

NHP LIMITED

Report and Financial Statements

30 September 2007

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REPORT AND FINANCIAL STATEMENTS 2007

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REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P V Taylor
D C Nicholson

SECRETARY

R Mortimer

REGISTERED OFFICE

25 Hanover Square
London
W1S 1JF

BANKERS

Barclays Bank Plc
South East Corporate Banking Centre
P O Box 112
Horsham
West Sussex RH12 1YQ

SOLICITORS

Eversheds LLP
Holland Court
The Close
Norwich NR1 4DX

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30 September 2007

The Directors report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

PRINCIPAL ACTIVITY

The principal activities of the Company's subsidiaries are the purchase and retention of freehold and long leasehold interests, in modern, purpose-built care homes

The principal activity of the Company is to act as a holding company, which conducts corporate activities on behalf of the Group. The Directors intend to continue these activities in the forthcoming year

BUSINESS REVIEW

On 12 December 2006 Delta G-Co Limited and Starsign Limited, both incorporated and registered in the Isle of Man, jointly acquired 100% issued share capital of Libra No 2 Limited from the ultimate subsidiary undertakings of The Royal Bank of Scotland plc, Primemodern Limited and Libra No 1 Limited

The ultimate parent undertaking of Delta G-Co Limited and Starsign Limited is Delta Commercial Property LP, a limited partnership incorporated in the Isle of Man

RESULTS

The results for the year to 30 September 2007 are set out in the profit and loss account on page 8. The principal Key Performance Indicators (KPIs) used by the Company to measure its own performance are shown below

	<u>Year ended</u> <u>30 September 2007</u>	<u>Year ended</u> <u>30 September 2006</u>	<u>Increase/</u> <u>(Decrease)</u>
Profit before taxation	£15.1m	£14.4m	4.9%
Shareholders funds	£301.8m	£286.7m	5.3%

The profit before tax has remained in line with 2006 year end figures. There has been a slight increase in profit for the current year due to an amount of £0.5m was charged to the profit and loss account for the year ended 30 September 2006 for the loss on disposal of fixed asset investment. The growth in the shareholders funds is in line with the increased in the profit for the current year

No other significant items to be reported for the year

DIVIDENDS

No dividends in respect of the year are proposed (2006- £nil)

DIRECTORS

The following Directors served throughout the year except as noted

<u>Directors</u>		<u>Date Appointed</u>	<u>Date Resigned</u>
P V Taylor	Executive Director	12 December 2006	-
R N Midmer	Executive Director	12 December 2006	28 June 2007
D C Nicholson	Executive Director	28 June 2007	-
P Aubery	Executive Director	3 March 2006	12 December 2006
T V Castledine	Executive Director	3 March 2006	12 December 2006
S B Eighteen	Executive Director	3 March 2006	12 December 2006
A C Farnell	Executive Director	3 March 2006	12 December 2006
N S Moy	Executive Director	3 March 2006	12 December 2006

DIRECTORS' REPORT

DIRECTORS (Continued)

The current Directors of the Company are detailed on page 1

No Director has, or had, any interests in the shares of the Company No Director holds a service contract with the Company and there is no Company share option scheme in existence

None of the Directors has had any interests in the shares of the new ultimate parent company, Delta Commercial Property LP

DEBT REFINANCING AND GOING CONCERN

At 30 September 2007, the Group had a bank loan of £1,172,000,000 secured on the Group's investment properties and freehold land and buildings At 16 October 2008, the loan amounts remains outstanding The maturity date of the loan is on 15 January 2009 (the original final maturity date) with an option to extend the loan to 15 January 2010 provided no default is outstanding at the original final maturity date The breach of the covenant crystallises the loan on 15 January 2009 The failure to comply with these covenants has resulted in a default in the £70 million term loan facility

The LTV test of 92.7% was met as at 30 September 2007, however, property values have fallen since that date and the Directors of the Company, who are also the directors of Libra No 3 Limited, a group undertakings and also the borrower to the bank loan, have been advised by their valuers, King Sturge, that they consider that as at 16 October 2008 the appropriate yield for the Group's property portfolio is 7.42%, and the value of the portfolio is c £931,000,000 after costs of 1.75%, on the basis of the properties being sold as a business, resulting in an LTV ratio of 126%

