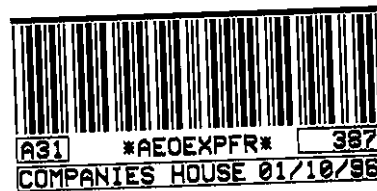


Libra Health Group Limited
Annual report for the year ended
31 December 1995

Registration Number: 2915765



Libra Health Group Limited
Annual report for the year to 31 December 1995

	Page
Report of the Directors	1
Statement of Directors' responsibilities	3
Report of the Auditors	4
Consolidated Profit and Loss Account	5
Balance sheets	6
Consolidated cash flow statement	7
Notes to the Financial Statements	8

Libra Health Group Limited

Report of the Directors for the year ended 31 December 1995

The directors have pleasure in submitting their report and financial statements for the year ended 31 December 1995.

Principal activities and business review

The Group manages 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.

Financial results

The Group's results are shown in the Profit and Loss Account on page 5. The Profit and Loss Account shows the results of the Group's principal subsidiary, Libra Health Limited, for both 1995 and the comparative period in 1994. The directors paid dividends of £165,205 in respect of Cumulative Redeemable Preference shares, and £6,658 in respect of Cumulative Convertible Participating Redeemable Preferred 'A' Ordinary shares. After charging appropriations and issue costs for non-equity shares the retained profit of £34,549 has been transferred to reserves (1994: (£31,819))

Directors

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

G Wardale	(Resigned 1 April 1996)
R Wright - Chairman	(Appointed 29 May 1996)
E Barton	
J Priestley	
D Torbett	
R Vaughan	

Directors' interests

The interests of the directors in the ordinary share capital of the Company were:

	<u>Ordinary 1p shares</u>	
	31 December 1995	1 January 1995
J Priestley	52,500	52,500
D Torbett	16,000	16,000
R Vaughan	24,000	24,000

Libra Health Group Limited

Fixed assets

Details of movements in the fixed assets of the Group are disclosed in Note 12 to the financial statements.

Employees

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

Disabled employees

The Group 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.

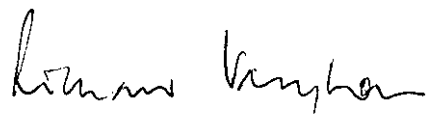
Charitable and political donations

No charitable or political donations were made during the year.

Auditors

Coopers & Lybrand offer themselves for re-election at the forthcoming Annual General Meeting.

Approved by the board on 9 September 1996 and signed on its behalf by

A handwritten signature in dark ink, appearing to read 'R Vaughan', is written over the printed name and title.

R Vaughan
Secretary

Libra Health Group 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 and the Group as at the end of the financial year and of the result for the period 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 Group and to prevent and detect fraud and other irregularities;
- to apply suitable accounting policies in a consistent manner and make reasonable and prudent judgments 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.

Libra Health Group Limited

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

We have audited the financial statements on pages 5 to 20.

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.

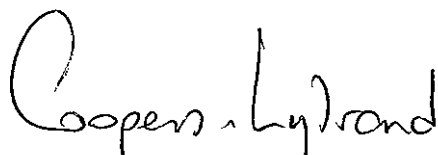
Basis of opinion

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 and the Group at 31 December 1995 and of the profit, total recognised gains and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants & Registered Auditors
London

9 September 1996

Libra Health Group Limited **Consolidated Profit and Loss Account for the year to 31 December 1995**

	Note	1995 £	1994 £
Turnover	2	14,896,760	12,233,923
Cost of sales		<u>(12,558,722)</u>	<u>(10,554,547)</u>
Gross profit		2,338,038	1,679,376
Administrative expenses		<u>(892,069)</u>	<u>(843,628)</u>
Operating profit		1,445,969	835,748
Profit on disposal of fixed asset	4	<u>37,161</u>	<u>311,000</u>
Profit on ordinary activities before interest and taxation	7	1,483,130	1,146,748
Interest payable	8	<u>(692,900)</u>	<u>(423,704)</u>
Profit before taxation		790,230	723,044
Taxation	9	<u>(313,252)</u>	<u>(150,818)</u>
Profit after taxation		476,978	572,226
Pre acquisition profits	3	<u>-</u>	<u>(384,588)</u>
Attributable profit		476,978	187,638
Dividends and appropriations	11	<u>(442,384)</u>	<u>(219,457)</u>
Retained profit for the year	20	<u>34,594</u>	<u>(31,819)</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 year. (There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.) The Profit and Loss account shows the results of the Company's principal and only trading subsidiary, Libra Health Limited. For the year 1994, the element of profit arising prior to the acquisition of the subsidiary by the Company is excluded before showing dividends, appropriations and the retained loss.


