

Libra Health Limited
Annual report for the year ended
31 December 1996

Registration Number: 1355923



Libra Health Limited
Annual report for the year ended 31 December 1996

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Libra Health Limited

year ended 31 December 1996

Report of the Directors

The directors have pleasure in submitting their report and financial statements for the year ended 31 December 1996.

Principal activities and business review

The Company runs acute hospitals, a day care centre and nursing homes. Both the level of business and the year end financial position remain satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future. The directors paid dividends of £NIL (1995: £750,000) and propose a final dividend of £865,500 for the year (1995: £838,648). There was no transfer to reserves (1995: loss £175,000).

Directors

The names of the directors who held office during the year are as follows:

J Priestley (Chairwoman)
S K Beaumont
M Cudmore
D Torbett
R Vaughan
S Richards
K Payne

Directors' interests

The interests of the directors who were not directors of the holding company, in the ordinary share capital of the Holding company, Libra Health Group Limited at 31 December 1996 were:

	<u>Ordinary 1p shares</u> 31 December 1996	<u>Ordinary 1p shares</u> 1 January 1996
S K Beaumont	12,000	12,000
M Cudmore	15,000	15,000
K Payne	6,000	6,000
S Richards	12,000	12,000

Fixed assets

Details of movements in the fixed assets of the Company are disclosed in note 10 to the financial statements.

Employees

Various methods are used by the Company to ensure that all its employees are provided with information concerning them as employees, particularly the economic and financial factors affecting the Company's performance.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

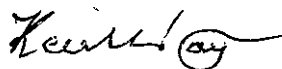
Charitable and political donations

No charitable or political donations were made during the year.

Auditors

The Company has dispensed with the obligation to appoint Auditors annually, hence Coopers & Lybrand will continue in office.

Approved by the board on 22/4/97 and signed on its behalf by



K Payne
Secretary

Libra Health Limited

Statement of Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit for the year to that date. In preparing the financial statements the directors are required:

- to maintain adequate accounting records, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- to apply suitable accounting policies in a consistent manner and make reasonable and prudent judgements and estimates where necessary;
- to comply with all applicable accounting standards;
- to confirm that the statements have been prepared on the going concern basis.

The directors confirm that these financial statements comply with these requirements.

Report of the Auditors to the members of Libra Health Limited

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of Directors and Auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

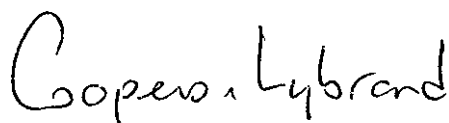
Basis of opinion

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 affairs of the Company at 31 December 1996 and of its profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants & Registered Auditors
London

24th APRIL 1997

Libra Health Limited

Profit and Loss Account for the year ended 31 December 1996

	Note	1996 £	1995 £
Turnover	2	17,476,058	14,896,760
Cost of sales		<u>(15,047,001)</u>	<u>(12,558,722)</u>
Gross profit		2,429,057	2,338,038
Administrative expenses		<u>(869,876)</u>	<u>(788,299)</u>
Operating profit		1,559,181	1,549,739
Profit on disposal of property	3	<u>-</u>	<u>37,161</u>
Profit on ordinary activities before interest and taxation		1,559,181	1,586,900
Interest payable	6	<u>(537,500)</u>	<u>(610,000)</u>
Profit before taxation	7	1,021,681	976,900
Taxation	8	<u>(156,181)</u>	<u>(313,252)</u>
Profit after taxation		865,500	663,648
Dividends	9	<u>(865,500)</u>	<u>(838,648)</u>
Retained for the year	17	<u>-</u>	<u>(175,000)</u>

All the company's operations are continuing.

A statement of total recognised gains and losses has not been prepared as there are no recognised gains or losses other than the result for the period.

