

Libra Health Group Limited  
Annual report for the year ended  
31 December 1996

Registration Number: 2915765



**Libra Health Group Limited**  
**Annual report for the year to 31 December 1996**

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# **Libra Health Group Limited**

## **Report of the Directors for the year ended 31 December 1996**

The directors have pleasure in submitting their report and financial statements for the year ended 31 December 1996.

### **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 directors paid dividends of £285,460 in respect of Cumulative Redeemable Preference shares, and £10,173 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 £193,204 has been transferred to reserves (1995: £34,594)

### **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 1996	31 December 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 11 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.

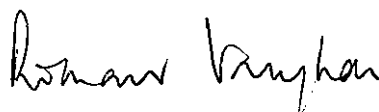
## **Charitable and political donations**

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 24<sup>th</sup> April 1997 and signed on its behalf by



**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.

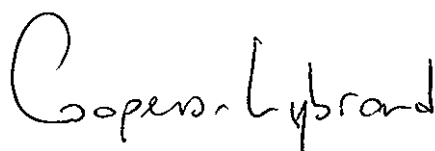
#### **Basis of opinion**

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 1996 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

24th APRIL 1997

# Libra Health Group Limited

## Consolidated Profit and Loss Account for the year to 31 December 1996

	Note	1996 £	1995 £
Turnover	2	17,496,058	14,896,760
Cost of sales		<u>(15,047,001)</u>	<u>(12,558,722)</u>
Gross profit		2,449,057	2,338,038
Administrative expenses		<u>(990,699)</u>	<u>(892,069)</u>
Operating profit		1,458,358	1,445,969
Profit on disposal of fixed asset	3	-	37,161
Profit on ordinary activities before interest and taxation	6	1,458,358	1,483,130
Interest payable	7	<u>(653,419)</u>	<u>(692,900)</u>
Profit before taxation		804,939	790,230
Taxation	8	<u>(156,181)</u>	<u>(313,252)</u>
Profit after taxation		648,758	476,978
Dividends and appropriations	10	<u>(455,554)</u>	<u>(442,384)</u>
Retained profit for the year	19	<u>193,204</u>	<u>34,594</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.

### Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit for year	648,758	476,978
Dividends and appropriations	<u>(455,554)</u>	<u>(442,384)</u>
	193,204	34,594
Reversal of non-equity appropriations:		
- issue costs	27,158	90,854
- changes in appropriations for non-equity dividends	<u>132,764</u>	<u>83,257</u>
Net addition to shareholders' funds	353,126	208,705
Opening shareholders' funds	<u>7,218,459</u>	<u>7,009,754</u>
Closing shareholders' funds	<u>7,571,585</u>	<u>7,218,459</u>

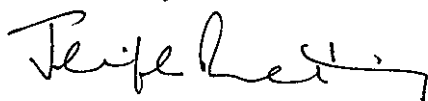
# **Libra Health Group Limited** **Balance Sheets at 31 December 1996**

	Note	Group 1996 £	Company 1996 £	Group 1995 £	Company 1995 £
<b>Fixed assets</b>					
Tangible assets	11	15,045,512	-	15,111,130	-
Investments in subsidiary undertakings	12	-	<u>5,227,471</u>	-	<u>5,227,471</u>
		<u>15,045,512</u>	<u>5,227,471</u>	<u>15,111,130</u>	<u>5,227,471</u>
<b>Current assets</b>					
Stocks	13	207,820	-	209,299	-
Debtors	14	2,501,143	10,718,175	2,139,343	10,784,858
Cash at bank and in hand		<u>26,050</u>	-	<u>397,155</u>	<u>39,405</u>
		2,735,013	10,718,175	2,745,797	10,824,263
Creditors: amounts falling due within one year	15	<u>(2,383,488)</u>	<u>(317,284)</u>	<u>(2,575,378)</u>	<u>(538,860)</u>
<b>Net current assets</b>		351,525	10,400,891	170,419	10,285,403
<b>Total assets less current liabilities</b>		15,397,037	15,628,362	15,281,549	15,512,874
Creditors: amounts falling due after one year	16	<u>(7,825,452)</u>	<u>(7,825,452)</u>	<u>(8,063,090)</u>	<u>(8,063,090)</u>
<b>Net assets</b>		<u>7,571,585</u>	<u>7,802,910</u>	<u>7,218,459</u>	<u>7,449,784</u>
<b>Capital and reserves</b>					
Called-up share capital	18	676,000	676,000	676,000	676,000
Share premium account	19	6,446,530	6,446,530	6,419,372	6,419,372
Profit and loss account	19	<u>505,379</u>	<u>680,380</u>	<u>179,411</u>	<u>354,412</u>
		7,627,909	7,802,910	7,274,783	7,449,784
Goodwill reserve	19	(56,324)	-	(56,324)	-
Equity shareholders' funds	20	303,483	534,808	110,278	341,603
Non-equity shareholders' funds	20	7,268,102	7,268,102	7,108,181	7,108,181
<b>Shareholders' funds</b>		<u>7,571,585</u>	<u>7,802,910</u>	<u>7,218,459</u>	<u>7,449,784</u>