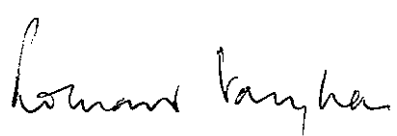
Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Profit for year	476,978	187,638
Dividends and appropriations	<u>(442,384)</u>	<u>(219,457)</u>
	34,594	<u>(31,819)</u>
Proceeds of issue of equity shares	-	165,000
Costs of issue written off to share premium account	-	<u>(1,172)</u>
	-	163,828
Net proceeds of equity share issue and result for the period	<u>34,594</u>	<u>132,009</u>
Proceeds of issue of non-equity shares	-	7,135,000
Costs of issue written off to share premium account	-	<u>(325,863)</u>
	-	6,809,137
Total net proceeds & result for the period	34,594	6,941,146
Reversal of non-equity appropriations:		
- issue costs	90,854	30,407
- changes in appropriations for non-equity dividends	83,257	94,525
Goodwill (see Note 28)	-	<u>(56,324)</u>
Net addition to shareholders' funds	208,705	7,009,754
Opening shareholders' funds	<u>7,009,754</u>	-
Closing shareholders' funds	<u>7,218,459</u>	<u>7,009,754</u>

Libra Health Group Limited **Balance Sheets at 31 December 1995**

	Note	Group 1995 £	Company 1995 £	Group 1994 £	Company 1994 £
Fixed assets					
Tangible assets	12	15,111,130	-	15,055,028	-
Investments in subsidiary undertakings	13	<u>-</u>	<u>5,227,471</u>	<u>-</u>	<u>5,227,471</u>
		<u>15,111,130</u>	<u>5,227,471</u>	<u>15,055,028</u>	<u>5,227,471</u>
Current assets					
Stocks	14	209,299	-	188,000	-
Debtors	15	2,139,343	10,784,858	1,672,724	10,559,330
Cash at bank and in hand		<u>397,155</u>	<u>39,405</u>	<u>779,509</u>	<u>-</u>
		<u>2,745,797</u>	<u>10,824,263</u>	<u>2,640,233</u>	<u>10,559,330</u>
Creditors: amounts falling due within one year	16	<u>(2,575,378)</u>	<u>(538,860)</u>	<u>(2,397,798)</u>	<u>(433,014)</u>
Net current assets		<u>170,419</u>	<u>10,285,403</u>	<u>242,435</u>	<u>10,126,316</u>
Total assets less current liabilities		15,281,549	15,512,874	15,297,463	15,353,787
Creditors: amounts falling due after one year	17	<u>(8,063,090)</u>	<u>(8,063,090)</u>	<u>(8,287,709)</u>	<u>(8,287,709)</u>
Net assets		<u>7,218,459</u>	<u>7,449,784</u>	<u>7,009,754</u>	<u>7,066,078</u>
Capital and reserves					
Called-up share capital	19	676,000	676,000	676,000	676,000
Share premium account	20	6,419,372	6,419,372	6,327,372	6,327,372
Profit and loss account	20	<u>179,411</u>	<u>354,412</u>	<u>62,706</u>	<u>62,706</u>
		<u>7,274,783</u>	<u>7,449,784</u>	<u>7,066,078</u>	<u>7,066,078</u>
Goodwill reserve	20	(56,324)	-	(56,324)	-
Equity shareholders' funds	21	110,278	341,603	75,685	132,009
Non-equity shareholders' funds	21	7,108,181	7,108,181	6,934,069	6,934,069
Shareholders' funds		<u>7,218,459</u>	<u>7,449,784</u>	<u>7,009,754</u>	<u>7,066,078</u>

The financial statements on pages 5 to 20 were approved by the Board of directors on 9 September 1996 and were signed on its behalf by:

Directors  
J Priestley R Vaughan

Libra Health Group Limited **Consolidated cash flow statement for the year to 31 December 1995**

