Company Registration No. 05555758

LIBRA CARECO CH2 PROPCO LIMITED

Annual Report and Financial Statements
For the year ended 30 September 2019

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr J Hutchens (resigned 5th February 2020)
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

AUDITOR

KPMG LLP
Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

DIRECTORS' REPORT

The Directors present their annual report on the affairs of Libra CareCo CH2 PropCo Limited (the "Company"), together with the audited financial statements for the year ended 30 September 2019. 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.2 (Cayman) Limited. The Company will continue to receive rental income from overriding lease agreements (when Care Homes No.2 Ltd is in profit) and interest income from loan notes issued to group undertakings. The Directors intend to continue these activities in the forthcoming year.

The principal activity of the Company's parent undertaking, FC Skyfall Upper Midco Limited and its subsidiaries (the "Group"), is the management and running of care homes principally for the elderly. The Group also owns the freeholds of care homes which are leased to the operating subsidiaries (HC-One Limited, Meridian Healthcare Limited, and HC-One Beamish Limited) and a small number of third party operators.

BUSINESS REVIEW

At 30 September 2019 there were 6 properties remaining in the Company's property portfolio at carrying value of £4.6m (2018: 6 properties at £4.6m).

RESULTS

The Company's profit before taxation for the year to 30 September 2019 was £14.0m (2018: £13.8m). As at 30 September 2019 the net assets of the Company were £338.7m (2018: £324.6m).

DIVIDENDS

No dividends in respect of the year have been proposed or paid (2018: £Nil).

DIRECTORS

The following Directors served throughout the year and to the date of signing:

Mr J Hutchens (resigned 5th February 2020)
Mr D Smith

The ultimate parent undertaking of the Company, FC Skyfall TopCo Limited has made qualifying third party indemnity provisions for the benefit of the Company's Directors and the directors of all its other subsidiaries, which were made during the year and remain in force to the date of this report.

PROPERTY VALUATIONS

The freehold properties owned by the Company which are leased to Care Management Group ("CMG") are investment properties. The Company and its group undertakings' investment properties were fair valued by the Directors at 30 September 2019. See note 7 to the financial statements for further details.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors of the Company have the overall responsibilities for the FC Skyfall Upper Midco Limited Group ("the Group"), of which the Company is a subsidiary. The principal risks and uncertainties of the Group also apply to the Company. The consolidated financial statements of FC Skyfall Upper Midco Limited are publicly available from Companies House at Crown Way, Cardiff, Wales, CF14 3UZ.

There are no further risks specific to the Company.

DIRECTORS' REPORT (Continued)

GOING CONCERN AND COVID-19

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its parent, FC Skyfall Upper Midco Limited. The company is part of the FC Skyfall Upper Midco Limited group of companies (the "Group"). The company meets its day to day working capital requirements from cash resources and intercompany balances with other Group companies. Therefore the going concern assessment of the company is dependent on that of the Group as a whole.

FC Skyfall Upper Midco Limited has indicated its intention to continue to make available such funds as are needed by the company due at the balance sheet date for 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, subject to the uncertainty described below, they have no reason to believe that it will not do so. A material uncertainty exists in the Group in respect of going concern as there is a risk of breach of financial covenants on its term loans in a COVID-19 downside scenario.

The Group's directors have prepared detailed cash flow and covenant compliance forecasts for the Group for the period to 30 September 2024. Net debt levels, servicing costs, working capital and covenant requirements are closely monitored and managed in accordance to the Group's objectives, policies and processes, and these have each been considered as part of these forecasts. At 30 September 2019 the Group was financed by £12.2m of cash, £264.7m of terms loans and £14.0m of loan notes with related parties. There are financial covenants on the term loans.

Excluding the potential impact of COVID-19 which is considered below, these cash flow forecasts and projections indicate that, taking into account reasonably possible downsides in trading performance, the Group will have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

The Group's directors have separately considered the uncertainty as to the future impact of COVID-19 on the going concern assessment.

To date across the Group the impact has been that occupancy rates have remained stable, death rates within the Group's care homes have not materially differed to historical rates and the Group has received a number of requests from NHS and LA to block book beds. However the Group's directors cannot predict the longer term impact of the crisis including:

(i) what the NHS demand for vacant beds will be;
(ii) what the impact of the crisis will be on the death rate and occupancy levels within the Group's care homes; and
(iii) what the impact of self-isolation, care home isolation and other social distancing measures will have on payroll costs.

