

NHP SECURITIES NO.12 LIMITED

Annual Report and Financial Statements

For the year ended 30 September 2016

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NHP SECURITIES NO.12 LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
SEPTEMBER 2016**

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NHP SECURITIES NO.12 LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
SEPTEMBER 2016**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Dr C Parel
Mr D Smith

COMPANY SECRETARY

Crestbridge Corporate Services Limited

REGISTERED OFFICE

47 Esplanade
St Helier
Jersey
Channel Islands
JE1 0BD

SOLICITORS

Skadden, Arps, Slate, Meagher & Flom (UK) LLP
Canary Wharf
London E14 5DS

Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle Upon Tyne
United Kingdom

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 judgments 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 (Jersey) Law 1991. 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.

NHP SECURITIES NO.12 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHP SECURITIES NO.12 LIMITED

We have audited the financial statements of NHP Securities No 12 Limited for the year ended 30 September 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.

Respective responsibilities of Directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

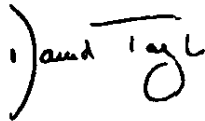
NHP SECURITIES NO.12 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHP SECURITIES NO.12 LIMITED (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion

- proper accounting records have not been kept, or proper 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
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report or from the requirement to prepare a Strategic Report.



David Taylor FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne, UK
25 January 2017

NHP SECURITIES NO.12 LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 30 September 2016

	Notes	2016 £	2015 £
TURNOVER AND GROSS PROFIT	2	500	500
Administrative income		-	9,630
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	500	10,130
Tax on profit on ordinary activities	4	-	-
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		500	10,130

All results 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.

NHP SECURITIES NO.12 LIMITED

BALANCE SHEET **At 30 September 2016**

	Notes	2016 £	2015 £
CURRENT ASSETS			
Debtors	5	10,630	10,130
NET CURRENT ASSETS		10,630	10,130
NET ASSETS		10,630	10,130
CAPITAL AND RESERVES			
Called-up share capital	6	2	2
Profit and loss account	6	10,628	10,128
SHAREHOLDERS' FUNDS		10,630	10,130

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

These financial statements of NHP Securities No 12 Limited (registered number FC027207) were approved by the Board of Directors and authorised for issue on 24 January 2017. They were signed on its behalf by



Mr D Smith
Director

NHP SECURITIES NO.12 LIMITED

STATEMENT OF CHANGES IN EQUITY **For the year ended 30 September 2016**

	Called-up share capital £	Profit and loss account £	Total £
At 1 October 2014	2	(2)	-
Profit for the financial year	-	10,130	10,130
At 30 September 2015	2	10,128	10,130
Profit for the financial year	-	500	500
At 30 September 2016	2	10,628	10,630

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2016

1 ACCOUNTING POLICIES

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

General information and basis of accounting

NHP Securities No. 12 Limited ("the Company") is a company incorporated in Jersey under the Company Law in Jersey. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are the holder of leasehold interests in modern purpose-built care homes, which are leased to care home operators.

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 prior year financial statements did not require a restatement for material adjustments on adoption of FRS 102 in the current year. For more information, see note 12.

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's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objection has been received. 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 and remuneration of key management personnel.

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 2018. 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 adopt the going concern basis of accounting in preparing the annual financial statements.

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 periods different from those in which they are recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2016 (Continued)

1. ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing differences and it is probable that it will not reverse in the foreseeable future

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities

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

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

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

Administrative income

Administrative income represents a write back of provision for doubtful debts against amounts owed by group undertakings in previous years

Debtors

The debtors balance reflects the trustee fees payable to Care Homes no. 3 Limited, a group undertaking, for their service to the Company. There is also an intercompany debtor's balance with NHP Management Limited, a group undertaking, where NHP Management Limited has paid invoices on the Company's behalf in prior years

2. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Group'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. There are no critical accounting judgments in the preparation of the financial statements

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty applied in the preparation of financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2016 (Continued)

3. TURNOVER AND GROSS PROFIT

Turnover represents a trustee fee arising from the Company's non-beneficial interest in long leasehold interests which are wholly within the United Kingdom. The Company recognises turnover when the amount can be reliably measured and when there is a right to consideration. Turnover is recorded at the value of consideration due.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after crediting

	2016 £	2015 £
Trustee fee due from Care Homes No. 3 Limited	500	500
Write back of provision of doubtful debts – group undertakings	-	9,630

No audit fees have been charged to the profit and loss account. Audit fees of £500 have been borne by Care Homes No. 3 Limited in the current and preceding year. The Company did not incur any non-audit fees during the year (30 September 2015: £nil).

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

The Directors' emoluments have been borne by HC-One Limited, a Group Undertaking during the current and preceding year.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £	2015 £
Corporation tax charge	-	-
Profit before tax	500	10,130
Tax on profit at standard rate of 20.0% (2015: 20.5%)	100	2,077
Factors affecting charge		
Income not taxable for tax purposes	-	(1,975)
Group relief for nil consideration	(100)	(102)
Total tax charge for the year	-	-

The standard rate of tax applied to reported profit on ordinary activities is 20.0% (2015: 20.5%).

Finance Act No. 2 2015 included provisions to reduce the corporate tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. In addition, Finance Bill 2016 was substantively enacted on 6 September 2016 which introduced a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020. Accordingly, these rates have been applied when calculating deferred tax assets and liabilities as at 30 September 2016.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2016 (Continued)

6. DEBTORS

	2016 £	2015 £
Amount due within one year		
Amount due for group undertaking	10,630	10,130
	<u>10,630</u>	<u>10,130</u>

7. CAPITAL AND RESERVES

	2016 £	2015 £
Called-up, allotted and fully paid:		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

All of the shares are fully paid

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

8. CONTINGENT LIABILITIES AND GUARANTEES

The Company and its group undertakings are guarantors to a facility agreement entered into by FC Skyfall Lower Midco Limited and FC Skyfall Bidco Limited, the Company's intermediate parent undertakings and FC Skyfall TA Limited, the Company's related group undertaking. The facility is secured by a fixed and floating charge over the group assets and unlimited guarantee from its group undertakings. As at 24 January 2017 the outstanding loan amount is £281.5m.

9. SUBSEQUENT EVENTS

No other significant events are noted after the year ended 30 September 2016.

10. RELATED PARTY TRANSACTIONS

The Company has taken exemption provided under FRS 102 to not disclose intercompany transactions with other group undertakings within the FC Skyfall Upper Midco Limited group.

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

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

11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Care Homes No 3 Limited, a company incorporated in the Cayman Islands. 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 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.

Copies of FC Skyfall Upper Midco Limited consolidated financial statements for the year ended 30 September 2016 are available from Companies House at Crown Way, Cardiff, Wales CF14 3UZ.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2016 (Continued)

12 TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements for the year ended 30 September 2015 were prepared under previous UK GAAP hence the transition date to FRS 102 was 1 October 2014. Other than disclosures made in the financial statements, there were no material adjustments on adoption of FRS 102 for the first time.