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Company Registration
No. FC 027203

CARE HOMES NO. 3 LIMITED
Annual Report and Financial Statements

For the year ended 30 September 2019



CARE HOMES NO. 3 LIMITED

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

CONTENTS	Page
Officers and professional advisors	1
Directors' responsibilities statement	2
Independent auditor's report	3
Profit and Loss account	5
Balance sheet	6
Statement of changes in equity	7
Notes to the financial statements	8

CARE HOMES NO. 3 LIMITED

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

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Mr D Smith
Mr J Hutchens (*Resigned 2 March 2020*)

COMPANY SECRETARY

Crestbridge Corporate Services Limited

REGISTERED OFFICE

c/o Walkers Corporate Limited
Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman
KY1-9008
Cayman Islands

ASSET MANAGER

NHP Management Limited
Southgate House
Archer Street,
Darlington
County Durham
DL3 6AH

BANKERS

Barclays Bank PLC
Barclays Business Centre
8/9 Hanover Square
London
W1A 4ZW

AUDITOR

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

CARE HOMES NO.3 LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors of Care Homes No.3 Limited ('the directors') are responsible for the preparation of financial statements for the year ended 30 September 2019 in accordance with the requirements of the Companies Act 2006 as applicable to overseas companies as if those requirements were to apply, which are intended by them to give a true and fair view of the state of affairs of the company and of its profit or loss for that period. They have decided to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable UK accounting standards have been followed; subject to any material departures being disclosed and explained in the financial statements;
- assessed the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- used 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 such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARE HOMES NO. 3 LIMITED

Opinion

We have audited the financial statements of Care Homes No. 3 Limited for the year ended 30 September 2019 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Company Statement of Changes in Equity and related notes, including the accounting policies in note 1. The financial statements have been prepared for the reasons set out in note 1.

In our opinion:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and the terms of our engagement letter dated 22 November 2019. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

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

Our opinion is not modified in respect of this matter.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements, which are intended by them to give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

CARE HOMES NO.3 LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARE HOMES
NO. 3 LIMITED (Continued)**

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

This report is made solely to the Company in accordance with the terms of our engagement. It has been released to the Company on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

3 April 2020

CARE HOMES NO.3 LIMITED

PROFIT AND LOSS ACCOUNT For the year ended September 2019

	Notes	2019 £'000	2018 £'000
TURNOVER	3	315	400
Administrative expenses		(41)	(4,673)
OPERATING PROFIT/(LOSS)		274	(4,273)
Interest receivable and similar income	4	7,925	4,323
Interest payable and similar expenses	5	(1,577)	(1,578)
PROFIT / (LOSS) BEFORE TAXATION	6	6,622	(1,528)
Tax on Profit/(loss)	7	(22)	-
PROFIT/ (LOSS) FOR THE FINANCIAL YEAR		6,600	(1,528)

Results are derived wholly 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

CARE HOMES NO. 3 LIMITED

BALANCE SHEET As at 30 September 2019

		2019	2018
	Notes	£'000	£'000
FIXED ASSETS			
Investments	8	28,187	24,979
CURRENT ASSETS			
Debtors	9	109,020	104,078
Cash at bank and in hand		196	128
		109,216	104,206
CREDITORS: amounts falling due within one year	10	(45,289)	(43,716)
NET CURRENT ASSETS		63,927	60,490
TOTAL ASSETS LESS CURRENT LIABILITIES		92,114	85,469
CREDITORS: amounts falling due after more than one year	11	(64)	(19)
NET ASSETS		92,050	85,450
CAPITAL AND RESERVES			
Called-up share capital	13	2	2
Share premium account	13	243,774	243,774
Profit and loss account	13	(151,726)	(158,326)
SHAREHOLDERS' FUNDS		92,050	85,450

These financial statements of Care Homes No. 3 Limited (registered number FC027203) were approved by the Board of Directors and authorised for issue on 3 April 2020. They were signed on its behalf by:



Mr D Smith
Director

CARE HOMES NO. 3 LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the year ended 30 September 2019

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 30 September 2017	1	194,775	(156,798)	37,978
Loss for the financial year	-	-	(1,528)	(1,528)
Share issue at premium	1	48,999	-	49,000
At 30 September 2018	2	243,774	(158,326)	85,450
Profit for the financial year	-	-	6,600	6,600
At 30 September 2019	2	243,774	(151,726)	92,050

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

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year.

