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REGISTERED NUMBER: FC027203 (Cayman Islands)

HC-One (NHP2) Limited

Directors' Report and

Audited Financial Statements for the Year Ended 30th September 2022

HC-One (NHP2) Limited

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for the Year Ended 30th September 2022

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Company Information
for the Year Ended 30th September 2022

DIRECTORS:	Mr D A Smith Mr J W Tugendhat
SECRETARY:	Crestbridge Corporate Services Limited
REGISTERED OFFICE:	c/o Walkers Corporate Limited Cayman Corporate Centre 27 Hospital Road George Town Grand Cayman KY1-9008
REGISTERED NUMBER:	FC027203 (Cayman Islands)
INDEPENDENT AUDITORS:	KPMG LLP Quayside House 110 Quayside Newcastle-upon-Tyne NE1 3DX
BANKERS:	Barclays Bank PLC Barclays Business Centre 8/9 Hanover Square London W1A 4ZW

Directors' Report
for the Year Ended 30th September 2022

The Directors present their Directors' Report for the year ended 30 September 2022 which they have elected to prepare as if the UK Companies Act 2006 for such a report applied to them.

PRINCIPAL ACTIVITY
The principal activity of the Company in the year under review was that of collecting 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.

DIVIDENDS
No interim dividend was paid during the year. The directors recommend a final dividend of £3,503 per share.

The total distribution of dividends for the year ended 30th September 2022 will be £3,506,907.

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 2021 to the date of this report.

Mr D A Smith
Mr J W Tugendhat

GOING CONCERN

In assessing the basis of preparation of the financial statements for the year ended 30 September 2022, the Directors use the Group's anticipated future cash flows and undertake a range of sensitivities to identify any plausible situations which could put pressure on the Group's ability to continue as a going concern. In challenging the Director's assessment in respect of the going concern statements, which were based on anticipated future cash flows agreed by the Board as part of the Group's planning process, the Directors focused on the Group's headroom within its financial covenants and the liquidity available in the Group. The period of assessment is considered to be at least 12 months from the date of approval of these financial statements

At 30 September 2022, the Group's principal facility is a loan of £570.0m, which consisted of £540.0m towards repayment of existing Group indebtedness and a further facility of £30.0m available for draw down to fund working capital and capital expenditure. No financial covenants are tested within the period to 30 September 2022 and there is no amortisation during the term of the loan. Financial covenant testing commences on 30 June 2023 with a leverage ratio of 8.50; a debt service cover ratio of 1.10 and a minimum cash balance of £16m.

The Directors have undertaken a rigorous assessment of going concern and liquidity, taking into account financial forecasts, as well as the potential impact of key uncertainties and sensitivities on the Group's future performance. In making this assessment the Directors have considered the Group's existing debt levels, the committed funding and liquidity positions under its debt covenants, its ability to generate cash from trading activities and its working capital requirements. The Directors have also identified a series of mitigating actions that could be used to preserve cash in the business should the need arise.

The basis of the assessment continues to be the Board-approved business plan. The business plan is prepared annually for the next five-year period and is based on a bottom-up approach to all of the Group's existing operations, potential new operations and administrative functions. As part of the planning process, consideration was given to the ongoing impact of Covid-19, occupancy growth, fee pricing, labour usage and labour pricing.

Due to the limited adverse impacts of Covid-19 on the Group's trading, the Directors believe that appropriate sensitivities in assessing the Group's ability to continue as a going concern are to model reductions in occupancy growth; lower fee increases; increased labour usage; and increased labour pricing. The Directors believe that a stress test of these sensitivities to assess the headroom available under the Group's debt covenants and available liquidity provides meaningful analysis of the Group's ability to continue as a going concern. Based on the headroom available, the Directors are then able to assess whether the reductions required to breach the Group's financial covenants, or exhaust available liquidity, are plausible.

This stress test shows that, even after assuming a reduction in occupancy growth; lower fee increases; increased labour usage; and increased labour pricing, the Group can still retain sufficient liquidity to meet all liabilities as they fall due and remain compliant with the Group's financial covenants.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

ON BEHALF OF THE BOARD:

....
Mr D A Smith - Director

Date: 29 March 2023

Directors' Responsibilities Statement
for the Year Ended 30th September 2022

The directors of HC-One (NHP2) Limited ('the directors') are responsible for the preparation of financial statements for the year ended 30 September 2022 in accordance with the requirements of the UK Companies Act 2006 as applicable to overseas companies, 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.

