

NHP LIMITED

Report and Financial Statements

30 September 2008

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REPORT AND FINANCIAL STATEMENTS 2008

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REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M J M Jensen
D C Nicholson

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 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 2008.

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

In the year to 30 September 2008, the Company has continued to act as a holding company and this will continue in the foreseeable future.

RESULTS

The results for the year to 30 September 2008 are set out in the profit and loss account on page 8.

DIVIDENDS

During the year, the Company declared and paid dividend of £145,000,000(2007- £nil).

DIRECTORS

The following Directors served throughout the year were:

Directors	<u>Date of appointment</u>	<u>Date of resignation</u>
P V Taylor	-	19 December 2008
D C Nicholson	-	-
J M J M Jensen	19 December 2008	-

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 ultimate parent company, Delta Commercial Property LP.

GOING CONCERN

At 30 September 2008, the Group had bank loans of £1,172m (the 'Senior loan') and £70m (the 'Term Loan Facility') secured on the Group's investment properties and freehold land and buildings.

As at 29 September 2008, the portfolio was valued by King Sturge LLP at £929,776,000 (assuming costs of 1.75%). This results in a loan to value ratio of 126%, which puts the senior loan in breach of its Loan to Value ('LTV') covenant of 92.7%. There are also a number of breaches of other covenants to the loan, which mainly relate to the provision of information. Further, in the light of deteriorating conditions in the real estate investment market, another valuation was commissioned which shows that as at 15 December 2008 the value of the portfolio had dropped to £863,304,000 (assuming costs of 1.75%). This further diminution has not been reflected in the financial statements.

In addition, at 15 January 2009, the loan amounts remained outstanding. The maturity date of the senior loan was 15 January 2009 (the original final maturity date) with an option to extend the loan to 15 January 2010 provided no default was outstanding at the original final maturity date. This failure to repay on the maturity date was an event of default which meant that the loan became instantly repayable.

As a result, the Directors of the Company commenced discussions with the loan Special Servicer, Capmark Services UK Limited ('Capmark'), about how best to resolve this situation. On 25 November 2008 a standstill agreement was put in place until 14 January 2009, and then further extended by all parties to 14 April 2009, which suspends the ability of Capmark and others to exercise their rights in relation to certain specified events of default. This allows the Group time in which to negotiate a solution to the problem of the breached covenants without threat of foreclosure.

DIRECTORS' REPORT

(Continued)

GOING CONCERN (Continued)

The £70m term loan facility is also in breach as a result of the above. The lenders of this loan have also entered into the standstill agreement and have thus suspended their ability to exercise any rights they may have.

There is a provision in the standstill agreement for a Chief Restructuring Officer to be appointed to the board of the Group, whose role would be to represent the Company and Libra No. 3 Limited, its subsidiary undertaking, in its negotiations between the lenders and the Special Servicer. The Chief Restructuring Officer was appointed on 19 December 2008.

Further, the Directors have received an undertaking from Capmark that the cash flow required to operate the Group until the refinancing has been concluded will be forthcoming. The undertaking states that it is the intention of the Senior Creditors to provide the Group with the funds it requires to make payments falling due as a consequence of the Group carrying on its business, including without limitation (a) day-to-day operating costs; (b) restructuring costs; and (c) other exceptional costs incurred in relation to the Potential Restructuring.

Given these circumstances, the Directors do not currently believe there is a risk that the Group will go into insolvent liquidation, although this could change if the negotiations envisaged by the standstill agreement were to fail. Given the above, there is a material uncertainty which may cast significant doubt as to the Group'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 Group would be written down to their recoverable value and provision made for any further liabilities that may arise. 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 2008, calculated in accordance with the Companies Act 1985 are 83 (2007: 8).

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.