	Note	1995 £	1995 £	1994 £	1994 £
Net cash inflow from operating activities	22		1,337,432		135,035
Returns on investments and servicing of finance					
Interest received		12,334		4,036	
Interest paid		(649,853)		(282,769)	
Dividends paid		<u>(268,272)</u>		<u>(94,525)</u>	
Net cash outflow on the investments and servicing of finance			(905,791)		(373,258)
Taxation					
UK corporation tax paid			(231,846)		(239,962)
Investing activities					
Purchase of tangible fixed assets		(717,488)		(4,821,711)	
Sale of tangible fixed assets		269,960		42,528	
Purchase of subsidiary		<u>-</u>		<u>(9,657,045)</u>	
Net cash outflow from investing activities			<u>(447,528)</u>		<u>(14,436,228)</u>
Net cash outflow before financing			(247,733)		(14,914,413)
Financing					
Issue of shares		-		7,300,000	
Issue of loan note		-		1,500,000	
Bank loan received		-		7,150,000	
Expenses of share issue		-		(327,035)	
Expenses of loan issue		-		(209,797)	
Repayment of loan instalment	23	<u>(90,000)</u>		<u>(25,000)</u>	
Net cash (outflow)/inflow from financing			<u>(90,000)</u>		<u>15,388,168</u>
(Decrease)/Increase in cash and cash equivalents	24		<u>(337,733)</u>		<u>473,755</u>

Note: The cash flows in 1994 represents the period from incorporation on 18 May 1994 to 31 December 1994

Libra Health Group Limited

Notes to the Financial Statements for the year to 31 December 1995

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom under the historical cost convention. Accounts are made up to the nearest practicable Friday to 31 December each year.

A summary of the more important group accounting policies is set out below:

Accounting for capital instruments

The following policies have been adopted for the presentation in the Financial Statements in accordance with FRS4.

- a) The amount of shareholders' funds attributable to equity and non-equity interests has been separately disclosed.
- b) 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.

Basis of consolidation

The consolidated financial statements presented incorporate the financial statements of the Holding Company and its subsidiaries. All companies within the Group prepare their financial statements to 31 December. All acquisitions have been accounted for under the equity method. The full year's results of the subsidiaries acquired on 17 June 1994 have been consolidated with a subsequent deduction of pre-acquisition profits shown on the face of the Profit and Loss Account.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries is shown as a separate reserve as part of shareholders' funds.

Libra Health Group Limited

1 Accounting policies (continued)

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. Stocks of consumables are stated 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 pension funds 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.

Turnover

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

Operating leases

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

Libra Health Group Limited

2 Turnover

Turnover arises from fees charged for care to patients attending the Group's hospitals, day care centre and nursing homes. All turnover arises in the United Kingdom.

3 Pre-Acquisition results

The information set out in the comparatives to the Profit and Loss Account represents a full year's trading for the subsidiaries acquired on 17 June 1994. The Profit and Loss Account for the Group for 1994 is analysed as follows:

	Pre-Acquisition	Post Acquisition
	£	£
Turnover	5,622,919	6,611,004
Cost of sales	<u>(4,958,846)</u>	<u>(5,595,701)</u>
Gross Profit	664,073	1,015,303
Administrative Expenses	<u>(408,834)</u>	<u>(434,794)</u>
Operating Profit	255,239	580,509
Profit on sale of fixed asset (see Note 8)	311,000	-
Interest (see Note 8)	<u>(98,651)</u>	<u>(325,053)</u>
Profit before tax	467,588	255,456
Tax (see Note 9)	<u>(83,000)</u>	<u>(67,818)</u>
Profit after tax	<u>384,588</u>	<u>187,638</u>

4 Exceptional item

This relates to the profit on the sale of land and buildings. No tax charge has been recognised in respect of these profits as the capital gain arising will be the subject of a rollover relief claim.

