REGISTERED NUMBER: 05555758 (England and Wales)

# HC-One (NHP5) Limited

Previously known as Libra CareCo CH2 PropCo Limited

Directors' Report and

Audited Financial Statements for the Year Ended 30th September 2021

HC-One (NHP5) Limited
previously known as Libra CareCo CH2 PropCo Limited

Contents of the Financial Statements
for the Year Ended 30th September 2021

**HC-One (NHP5) Limited**
**previously known as Libra CareCo CH2 PropCo Limited**

**Company Information**
**for the Year Ended 30th September 2021**

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|---|---|
| **DIRECTORS:** | Mr D A Smith<br>Mr J W Tugendhat |
| **REGISTERED OFFICE:** | Southgate House<br>Archer Street<br>Darlington<br>County Durham<br>DL3 6AH |
| **REGISTERED NUMBER:** | 05555758 (England and Wales) |
| **INDEPENDENT AUDITORS :** | KPMG LLP<br>Quayside House<br>110 Quayside<br>Newcastle-upon-Tyne<br>NE1 3DX |
| **BANKERS:** | Barclays Bank PLC<br>South East Corporate Banking Centre<br>PO Box 112<br>Horsham<br>West Sussex<br>RH12 1YQ |

The directors present their report with the financial statements of the Company for the year ended 30th September 2021.

**CHANGE OF NAME**
The Company passed a special resolution on 24th August 2021 changing its name from Libra CareCo CH2 PropCo Limited to HC-One (NHP5) Limited.

**PRINCIPAL ACTIVITY**
The principal activity of the Company in the year under review was that of holding of freehold and long leasehold interests in predominantly modern, purpose-built care homes, the overriding leasehold interests of which have been sold to HC-One (NHP4) Limited (formerly Care Homes No.2 (Cayman) Limited).

The principal activity of the Company's parent undertaking, HC-One Holdco 3 Limited (formerly FC Skyfall Midco Hodco 3 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, and HC-One No.2 Limited (formerly HC-One Beamish Limited).

The directors intend to continue the principal activity of being a holding company for the forthcoming year.

**REVIEW OF BUSINESS**
**RESULTS**

The Company's profit before taxation for the year to 30 September 2021 was £13.6m (2020: £14.2m). As at 30 September 2021 the net assets of the Company were £366.0m (2020: £353.0m).

**EVENTS SINCE THE END OF THE YEAR**
Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**
The directors shown below have held office during the whole of the period from 1st October 2020 to the date of this report.

Mr D A Smith
Mr J W Tugendhat

The ultimate parent undertaking of the Company, HC-One Topco Limited (formerly 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 rep

**DIVIDENDS**
No dividends in respect of the year have been proposed or paid (2020: £nil).

**PRINCIPAL RISKS AND UNCERTAINTIES**
The Directors of the Company have the overall responsibilities for the HC-One Holdco 3 Limited Group (formerly FC Skyfall Holdco 3 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 HC-One Holdco 3 Limited are publicly available from Companies House at Crown Way, Cardiff, Wales, CF14 3UZ.

There are no further risks specific to the Company.

**GOING CONCERN**

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

The Company is a subsidiary of HC-One Holdco 3 Limited (formerly FC Skyfall Holdco 3 Limited) (the "Group"). The directors of HC-One Holdco 3 Limited, the parent undertaking, manage the Group's strategy and risks on a consolidated basis, rather than at an individual entity level. Similarly, the financial and operating performance of the business is assessed at a Group level. For these reasons, the directors do not prepare cash flow forecasts at an individual entity level.

The Directors have reviewed the going concern of the Group and the Company carefully in the preparation of these financial statements. In order to prepare the financial statements on a going concern basis, the Directors have considered detailed financial projections for a period through 12 months from the date of signing the financial statements. These projections are based on the Group's detailed forecasts. By their very nature, forecasts and projections are inherently uncertain, however, the prepared forecasts show that the Group will operate well within its committed facilities for that period.

The Directors have prepared detailed cash flow forecasts for the Group for the period to 30 September 2025. Net debt levels, servicing costs and working capital 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.

