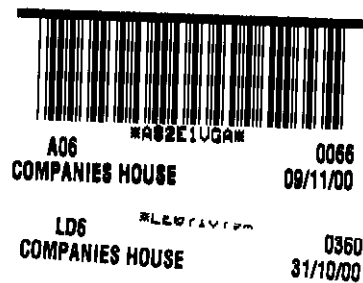


# **Libra Health Limited**

Directors' report and financial statements

Seven months ended 31 December 1999

Registered number 1355923



## Contents

Directors' report	1
Statement of directors' responsibilities	3
Report of the auditors to the members of Libra Health Limited	4
Profit and loss account	5
Balance sheet	6
Statement of total recognised gains and losses	7
Note of historical cost profits and losses	7
Reconciliation of movements in shareholders' funds	7
Notes	8

## Directors' report

The directors present their annual report and the audited financial statements for the seven months ended 31 December 1999.

### Principal activities

The principal activity of the company was the management of a number of hospitals and a day care centre.

### Business review

The results for the period are set out in the profit and loss account on page 5.

The directors have considered the impact of the Year 2000 date change on the company. There can be no assurance that the change in date from 1999 to 2000 will not affect the company's operations or results. However, at the date of signing, no adverse effects of the date change have been experienced.

### Proposed dividend

The directors do not recommend the payment of a dividend (31 May 1999: £nil).

### Directors and directors' interests

The directors who held office during the period were as follows:

Ms M Cudmore	(resigned 3 July 2000)
AG Heywood	
Dr CB Patel	
K Payne	(resigned 3 July 2000)
SJ Purse	(appointed 3 November 1999; resigned 7 March 2000)
D Torbett	(resigned 3 July 2000)
AS Wilson	(resigned 30 July 1999)

In accordance with the articles of association, no directors retire by rotation. None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

The interests of the directors in the share capital of Westminster Health Care Holdings Limited were as follows:

	Interest at end of the period		Interest at start of period or date of appointment	
	A shares	B shares	A shares	B shares
Dr CB Patel	909,278	9	909,278	9
AG Heywood	75,773	1	75,773	1

## **Directors' report** *(continued)*

### **Employees**

The directors recognise that the continued position of the company in the health care industry depends on the quality and motivation of its employees and as such the company is committed to pursue employment policies which will continue to attract, retain and motivate its employees.

Good and effective employee communications are particularly important, and throughout the business it is the directors' policy to promote the understanding by all employees of the company's business aims and performance. This is achieved through internal publications, presentations on performance and a variety of other approaches appropriate for a particular location.

The directors believe that it is important to recruit and retain capable and caring staff regardless of their sex, marital status, race or religion. It is the company's policy to give full and fair consideration to applications for employment from people who are disabled, to continue wherever possible the employment of and to arrange appropriate training for, employees who become disabled and to provide equal opportunities for the career development, training and promotion of disabled employees.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**Jon Hather**  
*Secretary*

Kings Court  
41-51 Kingston Road  
Leatherhead  
Surrey  
KT22 7SZ

30 October 2000

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Report of the auditors to the members of Libra Health Limited

We have audited the financial statements on pages 5 to 16.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

8 Salisbury Square  
London  
EC4Y 8BB

30 October 2000

## Profit and loss account

for the seven months to 31 December 1999

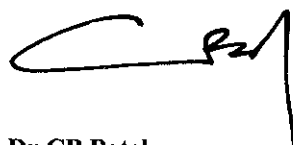
	Note	Seven months to 31 December 1999 £000	Year to 31 May 1999 £000
<b>Turnover</b>		<b>9,680</b>	<b>14,900</b>
Cost of sales		(8,248)	(13,068)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>1,432</b>	<b>1,832</b>
Administrative expenses (including operating exceptional costs of £nil; May 1999 £525,000 – see note 6)		(751)	(1,440)
		<hr/>	<hr/>
<b>Operating profit</b>		<b>681</b>	<b>392</b>
Net interest receivable	7	10	8
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>691</b>	<b>400</b>
Tax on profit on ordinary activities	8	13	86
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>704</b>	<b>486</b>
		<hr/> <hr/>	<hr/> <hr/>

The results for both the current and prior period derive from continuing activities.

