

Libra Health Group Limited
Annual report for the 17 months
ended 31 May 1998

Registration Number: 2915765



Libra Health Group Limited
Annual report for the 17 month period to 31 May 1998

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Libra Health Group Limited

Report of the Directors for the 17 month period ended 31 May 1998

The directors have pleasure in submitting their report and financial statements for the 17 month period ended 31 May 1998.

Principal activities and business review

The Company is a holding company. During the year it disposed of a nursing home. On 20th September 1997 the entire issued share capital was acquired by Westminster Health Care Holdings PLC. On that date the Cumulative Redeemable Preference Shares were redeemed through the proceeds of the issue of 6,700,000 ordinary shares.

Financial results

The Company's results are shown in the Profit and Loss Account on page 5. During the period the Company paid dividends of £602,803 in respect of Cumulative Redeemable Preference shares, and £20,887 in respect of Cumulative Convertible Participating Redeemable Preferred 'A' Ordinary shares. A retained loss of £640,698 has been transferred to reserves (1996: profit £193,205)

Directors

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

R. Wright	(resigned 20 September 1997)
E. Barton	(" " " ")
J. Priestley	
R. Vaughan	
D. Torbett	
P. Easterman	(appointed 20 September 1997; resigned 13 May 1998)
K. Scott	(" " " ")
A. Wilson	(" " " ")

The interest of the directors who held office at the beginning of the financial period in the share capital of the Company, are set out below:

	<u>Ordinary 1p shares</u>
J Priestley	52,500
D Torbett	16,000
R Vaughan	24,000

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the Company. The interests of the directors in the share capital and share options of Westminster Health Care Holdings PLC are set out below:

	31 May 1998				At appointment			
	No of shares held				No of shares held			
K Scott	16,161				6,161			
A Wilson	25,000				15,000			

	Number of Options				Exercise Price	Market price on date of exercise	Date from which exercisable	Expiry Date
	At start of period	Granted during period*	Exercised during period	At end of period				
K Scott	20,645	-	-	20,645	252p	-	15/4/96	14/4/2003
	5,161	-	-	5,161	330p	-	15/8/97	17/8/2004
	3,000	-	-	3,000	329p	-	4/9/98	3/9/2005
	75,000	-	-	75,000	305p	-	21/3/99	20/3/2006
	-	44,000	-	44,000	275p	-	13/8/00	12/8/2007
A Wilson	-	75,000	-	75,000	275p	-	13/8/00	12/8/2007

* or date of appointment, if later

Charitable and political donations

No charitable or political donations were made during the period.

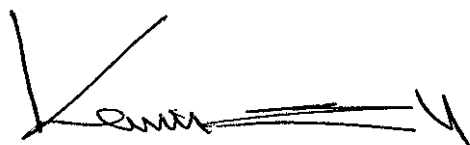
Year 2000

Libra Health Group Limited is committed to resolving the Year 2000 issue at an early stage. Work is in hand on internal systems.

Auditors

During the period Coopers & Lybrand resigned as the Company's auditors and KPMG Audit Plc were appointed in their place. A resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the Company.

By order of the Board



K O'Connell
Secretary

48 Leicester Square
London
WC2H 7WH



October 1998

Libra Health Group Limited

Director's responsibilities in respect of the preparation of financial statements

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 Group and to prevent and detect fraud and other irregularities.

Libra Health Group Limited

Report of the Auditors to the members of Libra Health Group Limited

We have audited the financial statements on pages 5 to 12.

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 judgments 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 mis-statement, 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 May 1998 and its loss, for the seventeen month period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

12th October 1998

Libra Health Group Limited **Profit and Loss Account for the 17 month period to 31 May 1998**

	Note	17mths to 31 May 1998 £	Year to 31 December 1996 £
Turnover	2	-	20,000
Administrative expenses		(87,492)	(120,822)
Operating loss		(87,492)	(100,822)
Income from shares in group undertakings		-	865,500
Profit on the disposal of fixed assets		56,992	-
Interest receivable and similar income		311,934	544,131
Interest payable and similar charges	5	(298,442)	(660,050)
(Loss)/Profit on ordinary activities before tax		(17,008)	648,759
Taxation on (loss)/profit on ordinary activities		-	-
(Loss)/Profit on ordinary activities after taxation		(17,008)	648,759
Dividends and appropriations	10	(623,690)	(455,554)
Retained (loss)/ profit	12	<u>(640,698)</u>	<u>193,205</u>

All activities 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.