As a result of this, and because of two other minor breaches (see note 1), which unless waived will mean that the loan will not be extended, the Directors have initiated discussions with Capmark Services UK Limited ('Capmark') as Servicer under the securitisation structure which operates alongside the bank loan The Directors have offered to cooperate with Capmark to achieve a sensible negotiated reorganisation of the Group's affairs and a restructuring of its debts Capmark has indicated that it is willing to consider a reorganisation and debt restructuring and has agreed to work with the Group towards a standstill agreement to allow the parties time to put these into effect This is in the process of being negotiated Given these circumstances, the Directors do not currently believe there is a risk that the Company will go into insolvent liquidation, although this could change if these negotiations were to fail Given the above, there is a material uncertainty which may cast significant doubt as to the Company's ability to continue as a going concern, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business

Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on the going concern basis In the event that a going concern basis should become inappropriate, the assets of the Company (specifically amounts due from group undertakings) would be written down to their recoverable value, provision made for any further liabilities that may arise and to reclassify non current assets and liabilities as current assets and liabilities The financial statements do not include any adjustments that would result from the withdrawal of support from the Company's parent At this time it is not practicable to quantify such adjustments. See further details in note 1 to the financial statements

PAYMENTS TO CREDITORS

The Company's policy is to fix payment terms when agreeing the terms of each transaction It is the Company's general policy to pay suppliers in accordance with the agreed terms and conditions provided that the supplier has complied with those terms The creditor days for the Company at 30 September 2007, calculated in accordance with the Companies Act 1985 are 8 (2006: 3)

DIRECTORS' REPORT

(Continued)

THIRD PARTY INDEMNITY PROVISIONS

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force to the date of this report

AUDITORS

In the case of each of the persons who are Directors of the Company at the date when this report is approved

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information

This information is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



D C Nicholson
Director
Date 17 October 2008

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 the 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). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing these financial statements, the Directors are required to

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether applicable UK Accounting Standards have been followed and
- (d) 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 that 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NHP LIMITED

We have audited the financial statements of NHP Limited for the year ended 30 September 2007, which comprise of the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NHP LIMITED (Continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Emphasis of matter – Going concern

Without qualifying our opinion, we draw attention to the disclosures made in note 1 of the financial statements concerning the Group's ability to continue as a going concern

The Company is a guarantor for a loan agreement entered into by another group company. The group is in breach of the financial covenants in its loan agreement (as described in note 1). The Directors are in discussions with Capmark Services UK Limited regarding a resolution of the breach. However, the outcome of these discussions and the timing of their conclusion is uncertain.

These conditions, along with other matters as set forth in note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors have prepared the financial statements on the going concern basis. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern as it is not practicable to determine or quantify them.

Deloitte & Touche LLP
Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
Date: 17 October 2008

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2007

	Notes	2007 £	2006 £
Other administrative expenses	2	(57,879)	(255,787)
Exceptional costs	3	-	28,819
Administrative expenses		<u>(57,879)</u>	<u>(226,968)</u>
OPERATING LOSS		(57,879)	(226,968)
Loss on disposal of fixed asset investment	4	-	(541,924)
Net interest receivable and similar income	5	<u>15,165,195</u>	<u>15,169,611</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,107,316	14,400,719
Tax credit on profit on ordinary activities	6	<u>1,616,022</u>	<u>1,040,004</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR		<u>16,723,338</u>	<u>15,440,723</u>
RETAINED PROFIT FOR THE YEAR	14	<u>16,723,338</u>	<u>15,440,723</u>

Turnover and operating profit are wholly derived from continuing operations

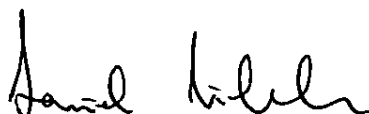
There are no recognised gains or losses for the current financial year or preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

