b>
At 1 October 2013	256,706
Additions	313,053
	<hr/>
At 30 September 2014	569,759
	<hr/>
<b>Provision</b>	<b>£</b>
At 1 October 2013	-
Provision for the year	(301,256)
	<hr/>
At 30 September 2014	(301,256)
	<hr/>
<b>Net book value:</b>	
At 30 September 2014	268,503
	<hr/>
At 30 September 2013	256,706
	<hr/>

**Loan notes investment in group undertaking**

At 30 September 2014 total loan of £268,503 (2013: £256,706) was invested in HC-One Limited, a group undertaking to enable that company to finance part of its working capital. The loan bears interest at LIBOR plus 4% p.a.

At 30 September 2014 total loan of £301,256 (2013: creditor amount of £180,789) was owed by NHP Securities No. 3 Limited, a group undertaking. The loan bears interest at 9.25% per annum with no fixed repayment date. The investment in the loan note in NHP Securities No.3 Limited has been written down in full as its current liabilities exceeded its current assets by £268,905,919 as at 30 September 2014.

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

**9. DEBTORS**

	2014	2013
	£	£
Amount due within one year:		
Loan note interest due from group undertakings	2,615	2,474
Other debtor	-	207
	<u>2,615</u>	<u>2,681</u>

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

	2014	2013
	£	£
Loan notes due to group undertakings	1,018,300	1,199,089
Loan note interest owed to group undertakings	2,048,084	1,960,372
Amount owed to group undertaking	691,729	681,659
	<u>3,758,113</u>	<u>3,841,120</u>

**Loan notes due to group undertakings**

As at 30 September 2014, the Company held loan notes of £1,018,300 (2013: £1,018,300) owed to Libra CareCo Limited, a group undertaking to finance part of its care home development costs. The loan notes have no fixed repayment date and bear interest at 9.25% per annum.

**Amount owed to group undertaking**

This amount is due on demand bearing no interest.

**11. DEFERRED TAXATION**

	Provided		Unprovided	
	2014	2013	2014	2013
	£	£	£	£
Losses carried forward	-	-	-	-
Revaluation of properties	-	-	684,213	507,516
	<u>-</u>	<u>-</u>	<u>684,213</u>	<u>507,516</u>

Deferred tax has not been provided on the revaluation of property because the company has not entered into a binding agreement to sell the property.

**12. CALLED UP SHARE CAPITAL**

	2014		2013	
	Number	£	Number	£
<b>Called up, allotted and fully paid:</b>				
Ordinary shares at £1 each				
At 1 October and 30 September	<u>7,779</u>	<u>7,779</u>	<u>7,779</u>	<u>7,779</u>

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

<b>13. RESERVES</b>	<b>Revaluation Reserve £</b>	<b>Profit and loss account £</b>
At 1 October 2013	4,218,068	62,420
Net surplus on revaluation of property	1,467,507	-
Loss for the year	-	(142,769)
	<hr/>	<hr/>
At 30 September 2014	<u>5,685,575</u>	<u>(80,349)</u>

**14. 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.

**15. 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**

**16. 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.

**17. 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 15, 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.