Reconciliation of movements in shareholders' funds

	1998 £	1996 £
(Loss)/Profit for period/year	(17,008)	648,759
Dividends and appropriations	<u>(623,690)</u>	<u>(455,554)</u>
	(640,698)	193,205
New share capital subscribed	6,700,000	-
Redemption of preference shares	(6,700,000)	-
Reversal of non-equity appropriations:		
- issue costs	-	27,157
- changes in appropriations for non-equity dividends	<u>(149,565)</u>	<u>132,764</u>
	(790,263)	353,126
Opening shareholders' funds	<u>7,802,910</u>	<u>7,449,784</u>
Closing shareholders' funds	<u>7,012,647</u>	<u>7,802,910</u>

Libra Health Group Limited

Balance Sheet at 31 May 1998

	Note	31 May 1998 £	31st December 1996 £
Fixed assets			
Investments	6	<u>5,252,528</u>	<u>5,227,471</u>
Current assets			
Debtors	7	1,760,119	10,718,175
Creditors: amounts falling due within one year	8	<u>-</u>	<u>(317,284)</u>
Net current assets		1,760,119	10,400,891
Total assets less current liabilities		7,012,647	15,628,362
Creditors: amounts falling due after one year	9	<u>-</u>	<u>(7,825,452)</u>
Net assets		<u>7,012,647</u>	<u>7,802,910</u>
Capital and reserves			
Called-up share capital	11	73,000	676,000
Share premium account	12	6,899,965	6,446,530
Profit and loss account	12	<u>39,682</u>	<u>680,380</u>
		7,012,647	7,802,910
Equity shareholders' funds	13	6,903,510	534,808
Non-equity shareholders' funds	13	109,137	7,268,102
Shareholders' funds		<u>7,012,647</u>	<u>7,802,910</u>

Approved by the board of directors on 12 October 1998 and signed on its behalf by:

Director



The notes on pages 7 to 12 form part of these financial statements.

Libra Health Group Limited

Notes to the Financial Statements for the period to 31 May 1998

1 Accounting policies

Basis of Preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom under the historical cost convention.

In accordance with Section 228 of the Companies Act 1985, no consolidated financial statements have been prepared in respect of the Company's investments in subsidiary undertakings since the Company is itself a wholly owned subsidiary undertaking. Consequently, these financial statements reflect the results of the Company as an individual undertaking.

The Company is exempt from the requirement of Financial Reporting Standard 1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Westminster Health Care Holdings PLC, and its cash flows are included within the consolidated cash flow statement of that Company.

The related party transactions note included in the consolidated financial statements of the ultimate parent undertaking complies with the conditions of Financial Reporting Standard 8 "Related Party Transactions". The Company is therefore exempt under FRS8 from the requirement to prepare a separate note.

Accounting for capital instruments

The direct costs incurred in connection with the issue of capital instruments have been deducted from the proceeds of the issue and the finance costs associated with debt and non-equity shares have been allocated to periods at a constant rate based on the carrying amount.

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.

2 Turnover

Turnover arises from fees charged for management services.

Libra Health Group Limited

3 (Loss)/Profit on ordinary activities before taxation

	17mth period to 31 May 1998 £	Year to 31 December 1996 £
(Loss)/Profit on ordinary activities before taxation as stated after changing:		
Amortisation of deferred costs	26,326	57,040
Auditors' remuneration:		
Audit services	1,815	1,615
Non audit services	-	-

4 Directors' emoluments

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

	17 mth period to 31 May 1998 £	Year to 31 December 1996 £
Salaries and benefits in kind	3,558	3,077
Fees	<u>24,724</u>	<u>33,377</u>
	<u>28,282</u>	<u>36,454</u>

5 Interest payable and similar charges

	17 mth period to 31 May 1998 £	Year to 31 December 1996 £
Term loan, payable to banks	383,459	597,688
Interest appropriation	-	62,362
Profit on reversal of non-equity appropriations	<u>(85,017)</u>	<u>-</u>
	<u>298,442</u>	<u>660,050</u>

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6 Fixed asset investments

	Shares in subsidiary undertakings
At 31 December 1996	5,227,471
Addition	<u>25,057</u>
At 31 May 1998	<u><u>5,252,528</u></u>

The addition represents an amount payable on finalisation of the tax liability of the subsidiary undertaking.

Libra Health Group Limited is the beneficial owner of the entire issued ordinary share capital of Libra Health Limited which is incorporated and registered in England and Wales. Libra Health Limited operates acute hospitals, a day care centre and nursing homes.