BALANCE SHEET
30 September 2007

	Notes	2007 £	2006 £
TANGIBLE FIXED ASSETS			
Freehold reversion investment properties	7	24	24
INVESTMENTS	8	<u>187,995,222</u>	<u>187,995,222</u>
TOTAL FIXED ASSETS		<u>187,995,246</u>	<u>187,995,246</u>
CURRENT ASSETS			
Debtors	9	<u>116,698,169</u>	<u>99,913,897</u>
		116,698,169	99,913,897
CREDITORS: amounts falling due within one year	10	<u>(1,291,395)</u>	<u>(1,230,461)</u>
NET CURRENT ASSETS		<u>115,406,774</u>	<u>98,683,436</u>
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS		<u>303,402,020</u>	<u>286,678,682</u>
CAPITAL AND RESERVES			
Called up share capital	12	2,166,141	2,166,141
Share premium account	13	201,246,919	201,246,919
Revenue reserve	13	914,387	914,387
Profit and loss account	13	<u>99,074,573</u>	<u>82,351,235</u>
SHAREHOLDERS' FUNDS		<u>303,402,020</u>	<u>286,678,682</u>

These financial statements were approved and authorised for issue by the Board of Directors on 17 October 2008

Signed on behalf of the Board of Directors



D C Nicholson
Director

NOTES TO THE ACCOUNTS

Year ended 30 September 2007

1. ACCOUNTING POLICIES

Basis of accounting – Going concern

The Company is a guarantor for a loan entered into by another group company

At 30 September 2007, the Group had a bank loan of £1,172,000,000 secured on the Group's investment properties and freehold land and buildings. At 16 October 2008, the loan amount remains outstanding. Libra No 2 Limited, the Company's ultimate parent company declared a dividend on 27 November 2007 of £89,035,586 with the result that the Group is now in a net liability position. Under the terms of its bank loan, the Group has to comply with a number of financial covenants, of which the two most material are a Loan to Value ('LTV') covenant and an Interest Cover Ratio ('ICR') covenant. The failure to comply with these covenants has resulted in a default in the £70 million term loan facility.

The Directors of the Company, who are also the directors of Libra No 3 Limited, a group undertaking and also the borrower to the bank loan, have prepared cash flow forecasts throughout the life of the loan until the last covenant testing date, which is 15 October 2009, which show that the Group can meet its day to day cash needs including the payment of loan interest, even though the ICR covenant is not met towards the end of the testing period.

The Directors have also considered the LTV test, and note that this had been met as at 30 September 2007. However, property values have fallen since that date and the Directors have been advised by their valuers, King Sturge, that they consider that as at 16 October 2008 the appropriate yield for the Group's property portfolio is 7.42%, and the value of the portfolio is c. £931,000,000 after costs of 1.75%, on the basis of the properties being sold as a business, resulting in an LTV ratio of 126%.

This breaches the LTV covenant which is set at 92.7%, and Libra No 3 Limited will not therefore be in a position to extend the loan as at 15 January 2009 unless this breach, and two other minor breaches which remain unremedied, are waived. The two minor breaches include the change of accounting reference date for the subsidiaries incorporated in the United Kingdom and the non-delivery of the audited financial statements within 150 days from the accounting period end. The effect of the breach is that the loan becomes immediately repayable as at 15 January 2009.

The Directors of the Company have initiated discussions with Capmark Services UK Limited ('Capmark') as Servicer under the securitisation structure which operates alongside the bank loan and have offered to cooperate with it to achieve a sensible negotiated reorganisation of the Group's affairs and a restructuring of its debts. Capmark has indicated that it is willing to consider a reorganisation and debt restructuring and has agreed to work with the Group towards a standstill agreement to allow the parties time to put these into effect. This is in the process of being negotiated. Given these circumstances, the Directors do not currently believe there is a risk that the Company will go into insolvent liquidation, although this could change if these negotiations were to fail. Given the above, there is a material uncertainty which may cast significant doubt as to the Company's ability to continue as a going concern, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on the going concern basis. In the event that a going concern basis should become inappropriate, the assets of the Company (specifically amounts due from group undertakings) would be written down to their recoverable value, provision made for any further liabilities that may arise and to reclassify non-current assets and liabilities as current assets and liabilities. The financial statements do not include any adjustments that would result from the withdrawal of support from the Company's parent. At this time it is not practicable to quantify such adjustments.

Except as noted above, the financial statements are prepared under the historical cost convention, in accordance with all applicable United Kingdom accounting standards and in compliance with the Companies Act 1985. The particular accounting policies adopted are described below.

The accounting policies have been followed consistently during the current and previous years.