**Balance sheet**  
*at 31 December 1999*

	<i>Note</i>	<b>31 December 1999</b>		<b>31 May 1999</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	9		26,605		26,399
Investments	10		540		540
			<hr/>		<hr/>
			27,145		26,939
<b>Current assets</b>					
Stocks	11	60		65	
Debtors	12	4,041		2,625	
Cash at bank and in hand		274		842	
		<hr/>		<hr/>	
		4,375		3,532	
<b>Creditors: amounts falling due within one year</b>	13	(11,760)		(11,464)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			(7,385)		(7,932)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			19,760		19,007
<b>Creditors: amounts falling due after more than one year</b>	14	(62)		-	
<b>Provisions for liabilities and charges</b>	15	(112)		(125)	
		<hr/>		<hr/>	
<b>Net assets</b>			19,586		18,882
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	16	-		-	
Revaluation reserve	17	17,024		17,024	
Profit and loss account	17	2,562		1,858	
		<hr/>		<hr/>	
<b>Shareholders' funds – equity</b>			19,586		18,882
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 30 October 2000 and were signed on its behalf by:



**Dr CB Patel**  
*Director*



**Statement of total recognised gains and losses**  
*for the seven months to 31 December 1999*

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
Profit for the financial year	704	486
Unrealised surplus on revaluation of properties	-	11,880
<b>Total recognised gains and losses relating to the financial year</b>	<b>704</b>	<b>12,366</b>

**Note of historical cost profits and losses**  
*for the seven months to 31 December 1999*

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
Reported profit on ordinary activities before taxation	691	400
Realisation of property revaluation gains of previous years		(3,111)
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	79	77
<b>Historical cost profit on ordinary activities before taxation</b>	<b>770</b>	<b>(2,634)</b>
<b>Historical cost profit for the period retained after taxation and dividends</b>	<b>783</b>	<b>(2,548)</b>

**Reconciliation of movements in shareholders' funds**  
*for the seven months to 31 December 1999*

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
Profit for the financial year	704	486
Other recognised gains and losses relating to the year (net)	-	11,880
<b>Net addition to shareholders' funds</b>	<b>704</b>	<b>12,366</b>
Opening shareholders' funds	18,882	6,516
<b>Closing shareholders' funds</b>	<b>19,586</b>	<b>18,882</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain land and buildings.

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Westminster Health Care Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

#### *Fixed assets and depreciation*

Regular valuations of freehold and long leasehold land and buildings are carried out and are reflected in the financial statements. Subsequent additions and assets in the course of construction are recorded at cost.

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings and long leasehold properties	-	50 years
Short leasehold properties	-	over the period of the lease
Plant, fixtures and fittings	-	3 to 10 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land.

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

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Post-retirement benefits*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

## Notes (continued)

### 1 Accounting policies (continued)

#### Stocks

Stocks are stated at the lower of cost and net realisable value.

#### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services.

### 2 Analysis of turnover and profit on ordinary activities before taxation

The company's turnover, profit before taxation and net assets arise primarily from its principal activity of running hospitals and a day care centre in the United Kingdom.

### 3 Profit on ordinary activities before taxation

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration (inclusive of VAT):		
Audit	10	24
Other services - fees paid to the auditor and its associates	-	5
Depreciation and other amounts written off tangible fixed assets:		
Owned	408	502
Leased	21	-
Hire of plant and machinery - rentals payable under operating leases	139	200
Hire of other assets - operating leases	-	158
<i>after crediting</i>		
Rental income (third party)	42	58
	<hr/>	<hr/>

## Notes (continued)

### 4 Remuneration of directors

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
Directors' emoluments	148	526
Company contributions to money purchase pension schemes	9	136
Compensation for loss of office	-	249
	<u>157</u>	<u>911</u>

The emoluments of the highest paid director were £59,000 (31 May 1999: 157,000) and company pension contributions of £4,000 (31 May 1999: £94,000) were made to a money purchase scheme on his behalf.