In addition, they have elected to prepare a Directors' Report as if the UK Companies Act 2006 for such reports applied to them.

Opinion

We have audited the financial statements of HC-One (NHP2) Limited ("the company") for the year ended 30 September 2022 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. 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 2022 and of its profit for the year then ended; and

- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and

- have been prepared in accordance with the requirements of the Companies Act 2006, 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 13 January 2023. 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:

- Identifying journal entries to test based on risk criteria and comparing the identified entries 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.

Other information

The directors are responsible for the other information, which comprises the Directors' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Directors' responsibilities

As explained more fully in their statement set out on page five, 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.

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

Our report has been prepared for the company solely 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.

Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

Date: 30 March 2023

HC-One (NHP2) Limited

Statement of Comprehensive Income
for the Year Ended 30th September 2022

	Notes	2022 £'000	2021 £'000
TURNOVER		-	-
Administrative expenses		(67)	(38)
		(67)	(38)
Gain/loss on revaluation of investments		(22)	-
OPERATING LOSS		(89)	(38)
Income from group undertakings		17	-
Interest receivable and similar income	5	8,976	8,218
		8,904	8,180
Interest payable and similar expenses	6	(263)	(1,578)
PROFIT BEFORE TAXATION	7	8,641	6,602
Tax on profit	8	-	764
PROFIT FOR THE FINANCIAL YEAR		8,641	7,366
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,641	7,366

The notes on pages 12 to 20 form part of these financial statements

HC-One (NHP2) Limited (Registered number: FC027203)

Balance Sheet
30th September 2022

	Notes	2022 £'000	2021 £'000
FIXED ASSETS			
Investments	9	-	22
CURRENT ASSETS			
Debtors	10	161,551	154,553
Cash at bank		356	360
		161,907	154,913
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(4,784)	(48,556)
NET CURRENT ASSETS		157,123	106,357
TOTAL ASSETS LESS CURRENT LIABILITIES		157,123	106,379
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Share premium		240,267	243,774
Capital contribution reserve		45,610	-
Retained earnings		(128,756)	(137,397)
SHAREHOLDERS' FUNDS		157,123	106,379

The financial statements were approved by the Board of Directors and authorised for issue on 29 March 2023 and were signed on its behalf by:

....
Mr D A Smith - Director

The notes on pages 12 to 20 form part of these financial statements

HC-One (NHP2) Limited

Statement of Changes in Equity
for the Year Ended 30th September 2022

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Capital contribution reserve £'000	Total equity £'000
Balance at 1st October 2020	2	(144,763)	243,774	-	99,013
Changes in equity					
Total comprehensive income	-	7,366	-	-	7,366
Balance at 30th September 2021	2	(137,397)	243,774	-	106,379
Changes in equity					
Dividends	-	-	(3,507)	-	(3,507)
Capital contribution arising from group reorganisation	-	-	-	45,610	45,610
Total comprehensive income	-	8,641	-	-	8,641
Balance at 30th September 2022	2	(128,756)	240,267	45,610	157,123

The notes on pages 12 to 20 form part of these financial statements

1. **STATUTORY INFORMATION**

HC-One (NHP2) Limited is a private company, limited by shares, registered in Cayman Islands. 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 UK Companies Act 2006 as applicable to overseas companies as set out in SI 2009/1801, The Overseas Companies Regulations 2009. The financial statements have been prepared under the historical cost convention.

The average monthly number of employees (excluding executive directors) was nil (2021: 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
Where a company being a parent company is required by section 399 to prepare group accounts, and that company is itself a subsidiary of another company ("the holding company"), the group accounts of the holding company are deemed to satisfy the requirements of section 399 to prepare group accounts. Therefore, the company has not prepared consolidated financial statements as it and it's subsidiary undertakings are included by full consolidation in the consolidated financial statements of HC-One Holdco 3 Limited and HC-One TopCo Limited, both of C/o Trident Trust Company (Cayman) Limited, One Capital Place, Shedden Road, PO Box 847, George Town, Grand Cayman, Cayman Islands KYI - 1103.