The current predictions of the impact of the virus on UK death rates vary widely but should the more pessimistic estimates prove correct, assuming the current high demand for beds from the NHS reduces and payroll costs are significantly increased, there would be a significant impact on the Group's profitability and cashflows and the Group would be at risk of breaching its financial covenants on the loans. Therefore the Group would require support from the banks by way of a covenant waiver or deferral.

Whilst the Group's directors believe that the Group would continue to have the support of its shareholders and the banks in these circumstances, there is no certainty that this would be the case. The Group's directors consider the specific downside scenario impact of COVID-19 on the Group's occupancy levels and cashflows to be so significant that it represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The directors of the Company have assessed the conclusions reached by the Group's directors and agree with their conclusion.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and

DIRECTORS' REPORT (Continued)

GOING CONCERN AND COVID-19 (Continued)

discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Based on the above indications the Directors believe that it remains appropriate to prepare the financial statement on a going concern basis. Nevertheless the Directors consider the specific downside scenario impact of COVID-19 on the group's occupancy levels and cashflows to be so significant that it represents a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

For further information, please see note 1 in the Accounting Policies section of these financial statements.

SUBSEQUENT EVENTS

No other significant events are noted between the year ended 30 September 2019 and to the date of signing this report. See note 14 to the financial statements.

AUDITOR

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

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have 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.

Approved by the Board and signed on its behalf by:

Mr D Smith
Director
Date: 3rd April 2020

Southgate House
Archer Street
Darlington
County Durham DL3 6AH

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LIBRA CARECO CH2 PROPCO LIMITED

Opinion

We have audited the financial statements of Libra CareCo CH2 Propco Limited ("the company") for the year ended 30 September 2019 which comprise the Profit and Loss Account, Balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates the uncertainties related to the ability of FC Skyfall Upper Midco Limited to provide financial support. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LIBRA CARECO CH2 PROPCO LIMITED (Continued)

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Nick Plumb (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Quayside House

110 Quayside

Newcastle-upon-Tyne

NE1 3DX

3rd April 2020

PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2019

	Notes	2019 £'000	2018 £'000
Administrative expenses		(86)	(68)
OPERATING LOSS		**(86)**	**(68)**
Interest receivable and similar income	3	16,299	15,973
Interest payable and similar expenses	4	(2,195)	(2,095)
PROFIT BEFORE TAXATION	5	**14,018**	**13,810**
Tax on profit	6	104	(31)
PROFIT FOR THE YEAR		**14,122**	**13,779**

Results are derived 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.

BALANCE SHEET
As at 30 September 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
FIXED ASSETS					
Tangible fixed assets	7		4,595		4,595
Investments	8		125,294		125,294
TOTAL NON-CURRENT ASSETS			**129,889**		**129,889**
CURRENT ASSETS					
Debtors	9	325,214		308,852	
CREDITORS: amounts falling due within one year	10	(116,380)		(114,140)	
NET CURRENT ASSETS			**208,834**		**194,712**
TOTAL ASSETS LESS CURRENT LIABILITIES			**338,723**		**324,601**
NET ASSETS			**338,723**		**324,601**
CAPITAL AND RESERVES					
Called-up share capital	12		-		-
Capital contribution	12		238,558		238,558
Profit and loss account	12		100,165		86,043
SHAREHOLDERS' FUNDS			**338,723**		**324,601**

These financial statements of Libra CareCo CH2 PropCo Limited (registered number 05555758) were approved by the Board of Directors and authorised for issue on 3rd April 2020 They were signed on its behalf by:

Mr D Smith
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2019

	Called-up share capital	Capital contribution reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 October 2017	-	238,558	72,264	310,822
Profit for the financial year	-	-	13,779	13,779
At 30 September 2018	**-**	**238,558**	**86,043**	**324,601**
Profit for the financial year	-	-	14,122	14,122
At 30 September 2019	**-**	**238,558**	**100,165**	**338,723**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

1. ACCOUNTING POLICIES

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

General information and basis of accounting

Libra CareCo CH2 PropCo Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. 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 activity are set out in the Director's report on page 2-4.

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 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, the disclosure of intercompany transactions with other group undertakings within the FC Skyfall Upper Midco Limited Group, and remuneration of key management personnel.

