Company Registration No. 05579560

LIBRA CARECO CH3 PROPCO LIMITED

Annual Report and Financial Statements
For the year ended 30 September 2018

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr J Hutchens
Dr C Patel (resigned 18 December 2017)
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

Deloitte LLP
Statutory Auditor
Newcastle upon Tyne
United Kingdom

DIRECTORS' REPORT

The Directors present their annual report on the affairs of Libra CareCo CH3 PropCo Limited ('the Company'), together with the audited financial statements for the year ended 30 September 2018. 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.3 Limited. The Company will continue to receive rental income from overriding lease agreements 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 2018 the Company owns 6 investment properties at a carrying value of £4.0m (2017: 6 investment properties at £4.0m).

RESULTS

The Company's profit before taxation for the year to 30 September 2018 was £5.4m (2017: loss before taxation £144.0m), this is after writing off the carrying value of the Company's investment of £nil (2017: £157.1m). As at 30 September 2018 the net assets of the Company were £120.0m (2017: £114.6m).

DIVIDENDS

No dividends in respect of the year are proposed (2017: £87.5m) were proposed and paid to Libra CareCo CH3 PropCo Holdco Limited).

DIRECTORS

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

Mr J Hutchens
Dr C Patel (resigned 18 December 2017)
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 2018. 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.

DIRECTORS' REPORT (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

There are no further risks specific to the Company.

GOING CONCERN

The going concern position of the Company is dependent on the overall going concern of the Group headed by FC Skyfall Upper Midco Limited.

The Directors have reviewed the going concern of the Company and the Group carefully in the preparation of the consolidated financial statements.

Management have prepared detailed forecasts for the Group for the period to 30 September 2020. Net debt levels, servicing costs and covenant requirements are closely monitored and managed in accordance to the Group's objectives, policies and processes.

The Group maintains sufficient cash resources to meet its day-to-day working capital requirements.

The Directors believe that the Group and the Company are well placed to manage its risk appropriately.

After making enquiries and based on the Group's forecasts and projections, taking into account reasonable, possible changes in trading performance, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

SUBSEQUENT EVENTS

No significant events are noted between the year ended 30 September 2018 and to the date of signing of 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 each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf:

Mr D Smith
Director
Date: 8 February 2019
Southgate House
Archer Street
Darlington
County Durham DL3 6AH

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBRA CARECO CH3 PROPCO LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Libra CareCo CH3 PropCo Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBRA CARECO CH3 PROPCO LIMITED (Continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBRA CARECO CH3 PROPCO LIMITED (Continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 in preparing the Directors' report and from the requirement to prepare a Strategic report.

We have nothing to report in respect of these matters.

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 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.

David Johnson (Senior statutory auditor (FCA))
for and on behalf of Deloitte LLP
Statutory Auditor
Newcastle upon Tyne, United Kingdom
Date: 8 February 2019

PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2018

	Notes	Total 2018 £'000	Total 2017 £'000
TURNOVER	3	3,106	2,468
Administrative expenses		(68)	(105)
Amount written off investment	8	-	(157,080)
Total administrative expenses		(68)	(157,185)
OPERATING PROFIT/ (LOSS)		3,038	(154,717)
Profit on sale of tangible fixed assets		-	417
Net interest receivable and similar income	4	2,328	10,285
PROFIT/ (LOSS) BEFORE TAXATION	5	5,366	(144,015)
Tax on profit/ (loss)	6	(3)	5,053
PROFIT/ (LOSS) FOR THE FINANCIAL YEAR		5,363	(138,962)

Turnover and operating profit are derived from continuing operations.