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.

continued...

2. **ACCOUNTING POLICIES - continued**

Going concern

In assessing the basis of preparation of the financial statements for the year ended 30 September 2022, the Directors use the Group's anticipated future cash flows and undertake a range of sensitivities to identify any plausible situations which could put pressure on the Group's ability to continue as a going concern. In challenging the Director's assessment in respect of the going concern statements, which were based on anticipated future cash flows agreed by the Board as part of the Group's planning process, the Directors focused on the Group's headroom within its financial covenants and the liquidity available in the Group. The period of assessment is considered to be at least 12 months from the date of approval of these financial statements

At 30 September 2022, the Group's principal facility is a loan of £570.0m, which consisted of £540.0m towards repayment of existing Group indebtedness and a further facility of £30.0m available for draw down to fund working capital and capital expenditure. No financial covenants are tested within the period to 30 September 2022 and there is no amortisation during the term of the loan. Financial covenant testing commences on 30 June 2023 with a leverage ratio of 8.50; a debt service cover ratio of 1.10 and a minimum cash balance of £16m.

The Directors have undertaken a rigorous assessment of going concern and liquidity, taking into account financial forecasts, as well as the potential impact of key uncertainties and sensitivities on the Group's future performance. In making this assessment the Directors have considered the Group's existing debt levels, the committed funding and liquidity positions under its debt covenants, its ability to generate cash from trading activities and its working capital requirements. The Directors have also identified a series of mitigating actions that could be used to preserve cash in the business should the need arise.

The basis of the assessment continues to be the Board-approved business plan. The business plan is prepared annually for the next five-year period and is based on a bottom-up approach to all of the Group's existing operations, potential new operations and administrative functions. As part of the planning process, consideration was given to the ongoing impact of Covid-19, occupancy growth, fee pricing, labour usage and labour pricing.

Due to the limited adverse impacts of Covid-19 on the Group's trading, the Directors believe that appropriate sensitivities in assessing the Group's ability to continue as a going concern are to model reductions in occupancy growth; lower fee increases; increased labour usage; and increased labour pricing. The Directors believe that a stress test of these sensitivities to assess the headroom available under the Group's debt covenants and available liquidity provides meaningful analysis of the Group's ability to continue as a going concern. Based on the headroom available, the Directors are then able to assess whether the reductions required to breach the Group's financial covenants, or exhaust available liquidity, are plausible.

This stress test shows that, even after assuming a reduction in occupancy growth; lower fee increases; increased labour usage; and increased labour pricing, the Group can still retain sufficient liquidity to meet all liabilities as they fall due and remain compliant with the Group's financial covenants.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Investments in subsidiaries

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

continued...

2. ACCOUNTING POLICIES - continued

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.

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.

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.

continued...

2. ***ACCOUNTING POLICIES - continued***

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.

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

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.

continued...

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, 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

(a) 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.

(b) Deferred tax assets and liabilities
Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised; in particular judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income and gains or losses arising. Refer to note 8 for further details of deferred tax assets and liabilities recognised.

4. DIRECTORS' EMOLUMENTS

None of the Directors received emoluments in relation to their services to the Company during the current and preceding year. Directors' Emoluments have been borne by HC-One Limited, a group undertaking during the current and preceding year, and are recharged to the Company as management expenses.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £'000	2021 £'000
Interest receivable on loan notes from group undertakings	8,976	8,218

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £'000	2021 £'000
Interest payable on loan notes to group undertakings	263	1,578
	263	1,578

continued...

7. PROFIT BEFORE TAXATION

The profit is stated after charging:

	2022 £'000	2021 £'000
Fees payable to the company's auditor for the audit of the annual financial statements	22	8

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

8. TAXATION

Analysis of the tax credit
The tax credit on the profit for the year was as follows:

	2022 £'000	2021 £'000
Deferred tax	-	(764)
Tax on profit	-	(764)

Reconciliation of total tax 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:

	2022 £'000	2021 £'000
Profit before tax	8,641	6,602
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,642	1,254
Effects of:		
Expenses not deductible for tax purposes	4	4
Effects of group relief/other reliefs	(1,643)	(1,259)
Tax rate changes	-	(763)
Income not taxable	(3)	-
Total tax credit	-	(764)

The corporation tax rate is due to increase to 25% from 1 April 2023. This rate was substantively enacted on 24 May 2021 and therefore a corporation tax rate of 25% has been used to measure deferred tax assets and liabilities where applicable.