General information and basis of accounting

Care Homes No. 3 Limited ("the Company") is a company incorporated in the Cayman Islands under the Company Law (2004 Revision) of the Cayman Islands. The address of the registered office is given on page 1. The portfolio of overriding leases acquired by the Company from its group undertaking, namely, Libra CareCo CH2 PropCo Limited were subsequently leased out to care home operators. The principal activity of the Company is to collect monthly operating rental income, paying its fees and expenses and the remaining net rental income to be payable as overriding lease rental to its group undertakings.

The financial statements have been prepared under the historical cost convention 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 presentation of a cash flow statement, remuneration of key management personnel, financial instruments and related party transactions.

Going Concern and COVID-19

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2019

1. ACCOUNTING POLICIES (Continued)

Going concern and COVID-19 (continued)

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

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

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

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

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

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

Exemption from consolidation

The Company has taken advantage of section 401 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.

Turnover

Turnover earned from the ordinary activities of the Company, which is stated net of value added tax, takes place wholly within the United Kingdom. Rental income is received and receivable from care home operating leases leased to and managed by the Company's group undertaking, HC-One Limited. Turnover represents rental income accounted for on an accrual basis under the terms of operating lease agreements.

Taxation

Current tax, including UK corporation 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 years 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.

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

1. ACCOUNTING POLICIES (Continued)

Taxation

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 period, to recover or settle the carrying amount of its assets and liabilities.

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.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. All monetary assets and liabilities in foreign currencies are expressed in pounds sterling at the year end rates. Gains and losses arising from the movements in exchange rates during the year are dealt with in the profit and loss account.

Investments

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

Interest

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

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 expires.

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

1. ACCOUNTING POLICIES (Continued)

Impairment of assets

Assets 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.

2. 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.

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 discussed below.

Key sources of estimation uncertainty

Overriding lease rental

Determining the overriding lease rental expense requires estimation of some fees and expenses. Management have used their past experience to calculate amount to recognise at each financial year.

3. TURNOVER

Turnover comprises the following items earned from the Company's principal activities, which take place wholly within the United Kingdom.

	2019 £'000	2018 £'000
Rental receivable	315	400

CARE HOMES NO. 3 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
For the year ended 30 September 2019**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2019	2018
	£'000	£'000
Interest receivable on bank deposits	-	1
Interest receivable on loan notes from group undertakings	7,925	4,322
	<u>7,295</u>	<u>4,323</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£'000	£'000
Interest payable to group undertakings	1,577	1,577
Bank charges	-	1
	<u>1,577</u>	<u>1,578</u>

6. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2019	2018
	£'000	£'000
Management fees payable to a group undertaking	17	17
Provision of intercompany debts	-	1,529
Overriding lease rents to Libra CareCo CH3 Propco Limited, a group undertaking	-	3,107
	<u>-</u>	<u>3,107</u>
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	12	6
Fees payable to the Company's auditor for other services to the Company: Tax compliance services	-	4
	<u>-</u>	<u>4</u>

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 are not repayable.

CARE HOMES NO. 3 LIMITED

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

7. TAX ON PROFIT / (LOSS)

	2019 £'000	2018 £'000
Origination and reversal of timing differences	25	-
Effect of tax rate changes	(3)	-
Total deferred tax	22	-
Reconciliation of tax charge:		
Profit/(loss) before tax	6,622	(1,528)
Tax on profit at standard rate of 19.0% (2018: 19.0%)	1,258	(290)
Factors affecting charge:		
Effects of Group relief/other reliefs	(1,233)	-
Expenses not deductible	-	290
Tax rate changes	(3)	-
Total tax charge for the year	22	-

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

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 30 September 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have decreased by £250,000.