NOTES TO THE ACCOUNTS

Year ended 30 September 2007

1. ACCOUNTING POLICIES

Exemption from consolidation

The Company has not prepared consolidated financial statements by virtue of section 228A of the Companies Act 1985, as it is a subsidiary of Libra No 2 Limited (formerly within 'Libra CareCo Offshore Superholdco Limited'), a company incorporated and registered in the Cayman Islands, which prepares consolidated financial statements. These financial statements provide information about the Company as an individual undertaking and not about its group.

Freehold reversion investment properties

The freehold reversionary interests in the investment properties, which are subject to 999 year leasehold interests to its group undertaking, are stated at cost.

Interest

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

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 which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognised in respect of gains and losses on revalued assets unless the company has entered into a binding agreement to sell the assets and the gains or losses have been recognised in the profit and loss account. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments and disposals

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

Cash flow statement

The directors have elected to take advantage of the exemption under FRS 1 not to prepare a cash flow statement as the financial statements of the ultimate parent company contain a consolidated cash flow statement and are available through Companies House.

2. ADMINISTRATIVE EXPENSES

Other administrative expenses

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

None of the Directors received emoluments directly from the Company during the current or preceding year. R N Midmer, a director who served during the year, received his emolument from the Company's subsidiary undertaking, NHP Management Limited.

Other administrative expenses include, inter alia:

	2007 £	2006 £
Group management fees charged by NHP Management Limited	30,116	221,029
Audit remuneration (including VAT)		
- Company audit fees	5,483	5,804
- Tax compliance services	17,375	3,966

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

3. EXCEPTIONAL COSTS

The following exceptional costs have been incurred or provided for and included in the administrative expenses

	2007	2006
	£	£
Restructuring credits in respect of NHP acquisition	-	209,661
Abort costs of investment	-	(180,842)
	<u>-</u>	<u>(28,819)</u>

4. LOSS ON DISPOSAL OF FIXED ASSET INVESTMENT

	2007	2006
	£	£
Investments at carrying value	-	516,924
Costs of disposal	-	25,000
	<u>-</u>	<u>541,924</u>

On 2 March 2006 the Company sold its 25.01% shareholding in G R Patrick & Co Limited, the principal activity of which was that of an insurance brokerage specialising in healthcare

5. NET INTEREST RECEIVABLE AND SIMILAR INCOME

	2007	2006
	£	£
Interest receivable on loan notes		
Care Homes No 2 Limited	1,223	1,147
Care Homes No 3 Limited	1,860	1,781
Southern Cross Investments No 2 Limited	-	255,438
Group undertakings	15,165,165	15,165,165
Other interest receivable	38	9,076
Interest payable on loan note from group undertaking	-	(255,438)
Bank interest payable	-	(56)
Other interest payable	(371)	(4,102)
Finance costs	(2,720)	(3,400)
	<u>15,165,195</u>	<u>15,169,611</u>

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

6. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
Corporation tax credit		
- Current year	-	-
- Prior year	1,564,758	1,113,240
	<u>1,564,758</u>	<u>1,113,240</u>
Deferred tax credit	51,264	(73,236)
	<u>1,616,022</u>	<u>1,040,004</u>
Tax credit		
	<u>1,616,022</u>	<u>1,040,004</u>
Profit before tax	15,107,316	14,400,719
Tax on profits at standard rate of 30% (2006 30%)	(4,532,195)	(4,320,216)
Factors affecting tax charge		
Permanent differences	18,312	(61,604)
Capital allowances in excess of depreciation	-	18,311
Profit on disposal	-	(162,577)
Chargeable gain	-	(310,109)
Group relief for nil consideration	4,513,883	4,836,195
	<u>4,513,883</u>	<u>4,836,195</u>
Current tax charge	-	-
	<u>-</u>	<u>-</u>

The tax charge for the current year is lower than that resulting from applying the standard rate of corporation tax, due to group relief available from other group companies for nil consideration

7. TANGIBLE FIXED ASSETS

Freehold reversions in investment properties

	2007 £	2006 £
Cost at 1 October 2006	24	24
	<u>24</u>	<u>24</u>
Cost at 30 September 2007	24	24
	<u>24</u>	<u>24</u>

At 30 September 2007, the Company has investments in freehold investment properties totalling £24 (2006 £24), representing the consideration paid, including VAT, for the freehold reversions to 24 properties (2006 24), 15 of the 999 year leasehold interest are held by Libra CareCo CH2 PropCo Limited, a group undertaking and the remaining 9 of the 999 year leasehold interest are held by Libra CareCo CH3 PropCo Limited, a subsidiary undertaking