5 Directors' emoluments

The remuneration paid to the directors of Libra Health Group Limited for the year to 31 December 1995 (1994: period since incorporation) was as follows:

	1995	1994
	£	£
Salaries and benefits in kind	165,343	87,508
Fees	113,042	50,924
Bonuses	-	-
Pension contributions	<u>9,436</u>	<u>3,045</u>
	<u>287,821</u>	<u>141,477</u>

The directors' emoluments disclosed above include amounts paid:

	1995		1994	
	Highest paid Director	Chairman	Highest paid Director	Chairman
	£	£	£	£
Salary and benefits in kind	93,800	-	49,721	-
Fees	-	24,000	-	2,350
Pension contributions	<u>5,405</u>	<u>-</u>	<u>3,045</u>	<u>-</u>
	<u>99,205</u>	<u>24,000</u>	<u>52,766</u>	<u>2,350</u>

Libra Health Group Limited

5 Directors' emoluments (continued)

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

	1995 Number	1994 Number
£0 to £5,000	-	1
£5,001 to £10,000	-	1
£10,001 to £15,000	1	-
£20,001 to £25,000	1	-
£35,001 to £40,000	-	2
£45,001 to £50,000	-	1
£75,001 to £80,000	2	-
£95,001 to £100,000	1	-

6 Employee information

	1995 Number	1994 Number
The average weekly number of persons (including executive directors) employed by the Group during the period was:	<u>499</u>	<u>433</u>
	1995 £	1994 £
Staff costs (for the above persons):		
Wages and salaries	6,563,232	2,577,347
Social security costs	506,217	221,738
Other pension costs (see Note 27)	<u>99,536</u>	<u>37,014</u>
	<u>7,168,985</u>	<u>2,836,099</u>

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

7 Profit on ordinary activities before interest and taxation includes the following amounts in respect of the year (1994: period since incorporation)

	1995 £	1994 £
Profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of fixed assets	37,161	2,428
Rent receivable	<u>70,615</u>	<u>23,410</u>
And after charging:		
Depreciation of tangible fixed assets	428,587	211,402
Amortisation of deferred costs	57,039	30,714
Rent payable	125,644	135,082
Auditors' remuneration:		
Audit services (company: £1,762)	32,636	25,262
Non audit services	3,429	13,183
Hire of plant and machinery - operating leases	<u>150,064</u>	<u>62,628</u>

Libra Health Group Limited

8 Interest and similar charges for the year

	1995 £	1994 £
Interest payable:		
Term loan, payable to banks	649,853	301,583
Interest appropriation	<u>55,381</u>	<u>27,506</u>
	705,234	329,089
Interest receivable	<u>(12,334)</u>	<u>(4,036)</u>
	692,900	325,053
Interest payable pre-acquisition	-	<u>98,651</u>
	<u>692,900</u>	<u>423,704</u>

9 Taxation

	1995 £	1994 £
United Kingdom corporation tax at 33%		
Current	313,252	167,463
Over-provision for prior years	-	<u>(16,645)</u>
	<u>313,252</u>	<u>150,818</u>

10 Profit for the year

As permitted by section 230 of the Companies Act 1985, the Holding Company's Profit and Loss Account has not been included in these financial statements. The Holding Company's profit for the financial period was £209,594. (1994: loss of £31,819)

11 Dividends and appropriations

	Paid £	1994 Appropriations £	Total £
Fixed Cumulative Preference shares	90,863	90,863	181,726
Cumulative Conv. Part. Red. Pref. 'A'Ord shares	<u>3,662</u>	<u>3,662</u>	<u>7,324</u>
	94,525	94,525	189,050
Amortisation of non-equity share issue costs	-	<u>30,407</u>	<u>30,407</u>
	<u>94,525</u>	<u>124,932</u>	<u>219,457</u>
	Paid £	1995 Appropriations £	Total £
Fixed Cumulative Preference shares	165,205	172,708	337,913
Cumulative Conv. Part. Red. Pref. 'A'Ord shares	<u>6,658</u>	<u>6,959</u>	<u>13,617</u>
	171,863	179,667	351,530
Amortisation of non-equity share issue costs	-	<u>90,854</u>	<u>90,854</u>
	<u>171,863</u>	<u>270,521</u>	<u>442,384</u>

Libra Health Group Limited

11 Dividends and appropriations (continued)

At the year end the company had accrued but not paid dividends of £169,795 (1994: £90,863) to the holders of the Fixed Cumulative Preference Shares and £6,842 (1994: £3,662) to the holders of the Cumulative Convertible Participating Redeemable Preferred 'A' ordinary shares.