The Group has reviewed its working capital requirements including its current shareholders' funds position and maintains sufficient cash resources to meet its day to day working capital requirements. At 30 September 2021, the Group was financed by £93.0m of cash and £547.5m of term loans. On 27 April 2021, HC-One Finco Limited (formerly FC Skyfall (UK) Financeco Limited), the new subsidiary undertaking of the Company, entered into a new facility agreement for a total loan of £570.0m, which consisted of £540.0m to fully repay the existing debts of HC-One Finco Limited (formerly FC Skyfall (UK) Financeco Limited), group and a further facility of £30.0m is available for draw down to fund working capital and capital expenditure within the next two years. No financial covenants are tested within the first two years and there is no amortisation during the term of the loan.

Sensitivity analysis has been performed to model the impact of more adverse trends compared to those included in the financial projections. These sensitivities seek to model the impact of severe but plausible downside risks to the achievement of the financial projections. The sensitivities applied were a further fall in occupancy due to increased death rates and delay in recovery of admissions due to an increase of homes in outbreak (homes in outbreak are unable to accept admissions). When these downside sensitivities are applied to the financial projections, there are no indications of liquidity concerns, for a period through 12 months from the date of signing the financial statements, noting that the Group have no financial covenants that need to be complied with until the quarter ending 30 June 2023.

The going concern of the Company is dependent upon the overall going concern of the HC-One Holdco 3 Limited Group (formerly FC Skyfall Holdco 3 Limited Group). The Company and its Group undertakings are obligors to a £555.4m term loan facility agreement entered into by HC-One FinCo Limited (formerly FC Skyfall (UK) Financeco Limited), the Company's intermediate parent undertaking. The facility is secured by a fixed and floating charge over the Group's assets and unlimited guarantee from its Group undertakings. HC-One Holdco 3 Limited has indicated that it will make available such funds as are needed by the entity and that it does not intend to seek repayment of amounts due at the balance sheet date for a period of at least 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 indefinitely although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the Group's forecasts and projections and taking into account reasonable possible changes in trading performance as mentioned above, the Directors have a reasonable expectation that the Group and the Company 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. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**HC-One (NHP5) Limited**
**previously known as Libra CareCo CH2 PropCo Limited**

**Directors' Report**
**for the Year Ended 30th September 2021**

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**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDITORS**
The auditors, KPMG LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

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Mr D A Smith - Director

Date: 10 February 2022

**Directors' Responsibilities Statement**
**for the Year Ended 30th September 2021**

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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 Act 2006. 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.

**Report of the Independent Auditors to the Members of**
**HC-One (NHP5) Limited**

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**Opinion**
We have audited the financial statements of HC-One (NHP5) Limited ("the company") for the year ended 30 September 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:
- give a true and fair view of the state of the Company's affairs as at 30th September 2021 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.

**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.

**Going concern**
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:
- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

**Fraud and breaches of laws and regulations - ability to detect**

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to HC-One Holdco 3 Limited's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**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**
nder 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.

**Responsibilities of directors**
As explained more fully in their statement set out on page five, 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.

**Auditors' responsibilities for the audit of the financial statements**

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 further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Use of our report**
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 a Report of the Auditors 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
Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

Date: 10 February 2022

**HC-One (NHP5) Limited**
**previously known as Libra CareCo CH2 PropCo Limited**

## Statement of Comprehensive Income for the Year Ended 30th September 2021

| | Notes | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **TURNOVER** | | - | 1 |
| Administrative expenses | | (16) | (32) |
| **OPERATING LOSS** | | (16) | (31) |
| Profit on sale of tangible fixed assets | 5 | - | 666 |
| | | (16) | 635 |
| Interest receivable and similar income | 6 | 15,178 | 15,481 |
| | | 15,162 | 16,116 |
| Interest payable and similar expenses | 7 | (1,556) | (1,933) |
| **PROFIT BEFORE TAXATION** | 8 | 13,606 | 14,183 |
| Tax on profit | 9 | (585) | 62 |
| **PROFIT FOR THE FINANCIAL YEAR** | | 13,021 | 14,245 |
| **OTHER COMPREHENSIVE INCOME** | | - | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | 13,021 | 14,245 |

The notes on pages 12 to 22 form part of these financial statements

**HC-One (NHP5) Limited (Registered number: 05555758)**
**previously known as Libra CareCo CH2 PropCo Limited**

**Balance Sheet**
**30th September 2021**

| | Notes | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Investments | 10 | 382 | 382 |
| **CURRENT ASSETS** | | | |
| Debtors | 11 | 485,493 | 470,901 |
| **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR** | 12 | (119,886) | (118,315) |
| **NET CURRENT ASSETS** | | 365,607 | 352,586 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 365,989 | 352,968 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 13 | - | - |
| Capital redemption reserve | | 238,558 | 238,558 |
| Retained earnings | | 127,431 | 114,410 |
| **SHAREHOLDERS' FUNDS** | | 365,989 | 352,968 |