There is no comprehensive income for the current financial year or preceding financial 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 2018

	Notes	£'000	2018 £'000	(Restated - note 18) £'000	2017 (Restated note 18) £'000
FIXED ASSETS					
Tangible fixed assets	7		4,020		4,020
Investments	8		93,256		93,256
			97,276		97,276
CURRENT ASSETS					
Debtors	9	102,900		96,083	
CREDITORS: amounts falling due within one year	10	(80,210)		(78,756)	
NET CURRENT ASSETS			22,690		17,327
TOTAL ASSETS LESS CURRENT LIABILITIES			119,966		114,603
NET ASSETS			119,966		114,603
CAPITAL AND RESERVES	12				
Called-up share capital			-		-
Capital contribution			210,382		210,382
Profit and loss account			(90,416)		(95,779)
SHAREHOLDERS' FUNDS			119,966		114,603

These financial statements of Libra CareCo CH3 PropCo Limited (registered number 05579560) were approved by the Board of Directors and authorised for issue on 8 February 2019.They were signed on its behalf by:

Mr D Smith
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2018

	Called-up share capital	Capital contribution	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 October 2016	-	210,382	130,683	341,065
Loss for the financial year	-	-	(138,962)	(138,962)
Dividends paid on equity shares (see note 16)	-	-	(87,500)	(87,500)
At 30 September 2017	-	210,382	(95,779)	114,603
Profit for the financial year	-	-	5,363	5,363
At 30 September 2018	-	210,382	(90,416)	119,966

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2018

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 CH3 PropCo Limited is a private company 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 activities are set out in the Director's report on page 2.

The average monthly number of employees (excluding executive directors) was nil (2017: nil).

The financial statements have been prepared under the historical cost convention modified to include certain items at fair value (tangible assets) 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

The going concern position of the Company is dependent on the overall going concern of the Group headed by FC Skyfall Upper Midco Limited.

The Directors have reviewed the going concern of the Company and the Group carefully in the preparation of the financial statements.

Management have prepared detailed forecasts for the Group for the period to 30 September 2020. Net debt levels, servicing costs and covenant requirements are closely monitored and managed in accordance to the Group's objectives, policies and processes.

The Group maintains sufficient cash resources to meet its day-to-day working capital requirements.

The Directors believe that the Group and the Company are well placed to manage its risk appropriately.

After making enquiries and based on the Group's forecasts and projections, taking into account reasonable, possible changes in trading performance, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents overriding lease rental income accounted for on an accrual basis under the terms of overriding lease agreements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

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.

Investment

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 the 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 2018

1. **ACCOUNTING POLICIES (Continued)**

Dividend expense

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

1. **ACCOUNTING POLICIES (Continued)**

Impairment of assets (continued)

Financial assets (continued)

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal.

An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2. **CRITICAL ACCOUNTING JUDGEMENTS**

In the application of the 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 have 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. **TURNOVER**

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

	2018 £'000	**2017 £'000**
Overriding lease rents received from group undertaking	3,106	2,468

The reduction in overriding rents mainly due to the disposal of certain investment properties in the previous year hence resulted lower rental income in the current year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

4. NET INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
Interest receivable on loan notes to group undertaking	3,714	11,576
Interest payable on loan notes from group undertakings	(1,386)	(1,291)
	2,328	10,285

5. PROFIT/ (LOSS) BEFORE TAXATION

Profit/ (Loss) on ordinary activities before taxation is stated after charging:

	2018 £'000	2017 £'000
Management fees payable to a group undertaking	57	63
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	6	24
Non audit fees for tax compliance services	5	18

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

None of the Directors received emoluments in relation to their services to the Company during the current or preceding year. Directors' emoluments have been borne by HC-One Limited, a group undertaking during the current and preceding year, and were not recharged to the Company.