Historical cost profits and losses

	1996 £	1995 £
Reported profit on ordinary activities before tax	1,021,681	976,900
Difference between historical cost depreciation charge and actual depreciation charge calculated on the revalued amount	<u>(14,211)</u>	<u>(14,211)</u>
Realisation of property revaluation gains of previous years	<u>-</u>	<u>175,000</u>
Historical cost profit on ordinary activity before tax	<u>1,007,470</u>	<u>1,137,689</u>
Historical cost loss for the year retained after taxation and dividends	<u>(14,211)</u>	<u>(14,211)</u>

Libra Health Limited

Balance Sheet at 31 December 1996

	Note	1996 £	1995 £
Fixed assets			
Tangible assets	10	15,045,512	15,111,130
Investments in subsidiary undertakings	11	<u>2,626,052</u>	<u>2,626,052</u>
		<u>17,671,564</u>	<u>17,737,182</u>
Current assets			
Stocks	12	207,820	209,299
Debtors	13	2,474,816	2,055,976
Cash at bank and in hand		<u>26,050</u>	<u>357,750</u>
		2,708,686	2,623,025
Current Liabilities			
Creditors: amounts falling due within one year	14	<u>(18,793,336)</u>	<u>(18,773,293)</u>
Net current liabilities		<u>(16,084,650)</u>	<u>(16,150,268)</u>
Total assets less current liabilities		1,586,914	1,586,914
Creditors: amounts falling due after one year		<u>-</u>	<u>-</u>
Net assets		<u>1,586,914</u>	<u>1,586,914</u>
Capital and reserves			
Called-up share capital	16	200	200
Revaluation reserve	17	1,586,714	1,586,714
Profit and loss account	17	<u>-</u>	<u>-</u>
Equity shareholders' funds	18	<u>1,586,914</u>	<u>1,586,914</u>

The financial statements on pages 5 to 15 were approved by the Board of directors on 27 April 1997 and were signed on its behalf by:

J Priestley
Director



Libra Health Limited

Notes to the Financial Statements for the year ended 31 December 1996

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom under the Historical Cost Convention as modified by the revaluation of land and buildings. Accounts are made up to the nearest practicable Friday to 31 December each year. For this financial year the accounts represent a 53 week period. The comparable period is 52 weeks.

Consolidated accounts

The company does not prepare consolidated accounts because it is a wholly owned subsidiary of a company incorporated in England and Wales.

Depreciation

Depreciation of fixed assets is provided where it is necessary to reflect a reduction from book value to its estimated residual value over the useful life of the asset to the Group. It is the Group's policy to maintain its properties in a state of good repair and in the case of freehold properties, the directors consider that the lives of these properties and their residual values are such that their depreciation is not significant. Accordingly, no depreciation is provided on freehold properties.

Other fixed assets are written off by equal annual installments over their anticipated useful lives of between three and sixteen years.

Stocks

Stocks for re-sale are valued at the lower of cost and net realisable value and stocks held for use in the business are valued at cost.

Deferred taxation

Deferred taxation is provided on the liability method in respect of all timing differences between profits as stated in the accounts and as computed for taxation purposes where, in the opinion of the directors, it is probable that the liability will crystallise in the foreseeable future.

Contributions to Pension Funds

Contributions to the defined benefits pension fund are determined on the basis of recommendations made by independent qualified actuaries, and are charged to the Profit and Loss Account in such a way as to provide for the liabilities evenly over the remaining working lives of employees. Contributions to the Money Purchase Scheme are charged to the Profit and Loss Account as incurred.

Libra Health Limited

1 Accounting policies (continued)

Turnover

Turnover represents the aggregate of amounts receivable, net of any value added tax, for goods and services supplied.

Cash flow statement

The company is a wholly owned subsidiary of Libra Health Group Limited and the cash flows of the company for the year are included in the consolidated Group cash flow statement of that company. Consequently a cash flow statement is not included in these financial statements.

Operating leases

Rentals paid under operating leases are charged to the Profit and Loss Account as incurred over the term of the lease.

2 Turnover

Turnover arises from nursing home and hospital management. All turnover arises in the United Kingdom.

3 Exceptional item

This relates to the profit on the sale of land and buildings in 1995.

4 Directors' emoluments

The remuneration paid to the directors of Libra Health Limited was:

	1996 £	1995 £
Employee costs include the following emoluments in respect of the directors:		
Salaries and benefits in kind	383,599	363,656
Fees	83,154	76,542
Bonus	2,500	-
Pension contributions	<u>22,695</u>	<u>20,381</u>
	<u>491,948</u>	<u>460,579</u>

The directors' emoluments disclosed above include amounts paid to the highest paid director and Chairwoman as follows:

	1996 £	1995 £
Salary and benefits	96,483	93,775
Pension contributions	<u>6,208</u>	<u>5,405</u>
	<u>102,691</u>	<u>99,180</u>