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

8. INVESTMENTS

Cost	Shares in subsidiary undertakings £	Subordinated loan notes to subsidiary undertakings £	Total £
At 1 October 2006 and 30 September 2007	67,817	187,927,405	187,995,222

Shares in subsidiary undertakings

At 30 September 2007, the Company held investments in the following principal subsidiary undertakings

Name	Country of incorporation	% Holdings	Principal activity
NHP Securities No 1 Limited*	Great Britain	100%	Investment in care home properties
NHP Securities No 2 Limited*	Great Britain	100%	Investment in care home properties
NHP Securities No 3 Limited*	Great Britain	100%	Investment in care home properties
NHP Securities No 4 Limited*	Great Britain	100%	Partner in LLNHP Partnership
NHP Securities No 6 Limited*	Great Britain	100%	Investment in care home properties
NHP Securities No 9 Limited	Jersey	100%	Investment in overriding leases of care home properties
NHP Securities No 11 Limited*	Jersey	100%	Parent company of NHP Securities No 9 Limited
NHP Management Limited*	Great Britain	100%	Management of care home property portfolios
NHP Operations (York) Limited*	Great Britain	100%	Care home property development
LLNH Limited*	Great Britain	100%	Partner in LLHNP Partnership
Care Homes No 1 Limited	Cayman Islands	100%	Investment in care homes properties
Ultima Holdings Limited	Great Britain	100%	Immediate parent company of Ultima Group undertakings
Ultima Healthcare Limited	Great Britain	100%	Care home operator
Eton Hall Homes Limited	Great Britain	100%	Care home operator
Ultima Care Limited	Great Britain	100%	Care home operator
Platinum Healthcare Limited	Great Britain	100%	Care home operator

* held directly by NHP Limited

All shares held are ordinary shares

NOTES TO THE ACCOUNTS

Year ended 30 September 2007

8. INVESTMENTS (Continued)

Summarised below are the financial information of the subsidiary undertakings

	Capital and Reserve at 30 September 2007 £	Profit / (Loss) for the year ended 30 September 2007 £
NHP Securities No 1 Limited	176,189,294	7,029,370
NHP Securities No 2 Limited	82,946,332	3,661,765
NHP Securities No 3 Limited	406,221,791	(1,403,096)
NHP Securities No 4 Limited	2	-
NHP Securities No 6 Limited	31	(32)
NHP Securities No 9 Limited	15,124	5
NHP Securities No 11 Limited	3,120	(892)
NHP Management Limited	70,275	(201,443)
NHP Operations (York) Limited	2,152,456	4,748
LLNH Limited	1	1
Care Homes No 1 Limited	(1,284,038)	13,496,520
Ultima Holdings Limited	324,838	552
Ultima Healthcare Limited	4,688,125	61
Eton Hall Homes Limited	25,857	-
Ultima Care Limited	(5,306,986)	(29)
Platinum Healthcare Limited	111,649	(6)

Subordinated loan notes to subsidiary undertakings

Loan notes of £11,143,900 were issued to NHP Securities No 1 Limited to enable the company to acquire the assets transferred from its group undertakings. The loan notes have no fixed repayment dates and bear interest at 8.5% per annum.

Loan notes of £4,201,615 were issued to NHP Securities No 2 Limited to enable the company to acquire the assets transferred from its group undertakings. The loan notes have no fixed repayment dates and bear interest at 8.5% per annum.

Loan notes of £140,289,815 were issued to NHP Securities No 3 Limited to enable the company to finance the asset acquisitions, have no fixed repayment dates and bear interest at 8.5% per annum. A further loan note of £32,254,763 was issued to NHP Securities No 3 Limited, from the proceeds of the rights issue issued by the Company in July 2002, to enable a repayment of the bank debts. The loan notes have no fixed repayment dates and bear interest at 6.0% per annum.

£10,000 loan note was issued to NHP Securities No 11 Limited, has no fixed repayment dates and bears interest at 8.7% per annum.

The loan notes due by Care Homes No 2 Limited of £8,000 are repayable on 2 January 2026 and bears interest at 8.446% per annum.

The loan notes due by Care Homes No 3 Limited of £19,312 are repayable on 2 January 2031 and bear interest at 6.6% per annum.