The financial statements were approved by the Board of Directors and authorised for issue on 10 February 2022 and were signed on its behalf by:

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Mr D A Smith - Director

The notes on pages 12 to 22 form part of these financial statements

**HC-One (NHP5) Limited**
**previously known as Libra CareCo CH2 PropCo Limited**

## Statement of Changes in Equity
## for the Year Ended 30th September 2021

| | Called up share capital £'000 | Retained earnings £'000 | Capital redemption reserve £'000 | Total equity £'000 |
|---|---|---|---|---|
| **Balance at 1st October 2019** | - | 100,165 | 238,558 | 338,723 |
| **Changes in equity** | | | | |
| Total comprehensive income | - | 14,245 | - | 14,245 |
| **Balance at 30th September 2020** | - | 114,410 | 238,558 | 352,968 |
| **Changes in equity** | | | | |
| Total comprehensive income | - | 13,021 | - | 13,021 |
| **Balance at 30th September 2021** | - | 127,431 | 238,558 | 365,989 |

The notes on pages 12 to 22 form part of these financial statements

1. **STATUTORY INFORMATION**

HC-One (NHP5) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The average monthly number of employees (excluding executive directors) was nil (2020 : nil)

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 has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7.

**Preparation of consolidated financial statements**
The financial statements contain information about HC-One (NHP5) Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, HC-One Hodco 3 Limited, C/O Maples Corporate Services Limited PO BOX 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

**Related party exemption**
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.



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## 2. ACCOUNTING POLICIES - continued

**Going concern**

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

The Company is a subsidiary of HC-One Holdco 3 Limited (formerly FC Skyfall Holdco 3 Limited) (the "Group"). The directors of HC-One Holdco 3 Limited, the parent undertaking, manage the Group's strategy and risks on a consolidated basis, rather than at an individual entity level. Similarly, the financial and operating performance of the business is assessed at a Group level. For these reasons, the directors do not prepare cash flow forecasts at an individual entity level.

The Directors have reviewed the going concern of the Group and the Company carefully in the preparation of these financial statements. In order to prepare the financial statements on a going concern basis, the Directors have considered detailed financial projections for a period through 12 months from the date of signing the financial statements. These projections are based on the Group's detailed forecasts. By their very nature, forecasts and projections are inherently uncertain, however, the prepared forecasts show that the Group will operate well within its committed facilities for that period.

The Directors have prepared detailed cash flow forecasts for the Group for the period to 30 September 2025. Net debt levels, servicing costs and working capital 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.

The Group has reviewed its working capital requirements including its current shareholders' funds position and maintains sufficient cash resources to meet its day to day working capital requirements. At 30 September 2021, the Group was financed by £93.0m of cash and £547.5m of term loans. On 27 April 2021, HC-One Finco Limited (formerly FC Skyfall (UK) Financeco Limited), the new subsidiary undertaking of the Company, entered into a new facility agreement for a total loan of £570.0m, which consisted of £540.0m to fully repay the existing debts of HC-One Finco Limited (formerly FC Skyfall (UK) Financeco Limited), group and a further facility of £30.0m is available for draw down to fund working capital and capital expenditure within the next two years. No financial covenants are tested within the first two years and there is no amortisation during the term of the loan.

Sensitivity analysis has been performed to model the impact of more adverse trends compared to those included in the financial projections. These sensitivities seek to model the impact of severe but plausible downside risks to the achievement of the financial projections. The sensitivities applied were a further fall in occupancy due to increased death rates and delay in recovery of admissions due to an increase of homes in outbreak (homes in outbreak are unable to accept admissions). When these downside sensitivities are applied to the financial projections, there are no indications of liquidity concerns, for a period through 12 months from the date of signing the financial statements, noting that the Group have no financial covenants that need to be complied with until the quarter ending 30 June 2023.

The going concern of the Company is dependent upon the overall going concern of the HC-One Holdco 3 Limited Group (formerly FC Skyfall Holdco 3 Limited Group). The Company and its Group undertakings are obligors to a £555.4m term loan facility agreement entered into by HC-One FinCo Limited (formerly FC Skyfall (UK) Financeco Limited), the Company's intermediate parent undertaking. The facility is secured by a fixed and floating charge over the Group's assets and unlimited guarantee from its Group undertakings. HC-One Holdco 3 Limited has indicated that it will make available such funds as are needed by the entity and that it does not intend to seek repayment of amounts due at the balance sheet date for a period of at least 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 indefinitely although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.