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	Seven months to 31 Dec 1999	Year to 31 May 1999
Medical staff	403	396
Hotel services staff	92	89
Administrative staff	78	76
	<u>573</u>	<u>561</u>

The aggregate payroll costs of these persons were as follows:

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
Wages and salaries	4,598	7,055
Social security costs	410	649
Other pension costs	95	152
	<u>5,103</u>	<u>7,856</u>

**Notes (continued)**

**6 Exceptional items**

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
Provisions and write down of current assets	-	40
Re-organisation costs	-	485
	<u>-</u>	<u>525</u>
	<u>-</u>	<u>525</u>

In the prior year, the exceptional charge in relation to re-organisation and rationalisation included costs related to the take over of the former parent undertaking Westminster Health Care Group Limited by Westminster Health Care (UK) Limited. The write downs of current assets included costs and write downs arising from a reappraisal of the value of the assets to the business in light of the new ownership and business strategy.

**7 Net interest receivable**

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
Finance charges payable in respect of finance leases	3	-
	<u>3</u>	<u>-</u>
Interest receivable and similar income	(13)	(8)
	<u>(10)</u>	<u>(8)</u>
	<u>(10)</u>	<u>(8)</u>

**8 Taxation**

	Seven months to 31 Dec 1999 £000	Year to 31 May 1999 £000
<i>UK corporation tax</i>		
Current tax on income for the period at 30% (31 May 1999: 31%)	-	342
Adjustments in respect of prior periods	-	(410)
	<u>-</u>	<u>(68)</u>
Deferred tax (see note 15)	(13)	(18)
	<u>(13)</u>	<u>(86)</u>
	<u>(13)</u>	<u>(86)</u>

The UK corporation tax on profit on ordinary activities has been relieved by the surrender of losses by other group companies for which no consideration was paid.

## Notes (continued)

### 9 Tangible fixed assets

	Land and buildings £000	Assets in course of construction £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>					
At beginning of the period	25,162	-	2,489	137	27,788
Additions	111	11	494	19	635
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of the period	25,273	11	2,983	156	28,423
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At beginning of the period	142	-	1,208	39	1,389
Charge for the period	196	-	212	21	429
Transfers between items	(142)	-	142	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of the period	196	-	1,562	60	1,818
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
Cost	111	11	1,421	96	1,639
Valuation	24,966	-	-	-	24,966
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 1999</b>	<b>25,077</b>	<b>11</b>	<b>1,421</b>	<b>96</b>	<b>26,605</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 1999	25,020	-	1,281	98	26,399
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of land and buildings comprises:

	31 Dec 1999 £000	31 May 1999 £000
Freehold land and buildings	25,040	24,982
Short leaseholds	37	38
	<hr/>	<hr/>
	<b>25,077</b>	<b>25,020</b>
	<hr/>	<hr/>

The Company's land and buildings were valued externally at 31 May 1999 on an open market value for existing use basis by Conrad Ritblat, an independent firm employing qualified surveyors specialising in nursing and rest home surveys and valuations. The valuations were carried out in accordance with the Royal Institution of Chartered Surveyors Statements of Asset Valuation Practice and Guidance Notes.

Subsequent additions to land and buildings are recorded at cost to the company.

The gross book value of land and buildings includes £19,166,000 (31 May 1999: £19,055,000) of depreciable assets.

## Notes (continued)

### 9 Tangible fixed assets (continued)

Included in the total net book value of motor vehicles is £137,000 (31 May 1999: £nil) in respect of assets held under finance leases. Depreciation for the period on these assets was £21,000 (31 May 1999: £nil).