Libra Health Limited

The number of directors (including the chairwoman, the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1996 Number	1995 Number
£45,001 to £50,000	3	3
£50,001 to £55,000	1	1
£65,001 to £70,000	1	2
£80,001 to £85,000	1	1
£95,001 to £100,000	1	-

5 Employee information

	1996 Number	1995 Number
The average weekly number of persons, including executive directors, employed by the Group during the year was:	<u>544</u>	<u>499</u>
	1996 £	1995 £
Staff costs (for the above persons):		
Wages and salaries	8,117,442	6,563,232
Social security costs	686,758	506,217
Other pension costs (see Note 22)	<u>148,541</u>	<u>99,536</u>
	<u>8,952,741</u>	<u>7,168,985</u>

The figures for the number of employees is based on the full time equivalent number of staff.

6 Interest payable

	1996 £	1995 £
Payable to parent company	<u>537,500</u>	<u>610,000</u>

Libra Health Limited

7 Profit on ordinary activities before taxation

	1996 £	1995 £
Profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of other fixed assets	11,846	-
Rent receivable	<u>49,736</u>	<u>70,615</u>
And after charging:		
Depreciation of tangible owned fixed assets	419,949	409,368
Rent payable	145,008	125,644
Auditors' remuneration for:		
Audit services	24,205	32,636
Non audit services	-	3,429
Hire of plant and machinery - operating leases	186,899	150,064
Management fees to holding company	<u>23,500</u>	<u>23,500</u>

8 Taxation

	1996 £	1995 £
United Kingdom corporation tax at 33% (1995: 33%)		
Current	274,908	313,252
Over provision in respect of prior years	<u>(118,727)</u>	<u>-</u>
	<u>156,181</u>	<u>313,252</u>

9 Dividends

	1996 £	1995 £
Ordinary:		
Interim Paid	-	750,000
Final proposed	<u>865,500</u>	<u>88,648</u>
	<u>865,500</u>	<u>838,648</u>

Libra Health Limited

10 Tangible fixed assets

	Land and buildings		Plant and machinery	Fixtures and fittings	Total
	Freehold £	Leasehold £	£	£	£
Cost or valuation	13,057,524	433,484	899,759	2,662,314	17,053,081
At 1 January 1996					
Additions	46,212	-	14,846	357,638	418,696
Disposals	-	-	-	(63,037)	(63,037)
Write off of fully depreciated assets	-	-	-	(98,674)	(98,674)
Transfer	(12,206)	(11,552)	-	23,758	-
At 31 December 1996	<u>13,091,530</u>	<u>421,932</u>	<u>914,605</u>	<u>2,881,999</u>	<u>17,310,066</u>
Depreciation					
At 1 January 1996		71,868	378,450	1,491,633	1,941,951
Charge for year		50,266	52,915	367,034	470,215
Eliminated in respect of disposals		-	-	(48,938)	(48,938)
Eliminated in respect of write offs		-	-	(98,674)	(98,674)
At 31 December 1996		<u>122,134</u>	<u>431,365</u>	<u>1,711,055</u>	<u>2,264,554</u>
Net Book Value					
At 31 December 1996	<u>13,091,530</u>	<u>299,798</u>	<u>483,240</u>	<u>1,170,944</u>	<u>15,045,512</u>
Net Book Value					
At 31 December 1995	<u>13,057,524</u>	<u>361,616</u>	<u>521,309</u>	<u>1,170,681</u>	<u>15,111,130</u>

Land and buildings were valued in April 1994 by Chestertons International Property Consultants on the basis of existing use.

If land and buildings had not been valued they would have been included at cost of £11,926,748 (1995: £11,904,294).

All freehold buildings owned by Libra Health Limited have been used as security for Group loans.

Libra Health Limited

11 Fixed asset investments

Subsidiary

	1996 £	1995 £
Interest in subsidiary undertakings at cost	<u>2,626,052</u>	<u>2,626,052</u>

Interests in subsidiary undertakings

Libra Health Limited is the beneficial owner of the entire issued ordinary share capital of the following companies which are registered in England and Wales and do not trade:

Libra Nursing Homes Limited
Salisbury Independent Hospital and Medical Services Limited
Ticehurst House Private Clinic Limited

All the above companies are dormant.