DIRECTORS' REPORT

(Continued)

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 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: 20 January 2009

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 2008, which comprise of the profit and loss account, the balance sheet and the related notes 1 to 18. 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 2008 and of its loss 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 LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

Date: 20 January 2009

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2008

	Notes	2008 £	2007 £
Administrative expenses	3	(236,050,875)	(57,879)
Amount written off investments	8	(10,037)	-
OPERATING LOSS		(236,060,912)	(57,879)
Investment Income	4	65,000,000	-
Net interest receivable and similar income	5	14,968,387	15,165,195
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(156,092,525)	15,107,316
Tax (charge) / credit on (loss) / profit on ordinary activities	6	(51,264)	1,616,022
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR	13	(156,143,789)	16,723,338

Results are derived wholly 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 2008

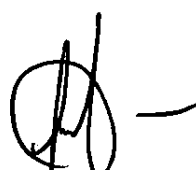
	Notes	£	2008 £	£	2007 £
TANGIBLE FIXED ASSETS					
Freehold reversion investment properties	7		24		24
INVESTMENTS					
	8		57,780		187,995,222
TOTAL FIXED ASSETS			<u>57,804</u>		<u>187,995,246</u>
CURRENT ASSETS					
Debtors	9	2,397,061		116,698,169	
		2,397,061		116,698,169	
CREDITORS: amounts falling due within one year	10	(196,634)		(1,291,395)	
NET CURRENT ASSETS			<u>2,200,427</u>		<u>115,406,774</u>
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS			<u>2,258,231</u>		<u>303,402,020</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		(202,069,216)		99,074,573
SHAREHOLDERS' FUNDS			<u>2,258,231</u>		<u>303,402,020</u>

These financial statements were approved and authorised for issue by the Board of Directors on 20 January 2009.

Signed on behalf of the Board of Directors



D C Nicholson
Director



J M J M Jensen
Director

NOTES TO THE ACCOUNTS

Year ended 30 September 2008

1. GOING CONCERN

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

At 30 September 2008, the Group had bank loans of £1,172 million (the 'Senior Loan') and £70 million (the 'Term Loan Facility') secured on the Group's investment properties and freehold land and buildings. At 16 January 2009, the loan amounts remain outstanding. The maturity date of the senior loan was 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.

Libra No. 2 Limited, the Company's ultimate parent company declared a dividend on 27 November 2007 of £89,035,586, and there was a deficit on the revaluation of properties of £392,665,000 in the year ended 30 September 2008. As a result, the Group is now in a net liability position.

Under the terms of the Senior 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. Further, in order for the Group to continue to trade as a going concern, the Directors of each of the entities in the Group need to be satisfied that they will continue to be able to meet their operating costs and expenses as they fall due.

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 have prepared cash flow forecasts covering the period to 31 March 2010 which show that there is a shortfall in the operational cash flow of the Company in the period. However, the Directors have received an undertaking from Capmark Services UK Limited ('Capmark'), the Special Servicer to the Senior Loan, that the cash flow required to operate the Group will be forthcoming whilst discussions with respect to the Potential Restructuring are continuing. The cash flow forecasts also indicate that the ICR test will not be met throughout the testing period. The undertaking states that it is the intention of the Senior Creditors to provide the Group with the funds it requires to make payments falling due as a consequence of the Group carrying on its business, including without limitation (a) day-to-day operating costs and expenses; (b) restructuring costs; and (c) other exceptional costs incurred in relation to the Potential Restructuring.

The Directors have also considered the LTV test, and note that this was not met as at 30 September 2008. The Directors have been advised by their valuers, King Sturge LLP, that they consider that as at 29 September 2008 the appropriate yield for the Group's property portfolio is 7.42%, and the value of the portfolio is £929,767,000 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 the Group was not therefore in a position to obtain the extension of the loan as at 15 January 2009 unless this breach, and other breaches chiefly concerning information covenants which remain unremedied, had been waived. The effect of these breaches was that the loan became immediately repayable as at 15 January 2009. The failure to comply with these covenants has also resulted in a default in the £70 million term loan facility.

However, the Directors of the Company have initiated discussions with Capmark under the securitisation structure which operates alongside the bank loan and have entered into a standstill agreement which suspends the rights and remedies of the loan servicer against specified breaches of the loan until 14 April 2009.