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

CARE HOMES NO. 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2019

8. INVESTMENTS

	Investments in subsidiary undertakings £'000	Loan notes investment in group undertaking £'000	Total £'000
Loan note due by group undertaking			
Cost and net book value			
At 1 October 2018	22	24,957	24,979
Additions	-	3,208	3,208
At 30 September 2019	22	28,165	28,187

Investments in subsidiary undertakings

NHP Securities No.10 Limited is incorporated in Jersey and its sole activity is to purchase long-leasehold interests in modern purpose-built care homes which are leased back to care home operators. The authorised share capital of NHP Securities No.10 Limited is £10,000, divided into 8,000 A Ordinary Shares of £1 each (the "A Shares") and 2,000 B Ordinary Shares of £1 each (the "B Shares"), all of which have been issued and are fully paid. The A Shares carry a right to vote generally but the B Shares do not carry a right to receive notice of, attend or vote at any general meeting of the Company. The Company paid £18,000 for the 8,000 A Ordinary Shares.

On 1 December 2006 the Company paid £2,500 to acquire the 2,000 issued 'B' Ordinary Shares of £1 each of NHP Securities No. 10 Limited for cash.

NHP Securities No.12 Limited is incorporated in Jersey and its sole activity is to purchase long leasehold interests in modern purpose-built care homes which are leased back to care home operators. The authorised share capital of NHP Securities No.12 Limited is two ordinary shares of £1 each all of which have been issued and are fully paid. The Company paid £1,000 for the 2 Ordinary shares.

The registered address of both NHP Securities No.10 Limited and NHP Securities No.12 Limited is 47 Esplanade, St Helier, Jersey, Channel Islands, JE1 0BD.

Loan notes investment in group undertaking

During the year to 30 September 2019 further loans totalling £250,000 were invested in HC-One Limited, a group undertaking. At 30 September 2019 total loan of £28,165,000, including interest capitalised of £2,958,000 (2018: £24,957,000, including interest capitalised of £2,083,000) invested in HC-One Limited remained outstanding. The loan is due for repayment on 11 November 2022 and bears fixed interest rate of 9% per annum.

9. DEBTORS

	2019 £'000	2018 £'000
Amount falling due within one year:		
Prepayments and accrued income	5	80
Loan notes due from group undertakings	97,070	94,994
Amount due from group undertakings	9,777	6,814
Deferred tax asset (see note 12)	2,168	2,190
	109,020	104,078

CARE HOMES NO. 3 LIMITED

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

9. DEBTORS (Continued)

Loan notes due from group undertaking

At 30 September 2019, total loan of £46,994,000 (including interest capitalised of £2,077,000) invested in Libra Intermediate Holdco Limited remained outstanding. The loan has no fixed repayment date and bears interest at LIBOR plus 4% per annum (2018: £44,918,000, including interest capitalised of £1,871,000).

At 30 September 2019 total loan of £1,076,000 (2018: £1,076,000) invested in FC Skyfall Bidco Limited, a group undertaking to enable the company to pay interest due on external loans, remained outstanding. The loan has no fixed repayment date and bears interest at fixed rate of 8% per annum.

On 27 September 2018 a loan amount of £49,000,000 was invested in FC Skyfall IOM Properties Limited, a group undertaking. The loan amount was transferred from Libra CareCo CH3 PropCo Limited, a group undertaking. At 30 September 2019 a total loan amount of £49,000,000 remained outstanding (2018: £49,000,000). The loan has no fixed repayment date and bears interest at fixed rate of 6.50% per annum

Amount due from group undertakings

As at 30 September 2019 FC Skyfall Bidco Limited owed £406,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £320,000).

As at 30 September 2019 Care Homes No.1 Limited owed £58,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £58,000).

As at 30 September 2019 Care Homes No.2 (Cayman) Limited owed £524,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £447,000).

As at 30 September 2019 Libra Intermediate Holdco Limited owed £2,106,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £1,920,000).

