Company Registration No. 3288142

NHP MANAGEMENT LIMITED

Report and Financial Statements

30 September 2012

REPORT AND FINANCIAL STATEMENTS 2012

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REPORT AND FINANCIAL STATEMENTS 2012

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M J M Jensen
P H Thompson

SECRETARY

L Pang

REGISTERED OFFICE

Liberty House
222 Regent Street
London
W1B 5TR

BANKERS

Barclays Bank PLC
South East Corporate Banking Centre
P O Box 112
Horsham
West Sussex RH12 1YQ

SOLICITORS

Eversheds LLP
Eversheds House
70 Great Bridgewater Street
Manchester M1 5ES

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30 September 2012

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

PRINCIPAL ACTIVITY

The principal activity of the Company is the management of care home property portfolios and administrative matters on behalf of its group undertakings

BUSINESS REVIEW

In the year to 30 September 2012, the Company has continued the management of care home property portfolios and administrative matters on behalf of its group undertakings and this will continue in the foreseeable future

RESULTS

The results for the year to 30 September 2012 are set out in the profit and loss account on page 7

DIVIDENDS

No dividends in respect of the year are proposed (2011 - £ nil)

DIRECTORS

The following Directors served throughout the year except as noted

Directors	Date of appointment
P H Thompson	6 November 2011
J M J M Jensen	19 December 2008

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 Company's parent undertaking, LIBRA No 2 Limited and its subsidiaries (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 and of the Group 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 with respect to the Senior Loan and the Mezzanine Loan to enforce their rights under the loan documents and related security On 14 January 2013, a further standstill agreement was put in place, expiring 12 April 2013

The Group now controls both the property and the operations of over 240 care homes and can therefore ensure that HC-One is able to operate those homes without the burden of uneconomic rent obligations Whilst the Group must resolve its outstanding debts in the medium term, the Directors of the Company and of the Group have advised Capita Asset Services (UK) Limited ('Capita'), the Servicer and the Special Servicer to the Senior Loan that the Group intend to continue to withhold amounts of rental from debt service albeit at a lower level than previously, to ensure that HC-One remains properly funded This would allow HC-One to stabilise its business and to complete a comprehensive programme of capital investment with a view to enhancing the value of the Group and improve future recoveries for the Group's lenders

In the opinion of the Directors of the Company and of the Group, the long-term value of the Group will only be achieved through supporting the care home operations at HC-One

DIRECTORS' REPORT

(Continued)

GOING CONCERN (Continued)

On 12 February 2013 the Libra Group lenders have confirmed by a support 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 Disposal Options and/or the Potential Restructuring (as defined in note 1), and (d) ensuring that HC-One has sufficient funds to ensure continuity of care services at the homes and investment for the future in accordance with the HC-One business plan dated 18 October 2012 Based on this assumption, the Group have prepared a forecast cash flow up to 30 September 2015 which -demonstrates that the Group remains cash positive throughout the period to that date

Given these circumstances along with other matters disclosed in note 1, 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 1 to the financial statements

POST BALANCE SHEET EVENTS

Details of significant events since the balance sheet date are contained in note 18 to the financial statements

PAYMENTS TO CREDITORS

The Company's policy is to fix payment terms when agreeing the terms of each transaction It is the Company's general policy to pay suppliers in accordance with the agreed terms and conditions provided that the supplier has complied with those terms The creditor days for the Company at 30 September 2012, calculated in accordance with the Companies Act 2006, are 16 (2011 16)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to be re-appointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

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

J M J M Jensen
Director
Date 27 February 2013
Liberty House
222 Regent Street
London
W1B 5TR

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company Law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period In preparing these financial statements, the Directors are required to

(a) select suitable accounting policies and then apply them consistently,

(b) make judgements and accounting estimates that are reasonable and prudent, and

(c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

(d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transaction and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NHP MANAGEMENT LIMITED

We have audited the financial statements of NHP Management Limited for the year ended 30 September 2012, which comprise the Profit and Loss Account, the Balance Sheet and the related Notes 1 to 19 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NHP MANAGEMENT LIMITED (Continued)