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

continued...

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1st October 2021	22
Disposals	(22)
At 30th September 2022	-
NET BOOK VALUE	
At 30th September 2022	-
At 30th September 2021	22

Shares in group undertakings

As at 30 September 2021, both NHP Securities No.10 Limited and NHP Securities No.12 Limited were the subsidiary undertakings of the Company.

During the year ended 30 September 2022, as part of a wider group restructuring, both NHP Securities No.10 Limited and NHP Securities No.12 Limited were struck off from the Companies House register on 30 December 2021.

As a result, the carrying values of the Company's investment in the two companies were written off in full.

10. DEBTORS

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	18,722	118,464
Deferred tax asset	3,182	3,182
Prepayments and accrued income	-	2
	21,904	121,648
Amounts falling due after more than one year:		
Amounts owed by group undertakings	139,647	32,905
Aggregate amounts	161,551	154,553

continued...

10. **DEBTORS - continued**

Amounts falling due within one year:

Amounts owed by group undertakings:

All amounts owed by group undertakings and due within one year are due on demand with no fixed repayment date and bear no interest.

Amounts falling due after more than one year:

At 30 September 2022, total loan of £53,603,000 (2021: £51,500,000) invested in HC-One Intermediate Holdco 4 Limited remained outstanding. The loan has no fixed repayment date and bears interest at three-month LIBOR plus 4% per annum.

At 30 September 2022, total loan of £1,076,000 (2021: £1,076,000) invested in HC-One Intermediate Holdco 1 Limited remained outstanding. The loan has no fixed repayment date and bears interest at 8% per annum.

At 30 September 2022, total loan of £49,000,000 (2021: £49,000,000) invested in HC-One Properties 2 Limited remained outstanding. The loan has no fixed repayment date and bears interest at 6.50% per annum.

At 30 September 2022, total loan of £35,968,000 (2021: £32,905,000) invested in HC-One Limited remained outstanding. The loan is due for repayment on 11 November 2026 and bears interest at 9% per annum.

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

	2022 £'000	2021 £'000
Amounts owed to group undertakings	4,775	48,547
Accruals and deferred income	9	9
	4,784	48,556

Amounts falling due within one year:

Amounts owed to group undertakings:

As at 30 September 2021, a loan note of £23,841,000 issued to NHP Securities No.3 Limited was outstanding. During the year in review, NHP Securities No.3 Limited was dissolved and the loan consequently written off.

As at 30 September 2021, a loan note of £73,000 issued to NHP Limited was outstanding. During the year in review, NHP Limited was dissolved and the loan consequently written off.

All other remaining amounts owed to group undertakings due on demand with no repayment date bearing no interest.

12. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £'000	2021 £'000
1,001	Called up, allotted and fully paid	£1	2	2

continued...

12. **CALLED UP SHARE CAPITAL - continued**

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

Retained earnings represents cumulative profits or losses, net of other adjustments.

On 30 November 2021 a number of group entities waived the debt due to them from HC-One (NHP2) Limited. This has been treated as a distribution in the common parent and is therefore recognised as a capital contribution in the accounts of HC-One (NHP2) Limited.

13. **CONTINGENT LIABILITIES AND GUARANTEES**

On 27 April 2021, HC-One FinCo Limited entered into a five year £570.0m term loan facility agreement, with a maturity date on 20 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 and its subsidiary undertakings. As at the date of signing the accounts, the drawn down term loan of £520,854,000 remains outstanding.

14. **POST BALANCE SHEET EVENTS**

No events are noted between the year ended 30 September 2022 and the date of signing this report.

15. **ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is HC-One (NHP6) Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The Directors regard 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, a company incorporated in Cayman Islands.

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

The largest group into which these financial statements are consolidated is HC-One TopCo 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 2022 are available from Companies House at Crown Way, Cardiff, Wales, CF14 3UZ.

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 HC-One Holdco 3 Limited and HC-One TopCo groups.

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 and HC-One TopCo Limited.