

LIBRA GUARANTEECO LIMITED

**Report and unaudited Financial Statements
30 September 2011**

SATURDAY



A08 16/06/2012 #24
COMPANIES HOUSE

LIBRA GUARANTEECO LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Balance sheet	3
Notes to the financial statements	4

LIBRA GUARANTEECO LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M J M Jensen
P H Thompson

COMPANY SECRETARY

L Pang

REGISTERED OFFICE

Liberty House
222 Regent Street
London
W1B 5TR

LIBRA GUARANTEECO LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the unaudited financial statements, for the year ended 30 September 2011

BUSINESS REVIEW

The company has been dormant as defined in section 1169 of the Companies Act 2006 throughout the year and preceding financial year. It is anticipated that the company will remain dormant for the foreseeable future. Key performance indicators are not considered necessary for an understanding of the development, performance or position of the business of the company. There are no risks or uncertainties facing the company including those within the context of the use of financial instruments.

SHARE CAPITAL

The Company was incorporated as a private company limited by guarantee without a share capital.

DIRECTORS

The following Directors of the Company who served during the year were

	<u>Date Appointed</u>
P H Thompson	6 November 2009
J M J M Jensen	19 December 2008

THIRD-PARTY INDEMNITY PROVISIONS

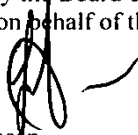
The Company has made qualifying third-party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force to the date of this report.

GOING CONCERN

The Company is a guarantor for a loan entered into by another group company and is also reliant on the Group to continue as a going concern due to its recurring losses and net current liability position. Nevertheless, the Group has been in technical breach of its loan covenants since 15 December 2008 due to the fall in property values and the Directors of the Company have been in restructuring negotiations with its lenders since 28 November 2008 and have entered into a series of standstill agreements which suspend the rights of creditors in respect to the Senior Loan and the Mezzanine Loan to enforce their rights under the loan documents and related security. On 13 January 2012, a further standstill agreement was put in place, expiring 13 April 2012.

Given these circumstances along with other matters disclosed in note 2, the Directors do not currently expect the Company to go into insolvent liquidation but there is a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern, which casts the same doubt as to the Company's ability to continue as a going concern. Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on the going concern basis. See further details in note 2 to the financial statements.

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


J M J M Jensen
Director
Date: 17 February 2012
Liberty House
222 Regent Street
London
W1B 5TR

LIBRA GUARANTEECO LIMITED

BALANCE SHEET At 30 September 2011

	Notes	2011 £	2010 £
CREDITORS: amounts falling due within one year	6	(493)	(493)
NET LIABILITIES		<u>(493)</u>	<u>(493)</u>
CAPITAL AND RESERVES			
Profit and loss account	7	(493)	(493)
SHAREHOLDERS' DEFICIT	8	<u>(493)</u>	<u>(493)</u>

LIBRA GUARANTEECO LIMITED (registered number 05324564) did not trade during the current or preceding period and has made neither profit nor loss, nor any other recognised gain or loss

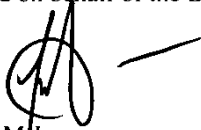
For the year ending 30 September 2011 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These financial statements on pages 3 to 8 were approved and authorised for issue by the Board of Directors on 17 February 2012

Signed on behalf of the Board of Directors



J M J M Jensen
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2011

1 GENERAL

Libra GuaranteeCo Limited was incorporated in Great Britain and registered in England and Wales on 5 January 2005. The address of the registered office is on page 1.

The Company is limited by guarantee and as such has no share capital. The liability of each member, in the event of winding up, shall not exceed £1. At 30 September 2011, the Company only has one member.

2. GOING CONCERN

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

The Group has been in breach of the covenants on its term loans since November 2008 and as at 30 September 2011 and at 17 February 2012 the term loan amounts remain outstanding (see note 14 of the LIBRA No 2 Limited's 30 September 2011 financial statements for further details). Since November 2008 the term loans have been under a series of standstill agreements and on 13 January 2012 a further standstill agreement was put in place, expiring on 13 April 2012.

During the year, HC-One Limited ("HC-One"), a new subsidiary undertaking of the Group was formed as a new care home operator. On 31 October 2011 HC-One took over the operation of 242 care homes through assignment of the operating leases from Southern Cross Healthcare Group plc ("Southern Cross") following the conclusion of its restructuring process (the *Southern Cross Restructuring*).

