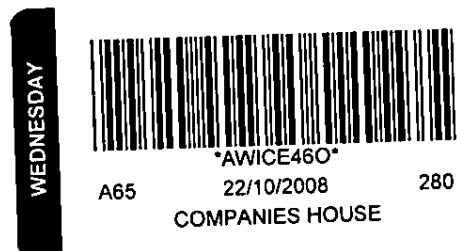


**LIBRA CARECO LIMITED**

**Report and Financial Statements**

**30 September 2007**



**REPORT AND FINANCIAL STATEMENTS 2007**

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**REPORT AND FINANCIAL STATEMENTS 2007**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

P V Taylor  
D C Nicholson

**SECRETARY**

R Mortimer

**REGISTERED OFFICE**

25 Hanover Square  
London  
W1S 1JF

**BANKERS**

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

**SOLICITORS**

Eversheds LLP  
Kett House  
Station Road  
Cambridge CB1 2JY

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
London

**DIRECTORS' REPORT**

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30 September 2007

The Directors report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

**PRINCIPAL ACTIVITY**

The principal activity of the Group is the purchase and retention of freehold and long leasehold interests, in modern, purpose-built care homes

The principal activity of the Company is to act as a holding company, which conducts corporate activities on behalf of the Group. The Directors intend to continue these activities in the forthcoming year

**BUSINESS REVIEW**

On 12 December 2006 Delta G-Co Limited and Starsign Limited, both incorporated and registered in the Isle of Man, jointly acquired 100% issued share capital of Libra No 2 Limited from the ultimate subsidiary undertakings of The Royal Bank of Scotland plc, Primemodern Limited and Libra No 1 Limited

The ultimate parent undertaking of Delta G-Co Limited and Starsign Limited is Delta Commercial Property LP, a limited partnership incorporated in the Isle of Man

**RESULTS**

The result for the year to 30 September 2007 is set out in the profit and loss account on page 8

**DIVIDENDS**

No dividends in respect of the year are proposed (2006 £nil)

**DIRECTORS**

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

	<u>Date Appointed</u>	<u>Date Resigned</u>
P V Taylor	12 December 2006	-
R N Midmer	12 December 2006	28 June 2007
D C Nicholson	28 June 2007	-
T V Castledine	3 March 2006	12 December 2006
S B Eighteen	3 March 2006	12 December 2006
A C Farnell	3 March 2006	12 December 2006
N S Moy	3 March 2006	12 December 2006

The current Directors of the Company are detailed on page 1

No Director has, or had, any interests in the shares of the Company. None of the Directors hold a service contract with the Company and there is no Company share option scheme in existence

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

**PAYMENT POLICY AND PRACTICE**

The Company's policy is to fix payment terms when agreeing the terms of each transaction. It is the Company's 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 2006, calculated in accordance with the Companies Act 1985 is 1 (2006 3)

## **DIRECTORS' REPORT**

**(Continued)**

### **DEBT REFINANCING AND GOING CONCERN**

At 30 September 2007, the Group had a bank loan of £1,172,000,000 secured on the Group's investment properties and freehold land and buildings. At 16 October 2008, the loan amounts remains outstanding. The maturity date of the loan is on 15 January 2009 (the original final maturity date) with an option to extend the loan to 15 January 2010 provided no default is outstanding at the original final maturity date. The breach of the covenant crystallises the loan on 15 January 2009. The failure to comply with these covenants has resulted in a default in the £70 million term loan facility.

The LTV test of 92.7% was met as at 30 September 2007, however, property values have fallen since that date and the Directors of the Company, who are also the directors of Libra No. 3 Limited, a group undertakings and also the borrower to the bank loan, have been advised by their valuers, King Sturge, that they consider that as at 16 October 2008 the appropriate yield for the Group's property portfolio is 7.42%, and the value of the portfolio is c. £930,000,000 after costs of 1.75%, on the basis of the properties being sold as a business, resulting in an LTV ratio of 126%.