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern The Company incurred a net loss of £1,521,409 for the year ended 30 September 2012 and, as of that date, the Company's current liabilities exceeded its current assets by £8,352,610 Thus the Company is reliant on the Group to continue as a going concern

The Group is in breach of the financial covenants in its loan agreement (as described in note 16 of the LIBRA No 2 Limited's 30 September 2012 financial statements) The Directors are in discussion with Capita Asset Services (UK) Limited regarding a resolution of the breach However, the outcome of these discussions and the timing of their conclusion are uncertain

These conditions, along with other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you, if in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report

Mark Beddy

Mark Beddy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date 27 February 2013

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2012

	Notes	2012 £	2011 £
TURNOVER AND GROSS PROFIT	3	1,596,588	3,133,977
Administrative expenses	5	(3,120,878)	(5,133,491)
OPERATING LOSS		(1,524,290)	(1,999,514)
Costs of a fundamental restructuring of continuing operations	6	-	(1,224,963)
Net interest receivable and similar income	7	2,881	357
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,521,409)	(3,224,120)
Tax on loss on ordinary activities	8	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND LOSS FOR THE YEAR	14	(1,521,409)	(3,224,120)

Turnover and operating loss are derived wholly from continuing operations

There are no recognised gains or losses for the current financial year or preceding financial year other than as stated in the profit and loss account Accordingly, no statement of total recognised gains and losses is presented

BALANCE SHEET
30 September 2012

	Notes	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible fixed assets	9		8,438		12,427
CURRENT ASSETS					
Debtors	10	117,991		305,001	
Bank		262,540		170,365	
		380,531		475,366	
CREDITORS: amounts falling due within one year	11	(8,733,141)		(7,310,556)	
NET CURRENT LIABILITIES			(8,352,610)		(6,835,190)
TOTAL ASSETS LESS CURRENT LIABILITIES			(8,344,172)		(6,822,763)
NET LIABILITIES			(8,344,172)		(6,822,763)
CAPITAL AND RESERVES					
Share capital	13		2		2
Profit and loss account	14		(8,344,174)		(6,822,765)
SHAREHOLDERS' DEFICIT	15		(8,344,172)		(6,822,763)

These financial statements were approved and authorised for issue by the Board of Directors on 27 February 2013
The Company Registration number is 3288142

Signed on behalf of the Board of Directors

J M J M Jensen
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

1. GOING CONCERN

The Company ıs a guarantor for a term loan entered ınto by another Group company

The Group has been ın breach of the covenants on ıts term loans sınce November 2008 and as at 30 September 2012 and at 27 February 2013 the term loan amounts remaın outstandıng (see note 15 of LIBRA No 2 Lımıted's 30 September 2012 financıal statements for further detaıls) Sınce November 2008 the term loans have been under a serıes of standstıll agreements and on 14 January 2013 a further standstıll agreement was put ın place, expırıng on 12 Aprıl 2013

Durıng the year, HC-One Lımıted ("HC-One"), a new subsıdıary undertakıng of the Group was formed to operate care homes On 31 October 2011 HC-One took over the operatıon of 247 care homes owned by the Group through assıgnment of the operatıng leases from Southern Cross Healthcare Group plc ("Southern Cross") followıng the conclusıon of ıts restructurıng process

In order to protect the Group's ınvestment and ensure funds were avaılable to underwrıte a substantıal ınvestment programme ın ıts care homes to maıntaın and ımprove the qualıty of care ın them, the Dırectors of the Company and of the Group have retaıned some of the rental ıncome monıes receıved from the Group's tenants durıng 2011 and 2012 through a serıes of non-full ınterest payments (whıch had been acknowledged ın the standstıll agreements) to the Group's lenders Thıs -has enabled the Group to provıde a total amount of £55 mıllıon to HC-One by way of capıtal contrıbutıon of £5 mıllıon and ınter-company loans of £25 mıllıon ın October 2011 and a further ınter-company loan of £25 mıllıon ın December 2012