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 the negotiations for which the standstill agreement allows were to fail. Given the above, there is a material uncertainty which may cast significant doubt as to the Group'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 Group would be written down to their recoverable value and provision made for any further liabilities that may arise. At this time it is not practicable to quantify such adjustments.

NOTES TO THE ACCOUNTS

Year ended 30 September 2008

2. ACCOUNTING POLICIES

Basis of accounting

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.

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, 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.

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

3. 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.

Other administrative expenses include, inter alia:

	2008	2007
	£	£
Group management fees charged by NHP Management Limited	34,876	30,116
Provision of doubtful debts – group undertakings	235,967,711	-
Audit remuneration (including VAT)		
- Company audit fees	8,600	5,483
- tax compliance services	12,000	17,375
- other services*	19,975	-

* The Company paid a further amount of £19,975 to the auditors for tax advice on the tax enquiry made by the HM Revenue and Custom for the year ended 30 September 2005.

4. INVESTMENT INCOME

	2008	2007
	£	£
Dividend received from NHP Securities No. 3 Limited, a subsidiary undertaking	65,000,000	-

5. NET INTEREST RECEIVABLE AND SIMILAR INCOME

	2008	2007
	£	£
Interest receivable on loan notes		
Group undertakings	14,785,460	15,168,248
Other interest receivable	184,412	38
Other interest payable	-	(371)
Finance costs	(1,485)	(2,720)
	<u>14,968,387</u>	<u>15,165,195</u>

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

6. TAX (CHARGE) / CREDIT ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
Corporation tax credit:		
- Current year	-	-
- Prior year	-	1,564,758
	-	1,564,758
Deferred tax (charge) / credit	(51,264)	51,264
Tax (charge) / credit	(51,264)	1,616,022
 (Loss) / Profit before tax	 (156,092,525)	 15,107,316
Tax on (loss) / profits at standard rate of 29% (2007: 30%)	(45,266,832)	(4,532,195)
Factors affecting tax charge:		
Disallowable expenses	2911	18,312
Impairment of investments	68,430,636	
Non-taxable income	(18,850,000)	
Group relief for nil consideration	(4,316,715)	4,513,883
Current tax charge	-	-

The tax charge for the current year is higher than that resulting from applying the standard rate of corporation tax principally because certain items of expenditure are not deductible for tax purposes.

7. TANGIBLE FIXED ASSETS

Freehold reversions in investment properties

	2008 £	2007 £
Cost at 1 October 2007	24	24
Cost at 30 September 2008	24	24

At 30 September 2008, the Company has investments in freehold investment properties totalling £24 (2007: £24), representing the consideration paid, including VAT, for the freehold reversions to 24 properties (2007: 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 2008

8. INVESTMENTS

Cost	Shares in subsidiary undertakings £	Subordinated loan notes to subsidiary undertakings £	Total £
At 1 October 2007	67,817	187,927,405	187,995,222
Repayment	-	(9,460,020)	(9,460,020)
At 30 September 2008	67,817	178,467,385	178,535,202
Provision			
At 1 October 2007	-	-	-
Provision for the year	(10,037)	(178,467,385)	(178,477,422)
At 30 September 2008	(10,037)	(178,467,385)	(178,477,422)
Net book value			
At 30 September 2008	57,780	-	57,780
At 30 September 2007	67,817	187,927,405	187,995,222

Shares in subsidiary undertakings

At 30 September 2008, 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%	Partner in LLNHP Partnership
NHP Securities No.4 Limited*	Great Britain	100%	Investment in care home properties
NHP Securities No.6 Limited*	Great Britain	100%	Investment in overriding leases of care home properties
NHP Securities No.9 Limited	Jersey	100%	Parent company of NHP Securities No.9 Limited
NHP Securities No.11 Limited*	Jersey	100%	Management of care home property portfolios
NHP Management Limited*	Great Britain	100%	Care home property development
NHP Operations (York) Limited*	Great Britain	100%	Partner in LLHNP Partnership
LLNH Limited*	Great Britain	100%	Investment in care homes properties
Care Homes No. 1 Limited	Cayman Islands	100%	Immediate parent company of Ultima Group undertakings
Ultima Holdings Limited	Great Britain	100%	Care home operator
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%	

* held directly by NHP Limited.