The financial statements on pages 5 to 20 were approved by the Board of directors on 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 1996

	Note	1996 £	1996 £	1995 £	1995 £
Net cash inflow from operating activities	21		1,803,235		1,337,432
<b>Returns on investments and servicing of finance</b>					
Interest received		6,631		12,334	
Interest paid		(597,688)		(649,853)	
Dividends paid		<u>(295,633)</u>		<u>(268,272)</u>	
<b>Net cash outflow on the investments and servicing of finance</b>			(886,690)		(905,791)
<b>Taxation</b>					
UK corporation tax paid			(290,503)		(231,846)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(418,696)		(717,488)	
Sale of tangible fixed assets		<u>25,945</u>		<u>269,960</u>	
<b>Net cash inflow/(outflow) from investing activities</b>			<u>(392,751)</u>		<u>(447,528)</u>
<b>Net cash outflow before financing</b>			233,291		(247,733)
<b>Net cash outflow from financing</b>			<u>(345,000)</u>		<u>(90,000)</u>
Repayment of loan instalment					
<b>Decrease in cash and cash equivalents</b>	23		<u>(111,708)</u>		<u>(337,733)</u>

# **Libra Health Group Limited**

## **Notes to the Financial Statements for the year to 31 December 1996**

### **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. For this financial year the accounts represent a 53 week period. The comparable period is 52 weeks.

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**

Contributions to the defined benefits pension fund are determined on the basis of recommendations made by independent qualified actuaries, and are charged to Profit and Loss Account in such a way as to provide for the liabilities evenly over the remaining working lives of employees. Contributions to the Money Purchase Scheme are charged to the Profit and Loss Account as incurred.

#### **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 the defined benefits pension fund 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. Contributions to the Money Purchase Scheme are charged to the Profit and Loss Account as incurred.

### **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 Exceptional item

This relates to the profit on the sale of land and buildings arising in 1995.

## 4 Directors' emoluments

The remuneration paid to the directors of Libra Health Group Limited for the year to 31 December 1996 was as follows:

	1996	1995
	£	£
Salaries and benefits in kind	177,930	165,343
Fees	116,312	113,042
Pension contributions	<u>11,009</u>	<u>9,346</u>
	<u>305,251</u>	<u>287,731</u>

The directors' emoluments disclosed above include amounts paid:

	1996		1995	
	Highest paid Director	Chairmen	Highest paid Director	Chairman
	£	£	£	£
Salary and benefits in kind	96,483	3,295	93,800	-
Fees	-	20,658	-	24,000
Pension contributions	<u>6,208</u>	<u>-</u>	<u>5,405</u>	<u>-</u>
	<u>102,691</u>	<u>23,953</u>	<u>99,205</u>	<u>24,000</u>

# Libra Health Group Limited

## 4 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:

	1996 Number	1995 Number
£5,001 to £10,000	1	-
£10,001 to £15,000	1	1
£15,001 to £20,000	1	-
£20,001 to £25,000	-	1
£75,001 to £80,000	1	2
£85,001 to £90,000	1	-
£95,001 to £100,000	1	1

## 5 Employee information

	1996 Number	1995 Number
The average weekly number of persons (including executive directors) employed by the Group during the period was:	<u>544</u>	<u>499</u>
	1996 £	1995 £
Staff costs (for the above persons):		
Wages and salaries	8,150,250	6,563,232
Social security costs	690,403	506,217
Other pension costs (see Note 28)	<u>148,541</u>	<u>99,536</u>
	<u>8,989,194</u>	<u>7,168,985</u>