The Group now controls both the property and the operatıons of over 240 care homes and can therefore ensure that HC-One ıs able to operate those homes wıthout the burden of uneconomıc rent oblıgatıons Whılst the Group must resolve ıts outstandıng debts ın the medıum term, the Dırectors of the Company and of the Group have advısed Capıta Asset Servıces (UK) Lımıted ('Capıta'), the Servıcer and the Specıal Servıcer to the Senıor Loan that the Group ıntend to contınue to wıthhold amounts of rental from debt servıce albeıt at a lower level than prevıously, to ensure that HC-One remaıns properly funded Thıs would allow HC-One to stabılıse ıts busıness and to complete a comprehensıve programme of capıtal ınvestment wıth a vıew to enhancıng the value of the Group and ımprove future recoverıes for the Group's lenders

In the opınıon of the Dırectors of the Company and of the Group, the long-term value of the Group wıll only be achıeved through supportıng the care home operatıons at HC-One

The dıscussıons wıth respect to restructurıng the term loan of the Company and of the Group wıth ıts lenders are on-goıng (the *Potentıal Restructurıng*)

The Dırectors of the Group and of the Company and Capıta contınue to explore methods to maxımıse recoverıes to the lenders, ıncludıng the sale of the whole or part of the Group and/or propertıes (the *Dısposal Optıons*)

On 12 February 2013 the Lıbra Group lenders have confırmed by a support letter that ıt ıs theır ıntentıon to provıde the Group wıth the funds ıt requıres ıncludıng, wıthout lımıtatıon, reasonable (a) day-to-day operatıng costs and expenses, (b) restructurıng and/or dısposal costs, (c) other exceptıonal costs ıncurred ın relatıon to the Dısposal Optıons and/or the Potentıal Restructurıng, and (d) ensurıng that HC-One has suffıcıent funds to ensure contınuıty of care servıces at the homes and ınvestment for the future ın accordance wıth the HC-One busıness plan dated 18 October 2012 Based on thıs assumptıon, the Group have prepared a forecast cash flow up to 30 September 2015 whıch -demonstrates that the Group remaıns cash posıtıve throughout the perıod to that date

Gıven these cırcumstances, the Dırectors do not currently expect the Group to go ınto ınsolvent lıquıdatıon, although thıs posıtıon could change ıf the negotıatıons for whıch the current standstıll agreement allows were to faıl Gıven the above, there ıs a materıal uncertaınty whıch may cast sıgnıfıcant doubt as to the Group's abılıty to contınue as a goıng concern and therefore ındıcate that the Group may be unable to realıse ıts assets and dıscharge ıts lıabılıtıes ın the normal course of busıness whıch have a consequentıal ımpact on the Company

At the present tıme, the Dırectors consıder ıt approprıate to prepare the Group and the Company fınancıal statements on the goıng concern basıs In the event that the goıng concern basıs should become ınapproprıate, the assets of the Group and the Company would be wrıtten down to theır recoverable value and provısıon made for any further lıabılıtıes that may arıse At thıs tıme ıt ıs not practıcable to quantıfy such adjustments

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards The particular accounting policies adopted are described below and they have been applied consistently during the year and the preceding year

Turnover

Turnover represents amounts receivable on the services provided in the normal course of business, net of VAT The Company recognises turnover when the administration expenses incurred can be reliably measured, when there is a right to consideration, and recharged to group undertakings Turnover is recorded at the value of consideration due

Depreciation

Tangible fixed assets are stated at cost less depreciation which is provided at rates calculated to write off the cost in equal amounts over their anticipated useful lives as follows

Office equipment	3 years
Computer equipment	3 years

Taxation

Current tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full on timing differences which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is not recognised in respect of gains and losses on revalued assets unless the company has entered into a binding agreement to sell the assets and the gains or losses have been recognised in the profit and loss account Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Pensions

NHP Management Limited contributes to defined contribution schemes The amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year

Interest

Interest receivable and interest payable are recognised in the financial statements on an accruals basis

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 a cash flow statement, as it is included in the consolidated financial statements of LIBRA No 2 Limited, which are publicly available

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

3. TURNOVER AND GROSS PROFIT

Turnover comprises the following items earned from the Company's ordinary activities, which take place wholly within the United Kingdom