Exemption from consolidation

The Company has taken advantage of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements as the Company is itself a subsidiary undertaking of FC Skyfall Upper Midco Limited. These financial statements provide information about the Company as an individual undertaking and not about its group.

Going concern and COVID-19

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its parent, FC Skyfall Upper Midco Limited. The company is part of the FC Skyfall Upper Midco Limited group of companies (the "Group"). The company meets its day to day working capital requirements from cash resources and intercompany balances with other Group companies. Therefore the going concern assessment of the company is dependent on that of the Group as a whole.

FC Skyfall Upper Midco Limited has indicated its intention to continue to make available such funds as are needed by the company at the balance sheet date for 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, subject to the uncertainty described below, they have no reason to believe that it will not do so. A material uncertainty exists in the Group in respect of going concern as there is a risk of breach of financial covenants on its term loans in a COVID-19 downside scenario.

The Group's directors have prepared detailed cash flow and covenant compliance forecasts for the Group for the period to 30 September 2024. Net debt levels, servicing costs, working capital and covenant requirements are closely monitored and managed in accordance to the Group's objectives, policies and processes, and these have each been considered as part of these forecasts. At 30 September 2019 the Group was financed by £12.2m of cash, £264.7m of terms loans and £14.0m of loan notes with related parties. There are financial covenants on the term loans.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

1. ACCOUNTING POLICIES (continued)

Going concern and COVID-19 (continued)

Excluding the potential impact of COVID-19 which is considered below, these cash flow forecasts and projections indicate that, taking into account reasonably possible downsides in trading performance, the Group will have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

The Group's directors have separately considered the uncertainty as to the future impact of COVID-19 on the going concern assessment.

To date across the Group the impact has been that occupancy rates have remained stable, death rates within the Group's care homes have not materially differed to historical rates and the Group has received a number of requests from NHS and LA to block book beds. However the Group's directors cannot predict the longer term impact of the crisis including:

(i) what the NHS demand for vacant beds will be;

(ii) what the impact of the crisis will be on the death rate and occupancy levels within the Group's care homes; and

(iii) what the impact of self-isolation, care home isolation and other social distancing measures will have on payroll costs.

The current predictions of the impact of the virus on UK death rates vary widely but should the more pessimistic estimates prove correct, assuming the current high demand for beds from the NHS reduces and payroll costs are significantly increased, there would be a significant impact on the Group's profitability and cashflows and the Group would be at risk of breaching its financial covenants on the loans. Therefore the Group would require support from the banks by way of a covenant waiver or deferral.

Whilst the Group's directors believe that the Group would continue to have the support of its shareholders and the banks in these circumstances, there is no certainty that this would be the case. The Group's directors consider the specific downside scenario impact of COVID-19 on the Group's occupancy levels and cashflows to be so significant that it represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The directors of the Company have assessed the conclusions reached by the Group's directors and agree with their conclusion.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2019

1. ACCOUNTING POLICIES (Continued)

Tangible fixed assets

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties 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.

No depreciation is provided on investment properties.

Investments

Fixed asset investment is 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 year, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense and income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise that assets and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: (a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis; or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Interest

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2019

1. **ACCOUNTING POLICIES (Continued)**

Dividends payable

Dividend payable is recognised in the financial statements when amounts have been declared and paid.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2019

2. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. There are no significant judgements made by the Company in its accounting policies during the year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements are considered to be those which are also key sources of estimation which are been discussed below.

Key sources of estimation uncertainty

Fair value of properties

Determining the fair value of freehold properties at fair value requires estimation based upon the market and cash flows of assets. Management have sought advice with a valuation specialist to address the risk of estimation uncertainty of revaluing properties. See note 7.

Impairment on investment in subsidiary

Determining whether the investment in subsidiary undertakings should be impaired based on the financial position and future prospect of the investment requires judgement. See note 8.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £'000	2018 £'000
Interest receivable on loan notes to group undertakings	16,299	15,973
	16,299	**15,973**

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £'000	2018 £'000
Interest payable on loan notes from group undertakings	2,195	2,095
	2,195	**2,095**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2019

5. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2019 £'000	2018 £'000
Management fees from NHP Management Limited, a group undertaking	56	57
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	24	6
Non-audit fees for tax compliance services	6	5

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.