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

## 6 Profit on ordinary activities before interest and taxation includes the following amounts in respect of the year

	1996 £	1995 £
Profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of fixed assets	11,846	37,161
Rent receivable	<u>49,736</u>	<u>70,615</u>
And after charging:		
Depreciation of tangible fixed assets	419,949	428,587
Amortisation of deferred costs	57,040	57,039
Rent payable	145,008	125,644
Auditors' remuneration:		
Audit services (company: £1,815)	26,020	32,636
Non audit services	-	3,429
Hire of plant and machinery - operating leases	<u>186,899</u>	<u>150,064</u>

# Libra Health Group Limited

## 7 Interest and similar charges for the year

	1996 £	1995 £
Interest payable:		
Term loan, payable to banks	597,688	649,853
Interest appropriation	<u>62,362</u>	<u>55,381</u>
	660,050	705,234
Interest receivable	<u>(6,631)</u>	<u>(12,334)</u>
	<u>653,419</u>	<u>692,900</u>

## 8 Taxation

	1996 £	1995 £
United Kingdom corporation tax at 33%		
Current	274,908	313,252
Over-provision for prior years	<u>(118,727)</u>	<u>-</u>
	<u>156,181</u>	<u>313,252</u>

## 9 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 £193,204. (1995: £209,594)

## 10 Dividends and appropriations

	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>-</u>	<u>90,854</u>	<u>90,854</u>
	<u>171,863</u>	<u>270,521</u>	<u>442,384</u>
	Paid £	1996 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>-</u>	<u>27,158</u>	<u>27,158</u>
	<u>295,633</u>	<u>159,921</u>	<u>455,554</u>

# Libra Health Group Limited

## 10 Dividends and appropriations (continued)

At the year end the company had accrued but not paid dividends of £299,100 (1995: £169,795) to the holders of the Fixed Cumulative Preference Shares and £10,300 (1995: £6,842) to the holders of the Cumulative Convertible Participating Redeemable Preferred 'A' ordinary shares.

## 11 Tangible fixed assets

	Land and buildings		Plant and	Fixtures &	Total
	Freehold	Leasehold	machinery	fittings	
	£	£	£	£	£
<b>Cost or valuation</b>	13,057,524	433,484	899,759	2,662,314	17,053,081
At 1 January 1996					
Additions	46,212	-	14,846	357,638	418,696
Disposals	-	-	-	(63,037)	(63,037)
Write off of fully depreciated assets	-	-	-	(98,674)	(98,674)
Transfer	(12,206)	(11,552)	-	23,758	-
<b>At 31 December 1996</b>	<b><u>13,091,530</u></b>	<b><u>421,932</u></b>	<b><u>914,605</u></b>	<b><u>2,881,999</u></b>	<b><u>17,310,066</u></b>
<b>Depreciation</b>					
At 1 January 1996		71,868	378,450	1,491,633	1,941,951
Charge for year		50,266	52,915	367,034	470,215
Eliminated in respect of disposals		-	-	(48,938)	(48,938)
Eliminated in respect of write offs		-	-	(98,674)	(98,674)
<b>At 31 December 1996</b>		<b><u>122,134</u></b>	<b><u>431,365</u></b>	<b><u>1,711,055</u></b>	<b><u>2,264,554</u></b>
<b>Net Book Value</b>					
<b>At 31 December 1996</b>	<b><u>13,091,530</u></b>	<b><u>299,798</u></b>	<b><u>483,240</u></b>	<b><u>1,170,944</u></b>	<b><u>15,045,512</u></b>
<b>Net Book Value</b>					
<b>At 31 December 1995</b>	<b><u>13,057,524</u></b>	<b><u>361,616</u></b>	<b><u>521,309</u></b>	<b><u>1,170,681</u></b>	<b><u>15,111,130</u></b>

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.