	2012 £	2011 £
Management fees, excluding value added tax, received from group undertakings	45,833	3,108,445
Other fees and commissions, excluding value added tax	1,550,755	25,532
	1,596,588	3,133,977

4. STAFF COSTS

The aggregate payroll costs (excluding executive Director) were as follows

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Wages and salaries	341,359	339,301
Social security costs	44,717	42,947
Pension – defined contribution scheme	23,325	23,111
	409,401	405,359

Average number of employees (excluding executive Director).	Year ended 30 September 2012	Year ended 30 September 2011
Group	No.	No
Administrative	3	3

J M J M Jensen is an executive director of the Company and the Group He is a Chief Restructuring Officer of the Group J M J M Jensen's services to the Company and LIBRA No 3 Limited and their subsidiary undertakings are provided via a contract with The Aaronite Partnership LLP in which he is a partner Total fees (including VAT) of £381,893 (2011 £612,452) were incurred for the year ended 30 September 2012 The total fees amount is included in the total administrative expenses

P H Thompson is a non-executive director of the Company and of the Group P H Thompson's services are also provided via a contract with The Aaronite Partnership LLP in which he is a partner Total fees (including VAT) of £89,197 were incurred for the year ended September 2012 (2011 £216,778) The total fees amount is included in the total administrative expenses

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

5. ADMINISTRATIVE EXPENSES

Administrative expenses include, inter alia

	2012 £	2011 £
Depreciation of other fixed assets	10,829	9,690
Provision for doubtful debts – group undertakings	1,499,363	3,332,512

The analysis of auditor's remuneration is as follows		
Fees payable to the Company's auditor for the audit of the Company's annual account	25,585	24,283
Fees payable to the Company's auditor and their associates for other services to the Company		
- Corporate finance services	15,262	11,890
- tax services	3,659	35,717
	44,506	71,890

6. COSTS OF A FUNDAMENTAL RESTRUCTURING OF CONTINUING OPERATIONS

	2012 £	2011 £
Costs of a fundamental restructuring of continuing operations	-	1,224,963
	-	1,224,963

The costs of a fundamental restructuring of continuing operations arose in respect of the Company and of the Group's participation in the Southern Cross Healthcare Group Plc's, the Group's former principal tenant's restructuring which would help to stabilise the business of the homes leased to Southern Cross, going forward The restructuring in Southern Cross without the participation of its principal landlords of which the Group is one, would have led to an uncontrolled outcome for the Group, which would have had a material effect on the nature and focus of the Company and of the Group's operations going forward

On 31October 2012, a new subsidiary of the Group, HC-One Limited took on the assignment of the operating leases from Southern Cross, and consequently the Group now operates majority of its nursing home portfolio by itself Southern Cross is now in the process of a solvent wind down of its operations

7. NET INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2011 £
Interest receivable from bank deposits	3,457	861
Other interest receivable	-	-
Finance costs	(576)	(504)
	2,881	357

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	2012 £	2011 £
Corporation tax	-	-
Loss before tax	(1,521,409)	(3,224,120)
Tax on loss at standard rate of 25% (2011 27%)	(380,352)	(870,512)
Factors affecting tax charge		
Non-deductible expenditure	-	17,829
Non-deductible provisions	374,840	899,778
Depreciation in excess of capital allowances	2,707	2,616
Loss on dispoal	23,009	-
Increase in losses carried forward	(19,484)	-
Group relief for nil Consideration	(720)	(96)
Losses b/f used	-	(49,615)
Current tax charge	-	-

The tax charge for the current year is higher than that resulting from applying the standard rate of corporation tax due to certain expenditure being disallowable for tax purposes

9 TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 October 2011	5,836	23,548	29,384
Additions	-	6,840	6,840
At 30 September 2012	5,836	30,388	36,224
Accumulated depreciation			
At 1 October 2011	(3,220)	(13,737)	(16,957)
Charge for the year	(1,840)	(8,989)	(10,829)
At 30 September 2012	(5,060)	(22,726)	(27,786)
Net book value			
At 30 September 2012	776	7,662	8,438
At 30 September 2011	2,616	9,811	12,427