12 Stocks

	1996 £	1995 £
Consumables and stores	95,948	91,147
Goods purchased for resale	<u>111,872</u>	<u>118,152</u>
	<u>207,820</u>	<u>209,299</u>

13 Debtors

	1996 £	1995 £
Amounts falling due within one year		
Trade Debtors	2,256,765	1,857,349
Other debtors	15,029	10,225
Prepayments and accrued income	<u>203,022</u>	<u>188,402</u>
	<u>2,474,816</u>	<u>2,055,976</u>

Libra Health Limited

14 Creditors: amounts falling due within one year

	1996 £	1995 £
Bank overdraft	-	85,667
Trade creditors	584,183	478,555
Amounts owed to subsidiary undertakings	6,035,284	6,035,284
Amounts owed to parent undertaking	9,685,276	10,634,423
Corporation tax	265,506	325,824
Other taxation and social security payable	245,178	162,027
Other creditors	60,142	193,593
Accruals and deferred income	846,541	757,414
Dividends proposed	865,500	-
Payments received on account	<u>205,726</u>	<u>100,506</u>
	<u>18,793,336</u>	<u>18,773,293</u>

15 Provisions

Deferred tax

	1996 £	1995 £
As at 1 January	-	-
Transferred to profit and loss account	<u>-</u>	<u>-</u>
At 31 December	<u>-</u>	<u>-</u>

Although no provision for deferred taxation has been made in the financial statements, the total potential liability is as follows:

	Total potential liability	
	1996 £	1995 £
Tax effect of timing differences because of:		
Excess of tax allowances over depreciation	98,000	169,000
Other short term timing differences	<u>(5,000)</u>	<u>(5,000)</u>
	<u>93,000</u>	<u>164,000</u>

In addition to the potential liability shown above, a taxation charge of approximately £960,000 (1995: £1,019,000) would arise on chargeable gains in the event of the Company's properties being realised at valuations at which they are included in the balance sheet at 31 December 1996.

Libra Health Limited

16 Called-up share capital

	1996	1995
	£	£
Authorised		
200 ordinary shares of £1 each	<u>200</u>	<u>200</u>
 Allotted, called up and fully paid		
200 (1993: 200) ordinary		
shares of £1 each	<u>200</u>	<u>200</u>

17 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At 1 January	1,586,714	-
Revaluation in the year realised	-	-
From profit and loss account	-	-
At 31 December	<u>1,586,714</u>	<u>-</u>

18 Reconciliation of movements in Shareholders' Funds

	1996	1995
	£	£
Profit for the year	865,500	663,648
Dividends	<u>(865,500)</u>	<u>(838,648)</u>
Net reductions in shareholders' funds	-	(175,000)
Opening shareholders' funds	<u>1,586,914</u>	<u>1,761,914</u>
Closing shareholders' funds	<u>1,586,914</u>	<u>1,586,914</u>

19 Capital Commitments

	1996	1995
	£	£
Contracted but not provided for	<u>51,442</u>	<u>78,390</u>

20 Contingent liabilities

The company has entered into cross-guarantees in respect of loans undertaken by Libra Health Group Limited totaling £6,690,000. (1995: £7,035,000)

Libra Health Limited

21 Other Financial Commitments

At 31 December 1996 the company had annual commitments under non-cancelable operating leases as follows:

	1996		1995	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	-	35,092	-	34,950
Expiring between two and five years inclusive	57,000	115,912	57,000	68,780
Expiring in over five years	<u>90,000</u>	<u>39,038</u>	<u>93,410</u>	<u>41,573</u>
	<u>147,000</u>	<u>190,042</u>	<u>150,410</u>	<u>145,303</u>

22 Pension Costs

The Group runs two pension schemes, a Final Salary Scheme and a Money Purchase Scheme.

The Final Salary Scheme was closed to new members on 23 February 1996. The pension cost is assessed with the advice of an independent qualified actuary using the attained age method. At the date of the latest actuarial valuation, 1st May 1995, the scheme had only recently been established and consequently had negligible assets and liabilities. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments, rate of increase in dividends and the rates of increase in salaries and pensions. It was assumed that the investment return would be 10% per annum, dividend increases would be 4.65% per annum, that salary increases would average 8% per annum and that present and future pensions would increase at the rate of 5% per annum.

23 Holding company

The holding company is Libra Health Group Limited, a company registered in England and Wales. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Unsted Park, Munstead Heath, Surrey GU7 1UW.