12 Tangible fixed assets

	Land and buildings		Plant and	Fixtures	Total
	Freehold	Leasehold	machinery	and fittings	
	£	£	£	£	£
Cost or valuation					
At 1 January 1994	13,184,215	242,695	838,922	2,527,896	16,793,728
Additions	93,309	184,319	60,837	379,023	717,488
Disposals	(220,000)	-	-	(114,715)	(334,715)
Write off of fully depreciated assets	-	-	-	(123,420)	(123,420)
Transfer	-	6,470	-	(6,470)	-
At 31 December 1995	<u>13,057,524</u>	<u>433,484</u>	<u>899,759</u>	<u>2,662,314</u>	<u>17,053,081</u>
Depreciation					
At 1 January 1995	-	52,649	326,405	1,359,646	1,728,700
Charge for year	-	19,219	52,045	357,323	428,587
Eliminated in respect of disposals	-	-	-	(101,916)	(101,916)
Eliminated in respect of write offs	-	-	-	(123,420)	(123,420)
At 31 December 1995	<u>-</u>	<u>71,868</u>	<u>378,450</u>	<u>1,491,633</u>	<u>1,941,951</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>
Net Book Value					
At 31 December 1994	<u>13,184,215</u>	<u>190,046</u>	<u>512,517</u>	<u>1,168,250</u>	<u>15,055,028</u>

Land and buildings are included at cost to the Group on 17 June 1994. Cost has been calculated on the basis of existing use valuations carried out by Chesterton, International Property Consultants. All freehold buildings owned by the Group have been used as security for loans.

Libra Health Group Limited

13 Fixed asset investments

Company	1995	1994
Interest in Group undertakings	£	£
Cost at acquisition and at 31 December 1995	5,227,471	5,227,471

Libra Health Group Limited is the beneficial owner of the entire issued ordinary share capital of the following companies which are incorporated, operate, and registered in England and Wales and are involved in:

	Description of shares held
Libra Health Limited (acute hospitals, a day care centre and nursing homes)	Ordinary £1 shares
Libra Nursing Homes Limited (formerly Nestor Nursing Homes Ltd.) (dormant)+	Ordinary £1 shares
Salisbury Independent Hospital and Medical Services Limited (dormant)+	Ordinary £1 shares
Ticehurst House Private Clinic Limited (dormant) +	Ordinary £1 shares
+subsidiaries of Libra Health Limited	

14 Stocks

	Group 1995	Company 1995	Group 1994	Company 1994
	£	£	£	£
Consumables and stores	91,147	-	71,369	-
Goods purchased for resale	<u>118,152</u>	<u>-</u>	<u>116,631</u>	<u>-</u>
	<u>209,299</u>	<u>-</u>	<u>188,000</u>	<u>-</u>

15 Debtors

	Group 1995	Company 1995	Group 1994	Company 1994
	£	£	£	£
Amounts falling due within one year				
Trade Debtors	1,857,349	-	1,331,528	-
Amounts owed by group undertakings	-	10,634,423	-	10,354,221
Other debtors	10,225	67,068	64,753	64,703
Prepayments and accrued income	188,402	-	136,037	-
Deferred costs	<u>83,367</u>	<u>83,367</u>	<u>140,406</u>	<u>140,406</u>
	<u>2,139,343</u>	<u>10,784,858</u>	<u>1,672,724</u>	<u>10,559,330</u>

Libra Health Group Limited

16 Creditors: amounts falling due within one year

	Group 1995	Company 1995	Group 1994	Company 1994
	£	£	£	£
Bank loan (see Note 17)	345,000	345,000	155,000	155,000
Bank overdraft	261,133	175,466	305,754	248,557
Trade creditors	478,555	-	383,743	-
Corporation tax	258,756	-	57,572	-
ACT payable	-	-	119,778	-
Other taxation and social security payable	162,027	-	131,247	-
Other creditors	197,093	3,500	352,483	-
Accruals and deferred income	772,308	14,894	770,990	29,457
Payments received on account	<u>100,506</u>	<u>-</u>	<u>121,231</u>	<u>-</u>
	<u>2,575,378</u>	<u>538,860</u>	<u>2,397,798</u>	<u>433,014</u>

17 Creditors: amounts falling due after one year

	Group 1995	Company 1995	Group 1994	Company 1994
	£	£	£	£
Bank loan	6,485,664	6,485,664	6,762,193	6,762,193
Other loans	<u>1,577,426</u>	<u>1,577,426</u>	<u>1,525,516</u>	<u>1,525,516</u>
	<u>8,063,090</u>	<u>8,063,090</u>	<u>8,287,709</u>	<u>8,287,709</u>