7 Debtors

	1998 £	1996 £
Amounts owed by group undertakings	1,461,690	10,550,777
Other debtors	-	141,072
Prepayments	298,429	-
Deferred costs	-	<u>26,326</u>
	<u><u>1,760,119</u></u>	<u><u>10,718,175</u></u>

8 Creditors: amounts falling due within one year

	1998 £	1996 £
Bank loan	-	300,000
Bank overdraft	-	1,736
Other creditors	-	4,774
Accruals and deferred income	-	<u>10,774</u>
	-	<u><u>317,284</u></u>

9 Creditors: amounts falling due after one year

	1998 £	1996 £
Bank loan	-	6,194,369
Other loans	-	<u>1,631,083</u>
	-	<u><u>7,825,452</u></u>

Libra Health Group Limited

10 Dividends and appropriations

	1996		
	Paid	Appropriations	Total
	£	£	£
Fixed Cumulative Preference shares	285,460	129,305	414,765
Cumulative Conv. Part. Red. Pref. 'A'Ord shares	<u>10,173</u>	<u>3,458</u>	<u>13,631</u>
	295,633	132,763	428,396
Amortisation of non-equity share issue costs	-	<u>27,158</u>	<u>27,158</u>
	<u>295,633</u>	<u>159,921</u>	<u>455,554</u>

	1998		
	Paid	Appropriations	Total
	£	£	£
Fixed Cumulative Preference shares	20,887	-	20,887
Cumulative Conv. Part. Red. Pref. 'A'Ord shares	<u>602,803</u>	-	<u>602,803</u>
	623,690	-	623,690
Amortisation of non-equity share issue costs	-	-	-
	<u>623,690</u>	-	<u>623,690</u>

11 Called up Share Capital

	1998	1996
	£	£
Authorised		
6,700,000 Cumulative Redeemable 10p Preference Shares	670,000	670,000
Cumulative Convertible Participating Redeemable Preferred:		
435,000 'A' 1p shares	4,350	4,350
30,000 'B' 1p shares	300	300
6,850,000 (1996: 150,000) 1p ordinary shares	<u>68,500</u>	<u>1,500</u>
	<u>743,150</u>	<u>676,150</u>
Allotted, called up and fully paid		
6,700,000 Cumulative Redeemable 10p Preference Shares	-	670,000
Cumulative Convertible Participating Redeemable Preferred:		
435,000 'A' 1p shares	4,350	4,350
15,000 'B' 1p shares	150	150
6,850,000 (1996: 150,000) 1p ordinary shares	<u>68,500</u>	<u>1,500</u>
	<u>73,000</u>	<u>676,000</u>

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11 Called up Share Capital (continued)

Cumulative Convertible Participating Redeemable Preferred 'A' 1p shares are entitled to a fixed cumulative preferential net cash dividend of 3.1034p per share payable half yearly on 1 July and 31 December. The shares may be redeemed, or converted to ordinary shares on certain dates as set out by the Articles at the Company's option or, if still outstanding on 30 June 1999, must then be redeemed at £1. The shares have voting rights of 1 vote per share and have a preferential right to return of capital on a winding up. These shares are classified as non-equity.

The 'B' 1p shares have voting rights of 1 vote per share and are entitled to dividends equal to the 'A' shareholders dividends (provided there are sufficient distributable reserves). The shares have a right to capital payments equal to that paid to 'A' shareholders on a winding up. These shares are classified as equity.

The 1p ordinary shares have voting rights of 1 vote per share and are entitled to a share of any remaining profits (after all above dividends have been paid). The shares have a right to any remaining assets (after capital payments to above shareholders) on a winding up. These shares are classified as equity.

12 Share premium and reserves

	Share premium	Profit and Loss
	£	£
At 1 January 1997	6,446,530	680,380
Write off of non equity appropriation	(149,565)	-
Retained loss for the year	-	(640,698)
Redemption of Preferred 10p shares	(6,030,000)	-
Issue of 6,700,000 ordinary 1p shares	<u>6,633,000</u>	-
At 31 May 1998	<u>6,899,965</u>	<u>39,682</u>

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13 Capital and Reserves

		1998 £	1996 £
<u>Equity</u>			
Share capital	- B	150	150
	- Ordinary	<u>68,500</u>	<u>1,500</u>
		68,650	1,650
Share premium	- B	14,175	14,175
	- Ordinary	<u>6,781,003</u>	<u>148,003</u>
		6,795,178	162,178
Profit and loss account		39,682	680,380
Accrued preference dividends non equity		<u>-</u>	<u>(309,400)</u>
		39,682	370,980
		<u>6,903,510</u>	<u>534,808</u>
<u>Non-equity</u>			
Share capital	- Preference	-	670,000
	- A	<u>4,350</u>	<u>4,350</u>
		4,350	674,350
Share premium	- Preference	-	5,861,530
	- A	<u>104,787</u>	<u>422,822</u>
		104,787	6,284,352
Accrued preference dividends non equity		<u>-</u>	<u>309,400</u>
		<u>109,137</u>	<u>7,268,102</u>

14 Ultimate Parent Company

The company is a subsidiary undertaking of and is controlled by Westminster Health Care Holdings PLC, which is incorporated in England and registered in England and Wales. Westminster Health Care Holdings PLC heads the largest and the smallest higher group of undertakings for which group financial statements are prepared and of which the Company is a member. Copies of these financial statements are available to the public and may be obtained from its company secretary at 48 Leicester Square, London, WC2H 7WH.