6. TAX ON PROFIT

	2019 £'000	2018 £'000
Deferred taxation:		
Origination and reversal of timing differences	-	117
Adjustment in respect of prior periods	(104)	(73)
Effect of changes in tax rates	-	(13)
Total deferred taxation:	(104)	31
Total tax (credit)/charge	**(104)**	**31**
Reconciliation of current year charge:		
Profit before tax	14,018	13,810
Tax on profit at standard rate of 19.0% (2018: 19.0%)	2,663	2,624
Factors affecting tax charge:		
Group relief not paid for	(2,663)	(2,507)
Adjustment in respect of previous periods	(104)	(73)
Tax rate changes	-	(13)
Tax (credit)/charge for the year	**(104)**	**31**

The standard rate of tax applied to reported profit is 19.0% (2018: 19.0%).

Finance Act No.2 2015 included provisions to reduce the corporate tax to 19.0% with effect from 1 April 2017. In addition, Finance Bill 2016 was substantively enacted on 6 September 2016 which introduced a further reduction in the main rate of corporation tax to 17.0% from 1 April 2020. Accordingly, these rates have been applied when calculating deferred tax assets and liabilities as at 30 September 2019.

In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have decreased by £61,000.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2019

7. TANGIBLE FIXED ASSETS

	Freehold Investment properties £'000	Long leasehold investment properties £'000	Total £'000
At cost or valuation			
As at 30 September 2018 and 30 September 2019	**4,595**	**-**	**4,595**

The last full valuation of the properties took place in the year ended 30 September 2016, taking into consideration market conditions and performance of the properties. As at 30 September 2019 the property values of the Company were held flat.

As at 30 September 2019 the Directors have performed a review of the carrying value of the properties, taking into consideration market conditions and performance of the properties. Management has assumed the market is stable against that in 2018 and that properties will meet future forecast trading figures. Therefore, management has taken the decision that no further changes are required to the property valuation as at 30 September 2019.

Also, the Directors have sought advice from a valuation specialist to address the risk of estimation uncertainty of revaluation of properties.

As at 30 September 2019 the historical costs of investment properties were £4,294,000 (2018: £4,294,000).

As at 30 September 2019, the Company has an overriding lease agreement with Care Homes No.2 (Cayman) Limited, but has no future minimum lease payments. As per the terms of the overriding lease agreements, Care Homes No.2 (Cayman) Limited will only pay overriding lease rentals when it has surplus profit to distribute.

8. INVESTMENTS

	Shares in subsidiary undertaking £'000	Subordinated loan notes investment in subsidiary undertaking £'000	Total £'000
Cost and net book value			
At 30 September 2018 and 30 September 2019	**382**	**124,912**	**125,294**

Shares in Subsidiary undertaking

On 1 December 2006, Libra CareCo CH2 PropCo Limited purchased the entire issued share capital of Care Homes No. 2 (Cayman) Limited, a company incorporated in the Cayman Islands. The principal activity of Care Homes No. 2 (Cayman) Limited is the investment in overriding leases acquired from the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2019

8. INVESTMENTS (Continued)

Shares in Subsidiary undertaking (continued)

At 30 September 2019, the Company held investments either directly or indirectly in the following subsidiary undertakings:

Name	Country of incorporation	% Holdings	Principal activity
Care Homes No.2 (Cayman) Limited *	Cayman Islands	100%	Investment in care homes properties
NHP Securities No.5 Limited	Jersey	100%	Investment in care home properties
NHP Securities No.8 Limited	Jersey	100%	Investment in care homes properties

* held directly by Libra CareCo CH2 PropCo Limited. All others are indirect.

All shares held are ordinary shares.

The registered address for Care Homes No.2 (Cayman) Limited is c/o Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.

The registered address for NHP Securities No.5 Limited and NHP Securities No.8 Limited is 47 Esplanade, St Helier, Jersey, Channel Islands, JE1 0BD.

Subordinated Loan notes investment in subsidiary undertaking

At 30 September 2019 loan notes of £54,712,000 (2018: £54,712,000) was invested in FC Skyfall Bidco Limited, an intermediate parent undertaking. The loan repayment date is on 12 November 2022 and bears fixed interest rate of 6% per annum.