6. TAX ON PROFIT/ (LOSS)

	2018 £'000	2017 £'000
Current taxation:		
UK Corporation tax on profit for the year	-	-
Deferred taxation:		
Origination and reversal of timing differences	31	(4,043)
Adjustment in respect of previous years	(25)	(1,119)
Effect of changes in tax rates	(3)	109
Total deferred tax	3	(5,053)
Total tax charge/ (credit)	**518**	**(5,053)**
Reconciliation of current year charge/ (credit):		
Profit/ (Loss) before tax	5,366	(144,015)
Tax on profit/ (loss) at standard rate of 19.0% (2017: 19.5%)	1,020	(28,083)
Factors affecting tax charge:		
Non-deductible provisions	-	30,628
Gains/ rollover relief etc	-	(4,158)
Effect of group relief/ other reliefs	(989)	(2,433)
Adjustment from previous years	(25)	(1,116)
Tax rate changes	(3)	109
Total tax charge/ (credit) for the financial year	3	(5,053)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

6. TAX ON PROFIT/ (LOSS) (Continued)

The standard rate of tax applied to reported profit is 19.0% (2017: 19.5%).

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 2018.

During the year commencing 1 October 2018, the net reversal of deferred tax assets and liabilities is expected to reduce the corporation tax charge for the year by £26,000. This is due to the company claiming capital allowances in excess of deprecation.

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

7. TANGIBLE FIXED ASSETS

	Freehold Investment properties £'000	Long leasehold investment properties £'000	Total £'000
At cost or valuation			
As at 30 September 2017 and 30 September 2018	4,020	-	**4,020**

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 2017 the property values of the Company were held flat.

As at 30 September 2018 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 2017 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 2018.

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

As set out in note 3, overriding lease rental income during the year ended 30 September 2018 was £3,106,000 (2017: £2,468,000). No contingent rents have been recognised as income in the current or preceding year.

As at 30 September 2018 the historical costs of investment properties were £4,223,000 (2017: £4,223,000)

As at 30 September 2018, the Company has an overriding lease agreement with Care Homes No.3 Limited, but has no future minimum lease payments, as the overriding lease rentals vary from year to year depending on the profitability of Care Homes No.3 Limited. It should be noted that as per the terms of the overriding lease agreements, Care Homes No.3 Limited will only pay overriding lease rentals when it has surplus profit to distribute.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

8. INVESTMENTS

	Share in subsidiary undertaking £'000	Subordinated loan notes investment in subsidiary undertaking £'000	Total £'000
Cost or net book value			
At 1 October 2017 - Restated	195,062	55,274	250,336
Additions	49,000	-	49,000
Repayments	-	(49,000)	(49,000)
At 30 September 2018	244,062	6,274	250,336
Provision			
At 1 October 2017	(157,080)	-	(157,080)
Amount written off to profit and loss	-	-	-
At 30 September 2018	(157,080)	-	(157,080)
Net book value:			
At 30 September 2018	**86,982**	**6,274**	**93,256**
At 30 September 2017	37,982	55,274	93,256

Shares in subsidiary undertaking

On 1 December 2006, Libra CareCo CH3 Propco Limited purchased the entire issued share capital of Care Homes No.3 Limited, a company incorporated in the Cayman Islands. The principal activity of Care Homes No.3 Limited is the investment in overriding leases acquired from the Company.

On 28 June 2017, Libra CareCo CH3 PropCo Limited subscribed for one ordinary share in Care Homes No. 3 Limited for £194,774,886 in cash.

On 27 September 2018 Libra CareCoCH3 PropCo Limited subscribed for 1,000 ordinary shares in Care Homes No.3 Limited for £49,000,000.

At 30 September 2018 the Company has made a provision of impairment on its investment in Care Homes No. 3 Limited, a fellow group undertaking, for £nil (2017: £157,080,000) which was charged to profit and loss account. The amount of the impairment was calculated based on the deemed recoverable value of the investment in Care Homes No. 3 Ltd as at 30 September 2018.

At 30 September 2018, the Company held investments either directly or indirectly in the following subsidiary undertakings:

Name	Country of incorporation	% Holdings	Principal activity
Care Homes No.3 Limited *	Cayman Islands	100%	Investment in care homes properties
NHP Securities No.10 Limited	Jersey	100%	Investment in care home properties
NHP Securities No.12 Limited	Jersey	100%	Investment in care homes properties

* held directly by Libra CareCo CH3 PropCo Limited. All others are indirect.

All shares held are ordinary shares.