Group and Company

	Bank loan	Loan note	Total
	£	£	£
<u>Analysis of repayment</u>			
Within one year	345,000	-	345,000
1-2 years	300,000	-	300,000
2 - 5 years	1,890,000	577,426	2,467,426
after 5 years	<u>4,500,000</u>	<u>1,000,000</u>	<u>5,500,000</u>
	7,035,000	1,577,426	8,612,426
Unamortised issue costs	<u>(204,336)</u>	<u>-</u>	<u>(204,336)</u>
	<u>6,830,664</u>	<u>1,577,426</u>	<u>8,408,090</u>

The bank loan and overdraft are secured by fixed and floating charges over the assets of the Group. The bank loan bears interest at 2.25% over LIBOR and is repayable in varying quarterly installments to June 2009.

The loan note is unsecured and repayable in equal annual installments of £250,000 commencing 30 June 1999. The loan is interest free until 30 June 1997, after which time interest is charged at 5% until 30 June 1999 and at 1% over LIBOR thereafter.

Libra Health Group Limited

18 Deferred taxation

The deferred taxation provision provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

	Group				Company			
	Amount provided		Total potential liability		Amount provided		Total potential liability	
	1995 £	1994 £	1995 £	1994 £	1995 £	1994 £	1995 £	1994 £
Tax effect of timing differences:								
Excess of tax allowances over depreciation	-	-	169,000	161,000	-	-	-	-
Other short term timing differences	-	-	(5,000)	(5,000)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>164,000</u>	<u>156,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

In addition to the potential liability shown above, a taxation charge of approximately £1,019,000 (1994: £995,000) would arise on chargeable gains in the event of the Group's properties being realised at amounts at which they are included in the balance sheet at 31 December 1995.

19 Called up Share Capital

	1995 £	1994 £
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
150,000 1p ordinary shares	<u>1,500</u>	<u>1,500</u>
	<u>676,150</u>	<u>676,150</u>
Allotted, called up and fully paid		
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
15,000 'B' 1p shares	150	150
150,000 1p ordinary shares	<u>1,500</u>	<u>1,500</u>
	<u>676,000</u>	<u>676,000</u>

Cumulative Redeemable 10p Preference shares will be redeemed at £1 in three equal installments on 30 June 2001, 30 June 2002 and 30 June 2003. The shares have voting rights of 1 vote per share and have a preferential right to return of capital on a winding up. The shares are entitled to a fixed cumulative dividend of 5p per share to 31 December 1995 and of 6p per share thereafter. These shares are classified as non-equity.

Libra Health Group Limited

19 Called up Share Capital (continued)

Cumulative Convertible Participating Redeemable Preferred 'A' 1p shares are entitled to 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.

20 Share premium and reserves

Group

	Share premium	Profit and Loss	Goodwill
	£	£	£
At 1 January 1995	6,327,372	62,706	(56,324)
Write back of non equity appropriation	1,146	(94,526)	-
Retained gain for the year	-	34,594	-
Non-equity issue costs amortised through profit and loss account	90,854	-	-
Reversal of non equity dividend accrued	-	176,637	-
at 31 December 1995	<u>6,419,372</u>	<u>179,411</u>	<u>(56,324)</u>

Company

	Share premium	Profit and Loss
	£	£
At 1 January 1995	6,327,372	62,706
Write back of non equity appropriation	1,146	(94,526)
Retained profit for the year	-	209,595
Non-equity issue costs amortised through profit and loss account	90,854	-
Reversal of non equity dividend accrued	-	176,637
at 31 December 1995	<u>6,419,372</u>	<u>354,412</u>