# Libra Health Group Limited

## 12 Fixed asset investments

Company	1996	1995
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, day care centre and nursing homes)	Ordinary £1 shares
Libra Nursing Homes Limited (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	

## 13 Stocks

	Group 1996	Company 1996	Group 1995	Company 1995
	£	£	£	£
Consumables and stores	95,948	-	91,147	-
Goods purchased for resale	<u>111,872</u>	<u>-</u>	<u>118,152</u>	<u>-</u>
	<u>207,820</u>	<u>-</u>	<u>209,299</u>	<u>-</u>

## 14 Debtors

	Group 1996	Company 1996	Group 1995	Company 1995
	£	£	£	£
Amounts falling due within one year				
Trade Debtors	2,256,765	-	1,857,349	-
Amounts owed by group undertakings	-	10,550,777	-	10,634,423
Other debtors	5,029	141,072	10,225	67,068
Prepayments and accrued income	213,023	-	188,402	-
Deferred costs	<u>26,326</u>	<u>26,326</u>	<u>83,367</u>	<u>83,367</u>
	<u>2,501,143</u>	<u>10,718,175</u>	<u>2,139,343</u>	<u>10,784,858</u>



# Libra Health Group Limited

## 15 Creditors: amounts falling due within one year

	Group 1996	Company 1996	Group 1995	Company 1995
	£	£	£	£
Bank loan (see Note 17)	300,000	300,000	345,000	345,000
Bank overdraft	1,736	1,736	261,133	175,466
Trade creditors	584,183	-	478,555	-
Corporation tax	124,434	-	258,756	-
ACT payable	-	-	-	-
Other taxation and social security payable	245,178	-	162,027	-
Other creditors	64,916	1,774	197,093	3,500
Accruals and deferred income	857,315	10,774	772,308	14,894
Payments received on account	<u>205,726</u>	<u>-</u>	<u>100,506</u>	<u>-</u>
	<u>2,383,488</u>	<u>317,284</u>	<u>2,575,378</u>	<u>538,860</u>

## 16 Creditors: amounts falling due after one year

	Group 1996	Company 1996	Group 1995	Company 1995
	£	£	£	£
Bank loan	6,194,369	6,194,369	6,485,664	6,485,664
Other loans	<u>1,631,083</u>	<u>1,631,083</u>	<u>1,577,426</u>	<u>1,577,426</u>
	<u>7,825,452</u>	<u>7,825,452</u>	<u>8,063,090</u>	<u>8,063,090</u>

### Group and Company

	Bank loan	Loan note	Total
	£	£	£
<u>Analysis of repayment</u>			
Within one year	300,000	-	300,000
1-2 years	340,000	-	340,000
2 - 5 years	1,550,000	750,000	2,300,000
after 5 years	<u>4,500,000</u>	<u>750,000</u>	<u>5,250,000</u>
	6,690,000	1,500,000	8,190,000
Unamortised issue costs	(195,631)	-	(195,631)
Interest appropriation	<u>-</u>	<u>131,083</u>	<u>131,083</u>
	<u>6,494,369</u>	<u>1,631,083</u>	<u>8,125,452</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

## 17 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	
	1996	1995	1996	1995	1996	1995	1996	1995
	£	£	£	£	£	£	£	£
Tax effect of timing differences:								
Excess of tax allowances over depreciation	-	-	98,000	169,000	-	-	-	-
Other short term timing differences	-	-	(5,000)	(5,000)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>164,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

In addition to the potential liability shown above, a taxation charge of approximately £960,000 (1995: £1,019,000) 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 1996.

## 18 Called up Share Capital

	1996	1995
	£	£
<b>Authorised</b>		
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>
<b>Allotted, called up and fully paid</b>		
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.

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## 18 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.

## 19 Share premium and reserves

### Group

	Share premium £	Profit and Loss £	Goodwill £
At 1 January 1996	6,419,372	179,411	(56,324)
Write back of non equity appropriation	-	(176,637)	-
Retained profit for the year	-	193,205	-
Non-equity issue costs amortised through profit and loss account	27,158	-	-
Reversal of non equity dividend accrued at 31 December 1996	<u>-</u>	<u>309,400</u>	<u>-</u>
	<u>6,446,530</u>	<u>505,379</u>	<u>(56,324)</u>

### Company

	Share premium £	Profit and Loss £
At 1 January 1996	6,419,372	354,412
Write back of non equity appropriation	-	(176,637)
Retained profit for the year	-	193,205
Non-equity issue costs amortised through profit and loss account	27,158	-
Reversal of non equity dividend accrued at 31 December 1996	<u>-</u>	<u>309,400</u>
	<u>6,446,530</u>	<u>680,380</u>

