

Libra Health Limited

Directors' report and financial statements

Year ended 31 December 2000

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 year ended 31 December 2000.

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 year are set out in the profit and loss account on page 5.

Proposed dividend

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

Directors and directors' interests

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

Mrs M Cudmore	(resigned 3 July 2000)
AG Heywood	
Dr CB Patel	
K Payne	(resigned 3 July 2000)
SJ Purse	(resigned 7 March 2000)
D Torbett	(resigned 3 July 2000)
JD Weight	(appointed 11 December 2000)

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 year		Interest at start of year 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
JD Weight	15,155	-	-	-

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

A handwritten signature in black ink, appearing to read 'Jon Hather', written over a circular stamp or seal.

Jon Hather
Secretary

Westminster House
Randalls Way
Leatherhead
Surrey
KT22 7TZ

13 July 2001

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 year. 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc.
KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB

13 July 2001

Profit and loss account
for the year to 31 December 2000

	<i>Note</i>	Year to 31 December 2000 £000	Seven months to 31 December 1999 £000
Turnover		19,057	9,680
Cost of sales		(15,332)	(8,248)
Gross profit		3,725	1,432
Administrative expenses		(1,487)	(751)
Operating profit		2,238	681
Net interest receivable	6	-	10
Profit on ordinary activities before taxation		2,238	691
Tax on profit on ordinary activities	7	(810)	13
Profit for the financial year		1,428	704

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

Balance sheet
at 31 December 2000

	<i>Note</i>	31 December 2000		31 December 1999	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	8		27,596		26,605
Investments	9		540		540
			<hr/>		<hr/>
			28,136		27,145
Current assets					
Stocks	10	70		60	
Debtors	11	3,622		4,041	
Cash at bank and in hand		2,187		274	
		<hr/>		<hr/>	
		5,879		4,375	
Creditors: amounts falling due within one year	12	(12,735)		(11,760)	
		<hr/>		<hr/>	
Net current liabilities			(6,856)		(7,385)
			<hr/>		<hr/>
Total assets less current liabilities			21,280		19,760
Creditors: amounts falling due after more than one year	13		(146)		(62)
Provisions for liabilities and charges	14		(120)		(112)
			<hr/>		<hr/>
Net assets			21,014		19,586
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15	-		-	
Revaluation reserve	16	16,823		17,024	
Profit and loss account	16	4,191		2,562	
		<hr/>		<hr/>	
Shareholders' funds – equity			21,014		19,586
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 13 July 2001 and were signed on its behalf by:



JD Weight
 Director

Statement of total recognised gains and losses
for the year to 31 December 2000

	Year to 31 Dec 2000 £000	Seven months to 31 Dec 1999 £000
Profit for the financial year	1,428	704
Total recognised gains and losses relating to the financial year	1,428	704

Note of historical cost profits and losses
for the year to 31 December 2000

	Year to 31 Dec 2000 £000	Seven months to 31 Dec 1999 £000
Reported profit on ordinary activities before taxation	2,238	691
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	201	79
Historical cost profit on ordinary activities before taxation	2,439	770
Historical cost profit for the period retained after taxation and dividends	1,629	783

Reconciliation of movements in shareholders' funds
for the year to 31 December 2000

	Year to 31 Dec 2000 £000	Seven months to 31 Dec 1999 £000
Profit for the financial year	1,428	704
Net addition to shareholders' funds	1,428	704
Opening shareholders' funds	19,586	18,882
Closing shareholders' funds	21,014	19,586

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 has adopted the provisions of Financial Reporting Standard 15 (FRS15) 'Tangible Fixed Assets' and Financial Reporting Standard 16 (FRS16) 'Current Taxation' which came into force during the year. The company is following the transitional provisions of FRS15 and is retaining the book values of freehold and leasehold land and buildings including valuations up to the date of adoption of the Financial Reporting Standard.

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

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

	Year to 31 Dec 2000 £000	Seven months to 31 Dec 1999 £000
--	--------------------------------	--

Profit on ordinary activities before taxation is stated

after charging

Auditors' remuneration (inclusive of VAT):

Audit	10	10
Other services - fees paid to the auditor and its associates	-	-
Depreciation and other amounts written off tangible fixed assets:		
Owned	772	408
Leased	44	21
Hire of plant and machinery - rentals payable under operating leases	133	139

after crediting

Rental income (third party)	114	42
-----------------------------	-----	----

Notes (continued)

4 Remuneration of directors

	Year to 31 Dec 2000 £000	Seven months to 31 Dec 1999 £000
Directors' emoluments	120	148
Company contributions to money purchase pension schemes	8	9
	<u>128</u>	<u>157</u>
Compensation for loss of office	<u>108</u>	<u>-</u>

The emoluments of the highest paid director were £51,000 (1999: £59,000) and company pension contributions of £3,000 (1999: £4,000) 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	
	Year to 31 Dec 2000	Seven months to 31 Dec 1999
Medical staff	308	403
Hotel services staff	127	92
Administrative staff	155	78
	<u>590</u>	<u>573</u>

The aggregate payroll costs of these persons were as follows:

	Year to 31 Dec 2000 £000	Seven months to 31 Dec 1999 £000
Wages and salaries	7,856	4,598
Social security costs	690	410
Other pension costs	170	95
	<u>8,716</u>	<u>5,103</u>