The historical net book value of land and buildings is given below:

	31 Dec 1999 £000	31 May 1999 £000
Historical cost of assets	13,394	13,283
Aggregate depreciation thereon	(509)	(392)
	<hr/>	<hr/>
Historical cost net book value	12,885	12,891
	<hr/>	<hr/>

### 10 Fixed asset investments

Total  
£000

#### Shares in group undertakings

##### Cost

At beginning and end of the period 540

The companies in which the company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<b>Subsidiary undertakings</b>			
Libra Nursing Homes Limited	England	Dormant	100% ordinary
Ticehurst House Private Clinic Limited	England	Dormant	100% ordinary

### 11 Stocks

	31 Dec 1999 £000	31 May 1999 £000
Consumable supplies	60	65
	<hr/>	<hr/>

**Notes (continued)**

**12 Debtors**

	31 Dec 1999 £000	31 May 1999 £000
Trade debtors	3,240	2,454
Amounts owed by group undertakings	707	-
Other debtors	5	29
Prepayments and accrued income	89	142
	<u>4,041</u>	<u>2,625</u>

**13 Creditors: amounts falling due within one year**

	31 Dec 1999 £000	31 May 1999 £000
Obligations under finance leases (see note 14)	20	-
Trade creditors	699	329
Amounts owed to group undertakings	9,164	9,409
Corporation tax	638	638
Other taxes and social security	202	180
Other creditors	676	204
Accruals and deferred income	361	704
	<u>11,760</u>	<u>11,464</u>

**14 Creditors: amounts falling due after more than one year**

	31 Dec 1999 £000	31 May 1999 £000
Obligations under finance leases	62	-
	<u>62</u>	<u>-</u>

Obligations under finance leases are payable as follows:

	31 Dec 1999 £000	31 May 1999 £000
Within one year or less	20	-
Within one to two years	20	-
Within two to five years	22	-
	<u>62</u>	<u>-</u>



## Notes (continued)

### 15 Provisions for liabilities and charges

	1999 £000
<i>Deferred tax</i>	
At beginning of the period	125
Charge for the period	(13)
	<hr/>
At end of the period	112
	<hr/>

Deferred tax has been provided in full as follows:

	1999 £000
Difference between accumulated depreciation and capital allowances	116
Other timing differences	(4)
	<hr/>
	112
	<hr/>

No provision has been made for deferred tax on the excess of valuation over cost of the Company's properties as it is not the intention to dispose of any of the properties on which a revaluation surplus has arisen. The additional potential liability which could arise in the event of the disposal of properties at their revalued amounts is approximately £5.1 million (31 May 1999: £5.1 million).

### 16 Called up share capital

	31 Dec 1999 £	31 May 1999 £
<i>Authorised</i>		
200 (31 May 1999: 200) Ordinary shares of £1 each	200	200
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
200 (31 May 1999: 200) Ordinary shares of £1 each	200	200
	<hr/>	<hr/>

### 17 Reserves

	Revaluation reserve £000	Profit and loss account £000
At beginning of the period	17,024	1,858
Retained profit for the period	-	704
	<hr/>	<hr/>
At end of the period	17,024	2,562
	<hr/>	<hr/>

## Notes (continued)

### 18 Contingent liabilities

The company has entered into banking facilities set-off agreements in respect of which guarantees have been given. The aggregate amount outstanding under the agreements was £nil at 31 December 1999.

### 19 Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	31 Dec 1999 £000	31 May 1999 £000
Contracted	-	380

(b) Annual commitments under non-cancellable operating leases are as follows:

	31 Dec 1999		31 May 1999	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	42	12	25
In the second to fifth years inclusive	-	97	-	175
Over five years	-	-	-	-
	-	139	12	200

### 20 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £95,000 (31 May 1999: £152,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 21 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Westminster Health Care Holdings Limited which is incorporated in England.

The largest group in which the results of the company are consolidated is that headed by Westminster Health Care Holdings Limited. No other group accounts include the results of the company.