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

9. DEBTORS

	2007 £	2006 £
Amounts owed by group undertakings	114,416,066	99,250,900
Amount owed by Care Homes No 2 Limited	7,556	6,332
Amount owed by Care Homes No 3 Limited	10,634	8,773
Corporation tax debtor	2,212,649	647,892
Deferred tax debtor	51,264	-
	<u>116,698,169</u>	<u>99,913,897</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Amounts due to group undertakings	1,266,245	1,192,973
Amount due to Libra No 3 Limited	25,000	25,000
Other creditors	-	488
Accruals and deferred income	150	12,000
	<u>1,291,395</u>	<u>1,230,461</u>

11. DEFERRED TAXATION

	Provided 2007 £	2006 £	Unprovided 2007 £	2006 £
Accelerated capital allowances	<u>(51,264)</u>			<u>(59,425)</u>

The group has sufficient losses to relieve any taxable profits. The deferred tax asset has therefore not been recognised.

12. CALLED UP SHARE CAPITAL

	Number	2007 £	Number	2006 £
Authorised:				
Ordinary shares at 1p each	<u>370,000,000</u>	<u>3,700,000</u>	<u>370,000,000</u>	<u>3,700,000</u>
Called up, allotted and fully paid:				
Ordinary shares at 1p each				
At 1 October and 30 September	<u>216,614,127</u>	<u>2,166,141</u>	<u>216,614,127</u>	<u>2,166,141</u>
At 30 September	<u>216,614,127</u>	<u>2,166,141</u>	<u>216,614,127</u>	<u>2,166,141</u>

There was no share issued during the year.

NOTES TO THE ACCOUNTS

Year ended 30 September 2007

13. RESERVES

	Share Premium Account £	Revenue Reserve £	Profit and Loss Account £
At 1 October 2006	201,246,919	914,387	82,351,235
Retained profit for the year	-	-	16,723,338
At 30 September 2007	<u>201,246,919</u>	<u>914,387</u>	<u>99,074,573</u>

14. CONTINGENT LIABILITIES AND GUARANTEES

The Company is one of the guarantors to a £1,172 million term loan facility agreement entered into by Libra No 3 Limited with CS Funding 1 Limited, a group undertaking of Credit Suisse on 15 January 2007. The facility is secured by a fixed and floating charge on group assets and unlimited guarantee from its group undertakings. CS Funding 1 Limited's rights and obligations under the £1,172 million term loan agreement were ultimately transferred by way of novation to Titan Europe 20071 (NHP) Limited on 24 May 2007.

15. RELATED PARTY TRANSACTIONS

The exemption under Financial Reporting Standard No 8 "Related Party Disclosures" has been taken and consequently, transactions with other undertakings within the Libra No 2 Limited group (previously within "Libra CareCo Offshore Superholdco Limited" group) have not been disclosed in these financial statements.

16. POST BALANCE SHEET EVENTS

a) By way of deed of assignment of debts, on 28 January 2008 the Company has agreed for NHP Securities No 3 Limited ('NHPS3'), a group undertaking to assign the debt amount of £145 million due by Libra CareCo Limited, a group undertaking to the Company. £65 million was used to set off the dividend receivable from NHPS3 as disclosed in note 16 (b) and the remaining amount of £80 million was to reduce the existing loan notes owed by NHPS3.

b) On 28 January 2008 NHPS3 declared and paid dividends of £65 million to the Company.

c) On 28 January 2008 the Company declared and paid dividends of £145 million to Libra CareCo Limited, its immediate parent undertaking.

17. PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The immediate parent undertaking is Libra CareCo Limited, a company incorporated in Great Britain and registered in England and Wales.

As of 12 December 2006 the new ultimate and parent undertaking is Delta Commercial Property LP, a limited partnership incorporated and registered in the Isle of Man. In the opinion of the Directors, there is no ultimate controlling party in that company.

The results of the Company are consolidated within Libra No 2 Limited, its intermediate parent undertaking, a company incorporated and registered in the Cayman Islands. Libra No 2 Limited is both the smallest and largest group including the Company for which consolidated accounts are prepared.

Copies of the Libra No 2 Limited group consolidated financial statements to 30 September 2007, which include the results of the Company, are available from Libra Group at 25 Hanover Square, London, W1S 1JF.