Notes *(continued)*

6 Net interest receivable

	Year to 31 Dec 2000 £000	Seven months to 31 Dec 1999 £000
Finance charges payable in respect of finance leases	8	3
Interest receivable and similar income	(8)	(13)
	<hr/>	<hr/>
	-	(10)
	<hr/>	<hr/>

7 Taxation

	Year to 31 Dec 2000 £000	Seven months to 31 Dec 1999 £000
UK corporation tax on income at 30%	802	-
Deferred tax (see note 15)	8	(13)
	<hr/>	<hr/>
	810	(13)
	<hr/>	<hr/>

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

Notes (continued)

8 Tangible fixed assets

	Land and buildings £000	Assets in course of construction £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost or valuation					
At beginning of the year	25,273	11	2,983	156	28,423
Additions	664	546	472	167	1,849
Disposals	-	-	(533)	(45)	(598)
Transfers	27	(27)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of the year	25,964	530	2,902	278	29,674
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At beginning of the year	196	-	1,562	60	1,818
Charge for the year	439	-	329	48	816
Disposals	-	-	(528)	(28)	(556)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of the year	635	-	1,363	80	2,078
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
Cost	788	530	1,539	198	3,055
Valuation	24,541	-	-	-	24,541
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2000	25,329	530	1,539	198	27,596
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	25,077	11	1,421	96	26,605
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of land and buildings comprises:

	31 Dec 2000 £000	31 Dec 1999 £000
Freehold land and buildings	25,329	25,040
Short leaseholds	-	37
	<hr/>	<hr/>
	25,329	25,077
	<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 Surveys 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 £19,857,000 (1999: £19,166,000) of depreciable assets.

Notes (continued)

8 Tangible fixed assets (continued)

Included in the total net book value of motor vehicles is £194,000 (1999: £137,000) in respect of assets held under finance leases. Depreciation for the period on these assets was £44,000 (1999: £21,000).

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

	31 Dec 2000 £000	31 Dec 1999 £000
Historical cost of assets	14,085	13,394
Aggregate depreciation thereon	(747)	(509)
	<hr/>	<hr/>
Historical cost net book value	13,338	12,885
	<hr/>	<hr/>

9 Fixed asset investments

	Total £000
<i>Shares in group undertakings</i>	
<i>Cost</i>	
At beginning and end of the year	540
	<hr/>

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
<i>Subsidiary undertakings</i>			
Libra Nursing Homes Limited	England	Dormant	100% ordinary
Ticehurst House Private Clinic Limited	England	Dormant	100% ordinary

10 Stocks

	31 Dec 2000 £000	31 Dec 1999 £000
Consumable supplies	70	60
	<hr/>	<hr/>

Notes (continued)

11 Debtors

	31 Dec 2000 £000	31 Dec 1999 £000
Trade debtors	2,762	3,240
Amounts owed by group undertakings	735	707
Other debtors	36	5
Prepayments and accrued income	89	89
	<u>3,622</u>	<u>4,041</u>

12 Creditors: amounts falling due within one year

	31 Dec 2000 £000	31 Dec 1999 £000
Obligations under finance leases (see note 13)	48	20
Trade creditors	447	699
Amounts owed to group undertakings	9,284	9,164
Group relief payable	802	-
Corporation tax	638	638
Other taxes and social security	255	202
Other creditors	840	676
Accruals and deferred income	421	361
	<u>12,735</u>	<u>11,760</u>

13 Creditors: amounts falling due after more than one year

	31 Dec 2000 £000	31 Dec 1999 £000
Obligations under finance leases	<u>146</u>	<u>62</u>

Obligations under finance leases are payable as follows:

	31 Dec 2000 £000	31 Dec 1999 £000
Within one year or less	48	20
Within one to two years	48	20
Within two to five years	98	42
	<u>194</u>	<u>82</u>

Notes (continued)

14 Provisions for liabilities and charges

	1999 £000
<i>Deferred tax</i>	
At beginning of the year	112
Charge for the year	8
	<hr/>
At end of the year	120
	<hr/>

Deferred tax has been provided in full as follows:

	31 Dec 2000 £000	31 Dec 1999 £000
Difference between accumulated depreciation and capital allowances	120	112
	<hr/>	<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 (1999: £5.1 million).

15 Called up share capital

	31 Dec 2000 £	31 Dec 1999 £
<i>Authorised</i>		
200 (1999: 200) Ordinary shares of £1 each	200	200
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
200 (1999: 200) Ordinary shares of £1 each	200	200
	<hr/>	<hr/>

16 Reserves

	Revaluation reserve £000	Profit and loss account £000
At beginning of the year	17,024	2,562
Retained profit for the year	-	1,428
Transfer of depreciation on re-valued fixed assets	(201)	201
	<hr/>	<hr/>
At end of the year	16,823	4,191
	<hr/>	<hr/>

Notes (continued)

17 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 2000 (1999: £nil).

18 Commitments

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

	31 Dec 2000		31 Dec 1999	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	13	95	-	42
In the second to fifth years inclusive	-	70	-	97
Over five years	-	2	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	13	166	-	139
	<hr/>	<hr/>	<hr/>	<hr/>

19 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 £170,000 (1999: £95,000).

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

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

The company is a subsidiary undertaking of, and is controlled by, 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.