At 30 September 2019 total loan notes of £70,200,000 (2018: £70,200,000) invested in FC Skyfall Bidco Limited remained outstanding. The loan repayment date is on 12 November 2022 and bears fixed interest rate of 9% per annum.

9. DEBTORS

	2019 £'000	2018 £'000
Amount due within one year:		
Loan notes due from group undertaking	219,338	219,338
Amounts due from group undertakings	105,352	89,094
Deferred tax asset (see note 11)	524	420
	325,214	**308,852**

Loan notes due from group undertaking

At 30 September 2019, total loan notes of £219,338,000 (2018: £219,338,000) invested in Care Homes No.2 Limited remained outstanding. The loan note has no fixed repayment date and bears interest of LIBOR plus 2% per annum.

Amounts due from group undertakings

As at 30 September 2019 HC-One Limited owed £7,783,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £7,783,000).

As at 30 September 2019 Care Homes No.2 Limited owed £55,262,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £48,586,000).

As at 30 September 2019 NHP Management Limited owed £nil and this amount is due on demand with no fixed repayment date and bears no interest (2018: £30,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2019

9. DEBTORS (Continued)

Amounts due from group undertakings (continued)

As at 30 September 2019 FC Skyfall Bidco Limited owed £39,885,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £30,283,000).

As at 30 September 2019 FC Skyfall IOM Properties Limited owed £2,422,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £2,412,000).

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Loan notes due to group undertaking	72,106	72,106
Amounts owed to group undertakings	44,245	42,028
Accruals	29	6
	116,380	**114,140**

Loan notes due to group undertakings

On 17 October 2005, the Company issued a loan note of £72,106,000 to NHP Securities No.3 Limited, a group undertaking, which represents part of the consideration payable for assets transferred. The loan note has no fixed repayment date and carries loan interest at LIBOR plus 2% per annum.

Amounts owed to group undertakings

As at 30 September 2019 NHP Management Limited were owed £32,000 by the company and this amount is due on demand with no fixed repayment date and bears no interest (2018: £9,000).

As at 30 September 2019 Libra CareCo CH3 PropCo Limited were owed £451,000 by the company and this amount is due on demand with no fixed repayment date and bears no interest (2018: £451,000).

As at 30 September 2019 NHP Securities No.1 Limited were owed £158,000 by the company and this amount is due on demand with no fixed repayment date and bears no interest (2018: £158,000).

As at 30 September 2019 NHP Securities No.3 Limited were owed £43,604,000 by the company and this amount is duc on dcmand with no fixcd rcpayment date and bears no interest (2018: £41,410,000).

11. DEFERRED TAX ASSET

Deferred taxation	2019 £'000	2018 £'000
Fixed asset timing differences	(524)	(420)
	(524)	**(420)**
Deferred tax assets:		
At 1 October	(420)	(451)
Adjustment in respect of previous years	(104)	(73)
Deferred tax charge for the year	-	104
At 30 September	**(524)**	**(420)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2019

12. CALLED-UP SHARE CAPITAL AND RESERVES

	2019	2018
	£	£
Called-up, allotted and fully paid:		
1 ordinary shares of £1 each	1	1

The Company's other reserves are as follows:

The capital contribution represents the cash investment from the Company's former parent undertaking.

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

13. CONTINGENT LIABILITIES AND GUARANTEES

The Company and its group undertakings are guarantors to a facility agreement entered into by FC Skyfall Bidco Limited, the Company's 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 3rd April 2020 the outstanding loan amount is £254.2m.

14. SUBSEQUENT EVENTS

No significant event is noted between the year ended 30 September 2019 and to the date of signing of this report.

15. RELATED PARTY TRANSACTIONS

The Company has taken exemption provided under FRS 102 to not disclose intercompany transactions with wholly owned 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.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Libra CareCo CH2 PropCo Holdco 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 into which these financial statements are consolidated is FC Skyfall Holdco 3 Limited with registered office at c/o Trident Trust Company (Cayman) Limited, One Capital Place, Shedden Road, PO Box 847, George Town, Grand Cayman KY-1103.

The smallest 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. The registered address of FC Skyfall Upper Midco Limited is 25 Canada Square, Level 37, London, England, E14 5LQ.

Copies of financial statements of all the companies for the year ended 30 September 2019 are available from Companies House at Crown Way, Cardiff, Wales, CF14 3UZ.