10. DEBTORS

	2012 £	2011 £
Amounts due within one year		
Other debtors	58,664	1,793
Prepayments and accrued income	59,327	303,208
	117,991	305,001

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

11. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Other creditors	611,714	159,995
Other taxation and social security	9,419	8,908
Amounts owed to group undertakings	7,861,113	6,767,307
Accruals and deferred income	250,895	374,346
	8,733,141	7,310,556

Amounts owed to group undertakings have no repayment date and are due on demand bearing no interest

12. DEFERRED TAXATION

	Provided		Unprovided	
	2012	2011	2012	2011
	£	£	£	£
Accelerated capital allowances	-	-	(44,111)	(47,947)
Losses carried forward	-	-	(95,892)	(149,688)
	-	-	(140,003)	(197,635)

No deferred tax asset has been recognised in respect of the losses carried forward as it is considered that it is uncertain whether there will be sufficient taxable profits in the future to utilise losses

13. CALLED UP SHARE CAPITAL

	2011	2008
	£	£
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	2	2

14 PROFIT AND LOSS ACCOUNT

	£
At 1 October 2011	(6,822,765)
Loss for the year	(1,521,409)
At 30 September 2012	(8,344,174)

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2012	2011
	£	£
At 1 October	(6,822,763)	(3,598,643)
Loss for the year	(1,521,409)	(3,224,120)
At 30 September	(8,344,172)	(6,822,763)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

16 CONTINGENT LIABILITIES AND GUARANTEES

The Company is one of the guarantors to a £1,172 million term loan facility agreement entered into by LIBRA No 3 Limited, a group undertaking 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

17. RELATED PARTY TRANSACTIONS

(a) In accordance with Financial Reporting Standard No 8 "Related Party Disclosures", transactions with other undertakings within the LIBRA No 2 Limited group have not been disclosed in these financial statements

(b) J M J M Jensen is an executive director of the Company and the Group He is a Chief Restructuring Officer of the Group J M J M Jensen's services to the Company and LIBRA No 3 Limited and their subsidiary undertakings are provided via a contract with The Aaronite Partnership LLP in which he is a partner Total fees (including VAT) of £381,893 (2011 £612,452) were incurred for the year ended 30 September 2012 The total fees amount is included in the total administrative expenses As at 30 September 2012 the amount £28,080 remained outstanding but the full amount was settled on 12 October 2012

(c) P H Thompson is a non-executive director of the Company and of the Group P H Thompson's services are also provided via a contract with The Aaronite Partnership LLP in which he is a partner Total fees (including VAT) of £89,197 were incurred for the year ended September 2012 (2011 £216,778) The total fees amount is included in the total administrative expenses As at 30 September 2012 the amount £10,668 remained outstanding but the full amount was settled on 12 October 2012

(d)) On 21 April 2011 Court Cavendish Healthcare Management Services Limited was retained as a managing agent under the Interim Agreement for the provision of Management Services entered into with the Company and its various group undertakings The Interim Agreement was replaced by an Agreement for the Provision of Management Services on 29 September 2011 Total retainer fees paid under the Interim Agreement for the period until 31 October 2011 were £0 3m (for the period from 19 April to 30 September 2011 £1 1m) (including VAT) borne by NHP Management Limited, the Company's group undertaking Total fees of £2 8m (including VAT) were payable under the Agreement for the Provision of Management Services by HC-One Limited from 1 November 2011 to 30 September 2012 See note 18 for further details

18. POST BALANCE SHEET EVENTS

a) On 25 January 2013 the Company together with HC-One Limited and some of its other group undertakings entered into a Deed of Amendment to the Agreement for the Provision of Management Services with Court Cavendish Healthcare Management Services Limited dated 29 September 2011 for the provision of management services to HC-One Limited, a care home operator, with effect from 1 January 2013, at management fees of £2 5 million per annum (including VAT)

b) On 14 January 2013 a standstill agreement was put in place until 12 April 2013 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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

19. ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking is NHP 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 2012, which include the results of the Company, are available from the Companies House at Crown Way, Cardiff, Wales CF14 3UZ