As a result of this, and because of two other minor breaches (see note 1), which unless waived will mean that the loan will not be extended, the Directors have initiated discussions with Capmark Services UK Limited ('Capmark') as Servicer under the securitisation structure which operates alongside the bank loan. The Directors have offered to cooperate with Capmark to achieve a sensible negotiated reorganisation of the Group's affairs and a restructuring of its debts. Capmark has indicated that it is willing to consider a reorganisation and debt restructuring and has agreed to work with the Group towards a standstill agreement to allow the parties time to put these into effect. This is in the process of being negotiated. Given these circumstances, the Directors do not currently believe there is a risk that the Company will go into insolvent liquidation, although this could change if these negotiations were to fail. Given the above, there is a material uncertainty which may cast significant doubt as to the Company's ability to continue as a going concern, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on the going concern basis. In the event that a going concern basis should become inappropriate, the assets of the Company (specifically amounts due from group undertakings) would be written down to their recoverable value, provision made for any further liabilities that may arise and to reclassify non current assets and liabilities as current assets and liabilities. The financial statements do not include any adjustments that would result from the withdrawal of support from the Company's parent. At this time it is not practicable to quantify such adjustments. See further details in note 1 to the financial statements.

**DIRECTORS' REPORT**

**(Continued)**

**AUDITORS**

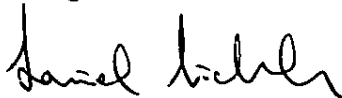
In the case of each of the persons who are Directors of the Company at the date when this report is approved

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting

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



D C Nicholson  
Director  
Date 17 October 2008

## **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). The financial statements are required by law to 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 estimates that are reasonable and prudent,
- (c) state whether applicable UK Accounting Standards have been followed,
- (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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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 AUDITORS REPORT  
TO THE MEMBERS OF LIBRA CARECO LIMITED  
(formerly 'TBG CareCo Limited')**

We have audited the financial statements of Libra CareCo Limited (formerly 'TBG CareCo Limited') for the year ended 30 September 2007, which comprise of the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgements 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 misstatement, 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.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF LIBRA CARECO LIMITED  
(formerly 'TBG CareCo Limited') (Continued)**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

**Emphasis of matter – Going concern**

Without qualifying our opinion, we draw attention to the disclosures made in note 1 of the financial statements concerning the Group's ability to continue as a going concern

The Company is a guarantor for a loan agreement entered into by another group company. The group is in breach of the financial covenants in its loan agreement (as described in note 1). The Directors are in discussions with Capmark Services UK Limited regarding a resolution of the breach. However, the outcome of these discussions and the timing of their conclusion is uncertain.

These conditions, along with other matters as set forth in note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors have prepared the financial statements on the going concern basis. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern as it is not practicable to determine or quantify them.

*Deloitte & Touche LLP*  
**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London  
United Kingdom

Date 17 October 2008

**PROFIT AND LOSS ACCOUNT**  
**Year ended 30 September 2007**

	Notes	Year ended 30 September 2007 £	Year ended 30 September 2006 £
Other administrative expenses		(64,975)	(480,549)
Exceptional costs	3	-	(29,175)
Administrative expenses	2	(64,975)	(509,724)
<b>OPERATING LOSS</b>		<b>(64,975)</b>	<b>(509,724)</b>
Net interest payable and similar charges	4	(13,667,870)	(21,560,654)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(13,732,845)</b>	<b>(22,070,378)</b>
Tax on loss on ordinary activities	5	-	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR</b>		<b>(13,732,845)</b>	<b>(22,070,378)</b>
Retained loss brought forward		(61,271,679)	(39,201,301)
Retained loss carried forward		(75,004,524)	(61,271,679)