In order to protect the Group's investment and ensure funds were available to underwrite a substantial investment programme in the quality of care in its care homes, the Directors of the Company and of the Group have retained the rental income monies received from the Group's tenants during 2011 through a series of non full interest payments (which have been acknowledged in the standstill agreements) to the Group's lenders. This has enabled the Group to provide a total amount of £30 million to HC-One by way of capital contribution and inter-company loans in October 2011. Furthermore, the rents payable by HC-One were reset at £40 million per annum, which is on average 38% below the previous amount charged to Southern Cross.

Unlike Southern Cross, the Group now controls both the property and the operations of 242 care homes and can therefore ensure that HC-One is able to operate those homes without the burden of uneconomic rent obligations. As announced by the Libra Group lenders on 1 November 2011, the Group intends the level of rent payable by HC-One to be reviewed periodically in line with the trading performance of the business.

The discussions with respect to restructuring the term loan of the Company and of the Group with its lenders are on-going (the *Potential Restructuring*).

The Directors of the Group and of the Company and Capita Asset Services (UK) Limited, the Special Servicer to the senior loan continue to explore methods to maximise recoveries to the lenders, including the sale of the whole or part of the Group and/or the properties (the *Disposal Options*).

Whilst the Group must resolve its outstanding debts in the medium term, in the opinion of the Directors of the Company and of the Group, the financing of the Group's operating company, HC-One is secure and will not be compromised, since the long-term value of the Group can only be achieved through the success of the care home operations at HC-One.

The Libra Group lenders have confirmed by a letter that it is their intention to provide the Group with the funds it requires including, without limitation, reasonable (a) day-to-day operating costs and expenses, (b) restructuring and/or disposal costs, (c) other exceptional costs incurred in relation to the Southern Cross Restructuring, the Disposal Options and/or the Potential Restructuring, and (d) ensuring that HC-One has sufficient funds to ensure continuity of care services at the homes and investment for the future. Based on this assumption, the Directors have prepared a forecast cash flow up to 30 June 2013 which reveals that the Group remains cash positive throughout the period to that date.

LIBRA GUARANTEECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2011

2 GOING CONCERN (Continued)

Given these circumstances, the Directors do not currently expect the Group to go into insolvent liquidation, although this position could change if the negotiations for which the current 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 indicate that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

At the present time, the Directors consider it appropriate to prepare the Group and Company financial statements on the going concern basis. In the event that the going concern basis should become inappropriate, the assets of the Group and the Company 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.

3. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

The accounting policies have been followed consistently during the current and preceding year.

Investments

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

Cash flow statement

As the Company is a wholly-owned subsidiary, it has taken exemption under the terms of Financial Reporting Standard 1 (revised 1996) 'Cash flow statements' from preparing cash flow statement, as it is included in the consolidated financial statements of Libra No 2 Limited, which is publicly available.

4. PROFIT AND LOSS ACCOUNT

No profit and loss account is presented with these financial statements because the Company has not received income, incurred expenditure or recognised any gains or losses during either the year under review or the preceding financial year. There have been no movements in shareholders' funds during the year under review or the preceding financial year.

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

None of the Directors received emoluments in relation to their services to the Company during the current or preceding year. Directors' emoluments have been borne by NHP Management Limited, a group undertaking during the current and preceding year.

6. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Amount due to group undertaking	493	493
	<u>493</u>	<u>493</u>

LIBRA GUARANTEECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2011

7. PROFIT AND LOSS ACCOUNT

	£
At 1 October 2010	(493)
Loss for the year	-
	<hr/>
At 30 September 2011	(493)
	<hr/>

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	£
Cost	
At 1 October 2010	(493)
Loss for the year	-
	<hr/>
At 30 September 2011	(493)
	<hr/>

9. CONTINGENT LIABILITIES

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. On 4 April 2007 CS Funding 1 Limited's rights and obligations under the £1,172 million term loan agreement were assigned to Libra NHP (2007) Limited, who in turn assigned £638 million to Titan Europe 2007-1 (NHP) Limited on 24 May 2007.

10. POST BALANCE SHEET EVENTS

On 13 January 2012 a standstill agreement was put in place until 13 April 2012 which suspends the ability of Capita Asset Services (UK) Limited, the loan servicer, to exercise its rights in relation to certain specified events of default. Also, it allows the Group time to negotiate a solution to the problem of the breached covenants without threat of foreclosure.

11. 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 have not been disclosed in these financial statements.

No other related party transaction is noted.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2011

12. PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The immediate parent undertaking is Libra CareCo Investments 2 Limited, a company incorporated in Great Britain and registered in England and Wales

The ultimate parent undertaking is Delta Commercial Property LP, a limited partnership incorporated and registered in the Isle of Man

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 2011, which include the results of the Company, are available from the Companies House at Crown Way, Cardiff, Wales CF14 3UZ