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2. **ACCOUNTING POLICIES - continued**

**Going Concern (Continued)**

Based on the Group's forecasts and projections and taking into account reasonable possible changes in trading performance as mentioned above, the Directors have a reasonable expectation that the Group and the Company 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. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**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 in subsidiaries**

Fixed asset investment is stated at cost less provision for impairment.

**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.



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2. **ACCOUNTING POLICIES - continued**

**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.



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2. **ACCOUNTING POLICIES - continued**

**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.



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3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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.

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 10.

4. **DIRECTORS' EMOLUMENTS**

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Directors' remuneration | - | - |

None of the Directors received emoluments in relation to their services to the Company during the current or preceding year.

5. **EXCEPTIONAL ITEMS**

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Profit on sale of tangible fixed assets | - | 666 |

6. **INTEREST RECEIVABLE AND SIMILAR INCOME**

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Interest receivable on loan notes to group undertakings | 15,178 | 15,481 |

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Interest payable on loan from group undertakings | 1,556 | 1,933 |



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## 8. PROFIT BEFORE TAXATION

The profit is stated after charging:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Fee payable to the company's auditor for the audit of the financial statements | 17 | 25 |
| Taxation compliance services | - | 6 |

The Company had no employees during the current or preceding year.

## 9. TAXATION

**Analysis of the tax charge/(credit)**
The tax charge/(credit) on the profit for the year was as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Deferred tax | 585 | (62) |
| Tax on profit | 585 | (62) |

**Reconciliation of total tax charge/(credit) included in profit and loss**
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Profit before tax | 13,606 | 14,183 |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%) | 2,585 | 2,695 |
| Effects of: | | |
| Income not taxable for tax purposes | - | (666) |
| Group relief not paid for | (2,585) | (2,029) |
| Adjustment in respect of previous periods | 585 | - |
| Effects on changes in tax rates | - | (62) |
| Total tax charge/(credit) | 585 | (62) |

Finance Act 2020 enacted provision to increase the UK Corporation tax rate to 19% from 1 April 2020 and accordingly the deferred tax at 30th September 2021 was calculated at this rate.

Finance Act 2021 which was Substantively Enacted on 24 May 2021 included provisions to increase the rate further to 25% effective from 1 April 2023 and the rate has been applied when calculating the deferred tax at the year end.

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



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10. **FIXED ASSET INVESTMENTS**

| | Shares in group undertakings £'000 |
|---|---|
| **COST** | |
| At 1st October 2020 and 30th September 2021 | 382 |
| **NET BOOK VALUE** | |
| At 30th September 2021 | 382 |
| At 30th September 2020 | 382 |

**Shares in group undertaking**

On 1 December 2006, HC-One (NHP5) Limited (formerly 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 HC-One (NHP5) Limited is the investment in overriding leases acquired from the Company.

At 30 September 2021, the company held investments either directly or indirectly in the following subsidiary undertakings:

| Name | Formerly Named | Principal activity |
|---|---|---|
| NHP Securities No.5 Limited * | N/A | Investment in care home properties |
| NHP Securities No.8 Limited * | N/A | Investment in care home properties |
| HC-One (NHP4) Limited ** | Care Homes No. 2 (Cayman Limited) | Investment in care home properties |

**Country of incorporation**
* Jersey
** Cayman Islands

All investments are at 100% holdings.

Investment in HC-One (NHP4) Limited (formerly Care Homes No.2 (Cayman) Limited) is held directly by HC-One (NHP5) Limited. All others are indirect. All shares held are ordinary shares.

11. **DEBTORS**

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Amounts falling due within one year: | | |
| Amounts owed by group undertakings | 355,422 | 340,289 |
| Deferred tax asset | - | 585 |
| | 355,422 | 340,874 |
| Amounts falling due after more than one year: | | |
| Amounts owed by group undertakings | 130,071 | 130,027 |
| Aggregate amounts | 485,493 | 470,901 |



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11. **DEBTORS - continued**

**Amounts due within one year:**

Amounts owed by group undertakings:

At 30 September 2021 £219,338,000 (2020:£219,338,000) invested in HC-One (NHP4) Limited (formerly Care Homes No.2 Limited) remained outstanding. The loan note has no fixed repayment date and bears interest of LIBOR plus 2 % per annum.