The registered address for Care Homes No.3 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.10 Limited and NHP Securities No.12 Limited is 47 Esplanade, St Helier, Jersey, Channel Islands, JE1 0BD.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

8. INVESTMENTS (Continued)

Subordinated Loan notes investment in subsidiary undertaking

At 30 September 2018, loan note of £6,274,000 (2017: £6,274,000) invested in FC Skyfall Bidco Limited remained outstanding. The loan repayment date is on 12 November 2019 and bears fixed interest rate of 9% per annum.

At 31 March 2017, loan notes of £136,500,000 were issued to FC Skyfall IOM Properties Limited, a group undertaking. On 30 June 2017, £87,500,000 of the loan amount was re-assigned to FC Skyfall Bidco Limited, a parent company. On 27 September 2018 the remaining loan notes were assigned to Care Homes No.3 Limited for new share investment in that company. At 30 September 2018 the loan amount of £nil (2017: £49,000,000) remained outstanding. The loan repayment date is on 31 March 2022 and the loan notes bear a fixed interest rate of 6.50 % per annum.

9. DEBTORS

	2018 £'000	2017 £'000
Amount due within one year:		
Other amounts due from group undertakings	102,852	96,032
Deferred tax asset (see note 11)	48	51
	102,900	96,083

Other amounts due from group undertakings

The amounts are due on demand bearing no interest. All amounts related to unsecured debts.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 (Restated) £'000
Loan notes due to group undertakings	47,707	47,707
Amounts owed to group undertakings	32,498	31,031
Accruals	5	18
	80,210	78,756

Loan notes due to group undertakings

On 17 October 2005, the Company issued a loan note of £47,707,425 to NHP Securities No.3 Limited, a group undertaking, which represents part of the consideration payable for assets transferred. The loan note remained outstanding as at 30 September 2018. The loan note has no fixed repayment date and carries loan interest at LIBOR plus 2% per annum.

Amounts owed to group undertakings

The amounts are due on demand bearing no interest. All amounts related to unsecured liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

11. DEFERRED TAX ASSET

Deferred tax	**2018 £'000**	**2017 £'000**
Fixed asset timing differences	48	51
	48	**51**
Deferred tax assets/ (liabilities):		
Provision at 1 October	51	(5,002)
Adjustment in respect of previous year	25	1,119
Deferred tax (charge) / credit	(28)	3,934
Provision at 30 September	**48**	**51**

12. CALLED-UP SHARE CAPITAL AND RESERVES

	2018 £	**2017 £**
Called-up, allotted and fully paid:		
1 ordinary share 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 8 February 2019 the outstanding loan amount is £270.2m.

14. SUBSEQUENT EVENTS

No significant events are noted between the year ended 30 September 2018 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 arc no transactions between the Company and the Directors during the current year or the preceding year.

The key management personnel of the Company are also the key management personnel of the Group and other group undertakings. Management do not believe it is possible to allocate these costs to each individual company. Further details can be found in the consolidated financial statements of FC Skyfall Upper Midco Limited.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 September 2018

16. DIVIDENDS ON EQUITY

	2018 £'000	2017 £'000
Declared and paid during the year:		
Equity dividends on ordinary shares	-	87,500

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Libra CareCo CH3 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 2018 are available from Companies House at Crown Way, Cardiff, Wales, CF14 3UZ.

18. EXPLANATION OF PRIOR PERIOD ADJUSTMENTS

The financial statements of the prior year have been restated to reflect reclassification of certain intercompany loans with no fixed repayment date from Creditors: amounts falling due after more than one year to Creditors: amounts due within one year. The impact to net assets is £nil.

The effect of these transactions on the prior year comparatives is shown in the table below.

	2017 prior to restatement £'000	Restatement £'000	2017 (Restated) £'000
Creditors: amounts falling due with one year	(31,049)	(47,707)	(78,756)
Creditors: amounts falling due after more than one year	(47,707)	47,707	-
Total	**(78,756)**	-	**(78,756)**