All shares held are ordinary shares.

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

8. INVESTMENTS (Continued)

Summarised below are the financial information of the subsidiary undertakings:

	Capital and Reserve at 30 September 2008 £	Profit / (Loss) for the year ended 30 September 2008 £
NHP Securities No.1 Limited	104,206,234	(21,174,060)
NHP Securities No.2 Limited	51,887,777	(5,913,555)
NHP Securities No.3 Limited	(185,753,086)	(526,949,297)
NHP Securities No.4 Limited	2	-
NHP Securities No.6 Limited	31	-
NHP Securities No.9 Limited	-	(15,124)
NHP Securities No.11 Limited	(10,000)	(13,120)
NHP Management Limited	(3,683,596)	(3,753,871)
NHP Operations (York) Limited	490,294	26,838
LLNH Limited	1,000	-
Care Homes No. 1 Limited	(25,882,909)	(24,958,871)
Ultima Holdings Limited	324,869	31
Ultima Healthcare Limited	4,688,137	12
Eton Hall Homes Limited	25,857	-
Ultima Care Limited	(5,306,971)	15
Platinum Healthcare Limited	111,635	(14)

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 2008

9. DEBTORS

	2008	2007
	£	£
Loan interest receivable from group undertakings	-	70,947,266
Amounts owed by group undertakings	-	43,486,990
Corporation tax debtor	2,212,649	2,212,649
Deferred tax debtor	-	51,264
Sundry Debtors	184,412	-
	<u>2,397,061</u>	<u>116,698,169</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Amounts due to group undertakings	164,659	1,291,245
Other creditors	19,975	-
Accruals and deferred income	12,000	150
	<u>196,634</u>	<u>1,291,395</u>

11. DEFERRED TAXATION

	Provided		Unprovided	
	2008	2007	2008	2007
	£	£	£	£
Accelerated capital allowances	-	(51,264)	(68,360)	-
Accelerated capital allowances:				
As at 1 October 2007				(51,264)
Charge to the profit and loss account				51,264
As at 30 September 2008				-

A deferred tax asset has not been recognised on accelerated capital allowances, as it is considered more likely than not that there will be insufficient taxable profits in the future against which the capital allowances may be utilised.

12. CALLED UP SHARE CAPITAL

	Number	2008	Number	2007
		£		£
Authorised:				
Ordinary shares at 1p each	370,000,000	3,700,000	370,000,000	3,700,000
Called up, allotted and fully paid:				
Ordinary shares at 1p each				
At 1 October and 30 September	216,614,127	2,166,141	216,614,127	2,166,141

There was no share issued during the year.

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

13. RESERVES

	Share Premium Account £	Revenue Reserve £	Profit and Loss Account £
At 1 October 2007	201,246,919	914,387	99,074,573
Loss for the year	-	-	(156,143,789)
Dividend paid to equity holders	-	-	(145,000,000)
At 30 September 2008	<u>201,246,919</u>	<u>914,387</u>	<u>(202,069,216)</u>

14. MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
(Loss) / Profit for the year	(156,143,789)	16,723,338
Dividend paid to equity holders	(145,000,000)	-
Retained (loss) / profit for the year and net (decrease) / increase in shareholders' funds	(301,143,789)	16,723,338
Shareholders' funds at the beginning of the year	303,402,020	286,678,682
Shareholders' funds at the end of the year	<u>2,258,231</u>	<u>303,402,020</u>

15. 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 2007-1 (NHP) Limited on 24 May 2007.

16. POST BALANCE SHEET EVENT

On 25 November 2008 a standstill agreement was put in place until 14 January 2009 and later extended until 14 April 2009, which suspends the ability of Capmark, the loan servicer to exercise its rights in relation to certain specified events of default. Also, it allows the Company time to negotiate a solution to the problem of the breached covenants without threat of foreclosure. See further details in note 1 to the financial statements.

17. 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.

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

18. 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 2008, which include the results of the Company, are available from Libra Group at 25 Hanover Square, London, W1S 1JF.