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## 20 Capital and Reserves

		Group		Company	
		1996	1995	1996	1995
		£	£	£	£
<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		505,379	179,411	680,380	354,412
Accrued preference dividends non equity		<u>(309,400)</u>	<u>(176,637)</u>	<u>(309,400)</u>	<u>(176,637)</u>
		195,979	2,774	370,980	177,775
Goodwill reserve		<u>(56,324)</u>	<u>(56,324)</u>	-	-
		<u>303,463</u>	<u>110,278</u>	<u>534,808</u>	<u>341,603</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	5,861,530	5,838,288	5,861,530	5,838,288
	- A	<u>422,822</u>	<u>418,906</u>	<u>422,822</u>	<u>418,906</u>
		6,284,352	6,257,194	6,284,352	6,257,194
Accrued preference dividends non equity		<u>309,400</u>	<u>176,637</u>	<u>309,400</u>	<u>176,637</u>
		<u>7,268,102</u>	<u>7,108,181</u>	<u>7,268,102</u>	<u>7,108,181</u>

## 21 Reconciliation of operating profit to net cash inflow from operating activities

	1996	1995
	£	£
<b>Continuing activities</b>		
Operating profit	1,458,358	1,483,130
Depreciation on tangible fixed assets	470,215	428,587
Amortisation of deferred costs	57,041	57,039
Gain on sale of tangible fixed assets	(11,846)	(37,161)
(Increase)/ Decrease in stocks	1,479	(21,300)
(Increase)/ Decrease in debtors	(418,841)	(523,658)
(Decrease) Increase in creditors	<u>246,829</u>	<u>(49,205)</u>
Net cash in flow from operating activities	<u>1,803,235</u>	<u>1,337,432</u>

# Libra Health Group Limited

## 22 Analysis of changes in financing during the year

	Share capital (including premium)		Loans	
	1996	1995	1996	1995
	£	£	£	£
At 1 January	7,095,372	7,003,372	8,408,090	8,442,709
Repayment of loan			(345,000)	(90,000)
Write back of non equity appropriation		1,146	-	-
Issue costs amortised through Profit & Loss account and accrual for finance cost of debt	27,158	90,854	62,362	55,381
At 31st December	<u>7,122,530</u>	<u>7,095,372</u>	<u>8,125,452</u>	<u>8,408,090</u>

## 23 Cash and cash equivalents

	1996	1995
	£	£
Changes during the period		
At 1 January	136,022	473,755
Net cash (outflow)/inflow	<u>(111,708)</u>	<u>(337,733)</u>
As at 31 December	<u>24,314</u>	<u>136,022</u>

	1996	1995
	£	£
Analysis of balance		
Cash at bank and in hand	26,050	397,155
Bank overdraft	<u>(1,736)</u>	<u>(261,133)</u>
As at 31 December	<u>24,314</u>	<u>136,022</u>

## 24 Capital Commitments

	Group 1996	Company 1996	Group 1995	Company 1995
	£	£	£	£
Contracted but not provided for	<u>51,442</u>	<u>-</u>	<u>78,390</u>	<u>-</u>

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### 25 Other Financial Commitments

At 31 December 1996 the Group had annual commitments under non-cancelable operating leases as follows:

	1996		1995	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	-	35,092	-	34,950
Expiring between two and five years inclusive	57,000	115,912	57,000	68,780
Expiring in over five years	<u>90,000</u>	<u>39,038</u>	<u>93,410</u>	<u>41,573</u>
	<u>147,000</u>	<u>190,042</u>	<u>150,410</u>	<u>145,303</u>

### 26 Contingent liabilities

The Company has entered into cross-guarantees in respect of Libra Health Limited amounting to £6,690,000 (1995: £7,035,000).

### 27 Pension costs

The Group runs two pension schemes, a Final Salary Scheme and a Money Purchase Scheme.

The Final Salary Scheme was closed to new members on 23 February 1996. The pension cost is assessed with the advice of an independent qualified actuary using the attained age method. At the date of the latest actuarial valuation, 1st May 1995, the scheme had only recently been established and consequently had negligible assets and liabilities. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments, rate of increase in dividends and the rates of increase in salaries and pensions. It was assumed that the investment return would be 10% per annum, dividend increases would be 4.65% per annum, that salary increases would average 8% per annum and that present and future pensions would increase at the rate of 5% per annum.