Libra Health Group Limited

21 Capital and Reserves

		Group		Company	
		1995	1994	1995	1994
		£	£	£	£
<u>Equity</u>					
Share capital	- B	150	150	150	150
	- Ordinary	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
		1,650	1,650	1,650	1,650
Share premium	- B	14,175	14,175	14,175	14,175
	- Ordinary	<u>148,003</u>	<u>148,003</u>	<u>148,003</u>	<u>148,003</u>
		162,178	162,178	162,178	162,178
Profit and loss account		179,411	62,706	354,412	62,706
Accrued preference dividends (see Note 11)		<u>(176,637)</u>	<u>(94,525)</u>	<u>(176,637)</u>	<u>(94,525)</u>
		2,774	(31,819)	177,775	(31,819)
Goodwill reserve		<u>(56,324)</u>	<u>(56,324)</u>	-	-
		<u>110,278</u>	<u>75,685</u>	<u>341,603</u>	<u>132,009</u>
<u>Non-equity</u>					
Share capital	- Preference	670,000	670,000	670,000	670,000
	- A	<u>4,350</u>	<u>4,350</u>	<u>4,350</u>	<u>4,350</u>
		674,350	674,350	674,350	674,350
Share premium	- Preference	5,838,288	5,750,202	5,838,288	5,750,202
	- A	<u>418,906</u>	<u>414,992</u>	<u>418,906</u>	<u>414,992</u>
		6,257,194	6,165,194	6,257,194	6,165,194
Accrued preference dividend (see Note 11)		<u>176,637</u>	<u>94,525</u>	<u>176,637</u>	<u>94,525</u>
		<u>7,108,181</u>	<u>6,934,069</u>	<u>7,108,181</u>	<u>6,934,069</u>

22 Reconciliation of operating profit to net cash inflow from operating activities

	1995	1994
	£	£
Continuing activities		
Operating profit (1994: see note 3)	1,483,130	580,509
Depreciation on tangible fixed assets	428,587	211,402
Amortisation of deferred costs	57,039	-
Gain on sale of tangible fixed assets	(37,161)	(2,428)
(Increase)/ Decrease in stocks	(21,300)	5,362
(Increase)/ Decrease in debtors	(523,658)	257,729
(Decrease) in creditors	<u>(49,205)</u>	<u>(917,539)</u>
Net cash in flow from operating activities	<u>1,337,432</u>	<u>135,035</u>

Libra Health Group Limited

23 Analysis of changes in financing during the year

	Share capital (including premium)		Loans	
	1995	1994	1995	1994
	£	£	£	£
At 1 January 1995 (17 June 1994)	7,003,372	-	8,442,709	-
Shares issued for cash	-	7,300,000	-	7,150,000
Bank loan			-	1,500,000
Issue of loan note			-	(209,797)
Issue expenses	-	(327,035)	-	
Repayment of loan			(90,000)	(25,000)
Write back of non equity appropriation	1,146	-	-	-
Issue costs amortised through Profit & Loss account	90,854	30,407	3,471	1,990
Accrual for finance cost on debt			51,910	25,516
	<u>7,095,372</u>	<u>7,003,372</u>	<u>8,408,090</u>	<u>8,442,709</u>

24 Cash and cash equivalents

	1995	1994
	£	£
Changes during the period		
At 1 January (17 June)	473,755	-
Net cash (outflow)/inflow	(337,733)	473,755
As at 31 December	<u>136,022</u>	<u>473,755</u>

	1995	1994
	£	£
Analysis of balance		
Cash at bank and in hand	397,155	779,509
Bank overdraft	(261,133)	(305,754)
As at 31 December	<u>136,022</u>	<u>473,755</u>

25 Capital Commitments

	Group	Company	Group	Company
	1995	1995	1994	1994
	£	£	£	£
Contracted but not provided for	<u>78,390</u>	<u>-</u>	<u>28,880</u>	<u>-</u>

Libra Health Group Limited

26 Other Financial Commitments

At 31 December 1995 the company had annual commitments under non-cancelable operating leases as follows:

	1995		1994	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	-	34,950	-	10,610
Expiring between two and five years inclusive	57,000	68,780		65,316
Expiring in over five years	<u>93,410</u>	<u>41,573</u>	<u>80,000</u>	<u>61,502</u>
	<u>150,410</u>	<u>145,303</u>	<u>80,000</u>	<u>137,428</u>

27 Contingent liabilities

The Company has entered into cross-guarantees in respect of Libra Health Limited amounting to £7,035,000 (1994: £7,125,000).

28 Pension costs

The Group established a pension scheme in August 1994 which provides benefits based on final pensionable salaries. The scheme is funded with the assets held by the trustees separately from the assets of the Group. The pension costs have been assessed by a qualified actuary and are charged to the Profit and Loss Account so as to spread those costs over the employees working lives.

Subsequent to the year end the scheme referred to above was closed and the group established a Money Purchase Scheme. Members of the final salary scheme have the option of retaining their accrued benefits in the scheme or transferring the cash equivalent into the Money Purchase Scheme. All future contributions will be made into the Money Purchase Scheme.