The remaining amounts are due on demand with no fixed repayment date and bear no interest.

**Deferred tax asset**

| **Deferred taxation** | **2021 £'000** | **2020 £'000** |
|---|---|---|
| Fixed asset timing differences | - | (585) |

| | | |
|---|---|---|
| **Deferred tax assets:** | | |
| Asset at 1 October | (585) | (524) |
| Adjustment in respect of previous years | 585 | - |
| Deferred tax charge for the year | - | (61) |
| **Asset at 30 September** | - | **(585)** |

**Amounts due after more than one year:**

At 30 September 2021 loan notes of £54,712,000 invested in HC-One Intermediate Holdco 1 Limited (formerly FC Skyfall Bidco Limited), an intermediate parent undertaking remained outstanding. The loan repayment date is on 12 November 2022 and bears fixed rate interest of 6% per annum.

At 30 September 2021 loan notes of £70,245,000 invested in HC-One Intermediate Holdco 1 Limited (formerly FC Skyfall Bidco Limited) remained outstanding. The loan repayment date is on 12 November 2022 and bears fixed rate interest of 9% per annum.

At 30 September 2021 loan notes of £5,115,000 invested in HC-One Intermediate Holdco 1 Limited (formerly FC Skyfall Bidco Limited) remained outstanding. The repayment date is on 12 November 2022 and bears no interest.

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

| | **2021 £'000** | **2020 £'000** |
|---|---|---|
| Amounts owed to group undertakings | 119,868 | 118,285 |
| Accruals and deferred income | 18 | 30 |
| | 119,886 | 118,315 |



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## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

**Amounts due within one year:**

Amounts owed to group undertakings:

At 30 September 2021, loan note of £72,106,000 (2020:£72,106,000) owed to NHP Securities No.3 Limited, a group undertaking remained outstanding. The loan note has no fixed repayment date and carries interest at LIBOR plus 2% per annum.

The remaining amounts are due on demand with no fixed repayment date and bear no interest.

## 13. CALLED UP SHARE CAPITAL

**Allotted, issued and fully paid:**

| **Number:** | **Class:** | **Nominal value:** | **2021 £** | **2020 £** |
|---|---|---|---|---|
| 1 | Called up, alloted and fully paid | £1 | 1 | 1 |

The Company's other reserves are as follows:

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

Retained earnings represents cumulative profits or losses, including unrealised profit on the re-measurement of investment properties, net of other adjustments.

## 14. CONTINGENT LIABILITIES AND GUARANTEES

On 27 April 2021, FC Skyfall (UK) Financeco Limited, the new intermediate parent company of the Company entered into a five year £570.0m term loan facility agreement, with a maturity date on 26 April 2026. The loan is secured with unlimited guarantee and by fixed and floating charges over the group assets of HC-One Holdco 3 Limited (formerly FC Skyfall Holdco 3 Limited) and its subsidiary undertakings. As at the date of signing the accounts the remaining loan outstanding was £555.4m.

## 15. POST BALANCE SHEET EVENTS

No significant events are noted between the year ended 30 September 2021 and to date of signing of this report.

## 16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

In December 2021, the Company's immediate parent undertaking changed from Libra CareCo CH2 PropCo Holdco Limited to HC-One Intermediate Holdco 1 Limited (formerly FC Skyfall Bidco Limited), a company incorporated in the United Kingdom and registered in England and Wales.

The Directors regard Skyfall LP (formerly FC Skyfall LP), a limited partnership incorporated and registered in the Cayman Islands, as the ultimate parent undertaking. The ultimate controlling party, beyond Skyfall LP, is Skyfall GP Limited (formerly FC Skyfall GP Limited), a company incorporated in Cayman Islands.

The smallest and largest group into which these financial statements are consolidated is HC-One Holdco 3 Limited (Formerly FC Skyfall Holdco 3 Limited) with registered office at C/O Maples Corporate Services Limited PO BOX 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

Copies of financial statements of all the companies for the year ended 30 September 2021 are available from Companies House at Crown Way, Cardiff, Wales, CF14 3UZ.



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## 17. RELATED PARTY TRANSACTIONS

The Company has taken exemption provided under FRS 102 to not disclose intercompany transactions with other wholly owned group undertakings within the HC-One Holdco 3 Limited (formerly FC Skyfall Holdco 3 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 HC-One Holdco 3 Limited.