As at 30 September 2019 NHP Management Limited owed £4,773,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £4,803,000). A provision of doubtful debts of £1,529,000 has been made against the amount owed as at 30 September 2019 (2018: £1,529,000).

As at 30 September 2019 NHP Operations (York) Limited owed £219,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £219,000).

As at 30 September 2019 FC Skyfall IOM Properties Limited owed £3,220,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £35,000).

As at 30 September 2019 HC-One Limited owed £Nil (2018: £541,000) and this amount is unsecured and due on demand with no repayment date, bearing no interest.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Loan notes due to group undertakings	23,841	23,841
Amounts due to group undertakings	21,433	19,872
Accruals and deferred income	15	3
	<u>45,289</u>	<u>43,716</u>

Loan notes due to group undertakings

Loan notes of £23,841,000 (2018: £23,841,000) were issued to NHP Securities No. 3 Limited, a group undertaking. The loan notes have no fixed repayment dates and bear interest of 6.6% per annum.

CARE HOMES NO. 3 LIMITED

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

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (Continued)

Amounts due to group undertakings

As at 30 September 2019 NHP Securities No. 3 Limited were owed £18,285,000 (2018: £16,712,000) and this amount is unsecured and due on demand with no repayment date, bearing no interest.

As at 30 September 2019 Libra CareCo CH3 PropCo Limited were owed £3,107,000 (2018: £3,107,000) and this amount is unsecured and due on demand with no repayment date, bearing no interest.

As at 30 September 2019 NHP Securities No. 10 Limited were owed £6,000 (2018: £5,000) and this amount is unsecured and due on demand with no repayment date, bearing no interest.

As at 30 September 2019 NHP Securities No. 12 Limited were owed £9,000 (2018: £9,000) and this amount is unsecured and due on demand with no repayment date, bearing no interest.

As at 30 September 2019 HC-One Limited were owed £26,000 (2018: £39,000) and this amount is unsecured and due on demand with no repayment date, bearing no interest.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £'000	2018 £'000
Loan notes due to group undertakings	64	19
	<u>64</u>	<u>19</u>

A loan note of £64,000 (2018: £19,000) was issued by NHP Limited, a group undertaking and is repayable on 2 January 2031 and bears interest at 6.6% per annum.

12. DEFERRED TAXATION

	Provided 2019 £'000	Provided 2018 £'000
Loss carried forward	(2,168)	(2,190)
	<u>(2,168)</u>	<u>(2,190)</u>
Deferred tax assets:	2019 £'000	2018 £'000
Provision at 1 October	(2,190)	(2,190)
Deferred tax credit for the year	22	-
Provision at 30 September	<u>(2,168)</u>	<u>(2,190)</u>

CARE HOMES NO. 3 LIMITED

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

13. CAPITAL AND RESERVES

	2019 £'000	2018 £'000
Called-up, allotted and fully paid:		
1,001 ordinary shares at US \$1 each	\$1	\$1
Issued of 1,000 ordinary shares £1 each	1	1
	<hr/>	<hr/>
Pounds sterling equivalent	2	2
	<hr/>	<hr/>

The share premium represents the additional premium paid on ordinary shares.

The profit and loss account represents cumulative profits or losses, net of other adjustments.

14. 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 3 April 2020 the outstanding loan amount is £254.2m.

15. SUBSEQUENT EVENTS

No significant events are noted between the year ended 30 September 2019 and the date of signing of this report.

16. 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 FC Skyfall Upper Midco Limited group.

There are no transactions between the Company and the Directors during the current year or the preceding year.

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

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Libra CareCo CH3 PropCo Limited, a company incorporated in the United Kingdom and registered in England and Wales. The Directors regard FC Skyfall LP, a limited partnership incorporated and registered in the Cayman Islands, as the ultimate parent undertaking. There is no controlling party beyond FC Skyfall LP.

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

The smallest group in which the results of the Company are consolidated is that headed by FC Skyfall Upper Midco Limited, a company incorporated in England and Wales. The registered address of FC Skyfall Upper Midco Limited is 25 Canada Square, Level 37, London, England, E14 5LQ.

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