Operating loss is wholly derived from continuing operations

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


**LIBRA CARECO LIMITED**

**BALANCE SHEET**  
**As at 30 September 2007**

	Note	£	2007 £	£	2006 £
<b>FIXED ASSETS</b>					
Investments	6		583,161,122		583,161,122
<b>CURRENT ASSETS</b>					
Debtors	7	1,950,883		1,856,988	
		<u>1,950,883</u>		<u>1,856,988</u>	
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(508,814,058)</u>		<u>(494,987,318)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(506,863,175)</u>		<u>(493,130,330)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			76,297,947		90,030,792
<b>CREDITORS: amounts falling due after more than one year</b>	9		<u>(151,300,571)</u>		<u>(151,300,571)</u>
<b>NET LIABILITIES</b>			<u>(75,002,624)</u>		<u>(61,269,779)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		1,900		1,900
Profit and loss account			<u>(75,004,524)</u>		<u>(61,271,679)</u>
<b>SHAREHOLDERS' DEFICIT</b>	12		<u>(75,002,624)</u>		<u>(61,269,779)</u>

These financial statements were approved and authorised for issue by the Board of Directors on 17 October 2008

Signed on behalf of the Board of Directors



D C Nicholson  
Director

**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2007**

**1. ACCOUNTING POLICIES**

**Basis of accounting – Going concern**

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

At 30 September 2007, the Group had a bank loan of £1,172,000,000 secured on the Group's investment properties and freehold land and buildings. At 16 October 2008, the loan amount remains outstanding. Libra No 2 Limited, the Company's ultimate parent company declared a dividend on 27 November 2007 of £89,035,586 with the result that the Group is now in a net liability position. Under the terms of its bank loan, the Group has to comply with a number of financial covenants, of which the two most material are a Loan to Value ('LTV') covenant and an Interest Cover Ratio ('ICR') covenant. The failure to comply with these covenants has resulted in a default in the £70 million term loan facility.

The Directors of the Company, who are also the directors of Libra No 3 Limited, a group undertaking and also the borrower to the bank loan, have prepared cash flow forecasts throughout the life of the loan until the last covenant testing date, which is 15 October 2009, which show that the Group can meet its day to day cash needs including the payment of loan interest, even though the ICR covenant is not met towards the end of the testing period.

The Directors have also considered the LTV test, and note that this had been met as at 30 September 2007. However, property values have fallen since that date and the Directors have been advised by their valuers, King Sturge, that they consider that as at 16 October 2008 the appropriate yield for the Group's property portfolio is 7.42%, and the value of the portfolio is c. £931,000,000 after costs of 1.75%, on the basis of the properties being sold as a business, resulting in an LTV ratio of 126%.

This breaches the LTV covenant which is set at 92.7%, and Libra No 3 Limited will not therefore be in a position to extend the loan as at 15 January 2009 unless this breach, and two other minor breaches which remain unremedied, are waived. The two minor breaches include the change of accounting reference date for the subsidiaries incorporated in the United Kingdom and the non-delivery of the audited financial statements within 150 days from the accounting period end. The effect of the breach is that the loan becomes immediately repayable as at 15 January 2009.

The Directors of the Company have initiated discussions with Capmark Services UK Limited ('Capmark') as Servicer under the securitisation structure which operates alongside the bank loan and have offered to cooperate with it to achieve a sensible negotiated reorganisation of the Group's affairs and a restructuring of its debts. Capmark has indicated that it is willing to consider a reorganisation and debt restructuring and has agreed to work with the Group towards a standstill agreement to allow the parties time to put these into effect. This is in the process of being negotiated. Given these circumstances, the Directors do not currently believe there is a risk that the Company will go into insolvent liquidation, although this could change if these negotiations were to fail. Given the above, there is a material uncertainty which may cast significant doubt as to the Company's ability to continue as a going concern, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on the going concern basis. In the event that a going concern basis should become inappropriate, the assets of the Company (specifically amounts due from group undertakings) would be written down to their recoverable value, provision made for any further liabilities that may arise and to reclassify non-current assets and liabilities as current assets and liabilities. The financial statements do not include any adjustments that would result from the withdrawal of support from the Company's parent. At this time it is not practicable to quantify such adjustments.

Except as noted above, the financial statements are prepared under the historical cost convention, in accordance with all applicable United Kingdom accounting standards and in compliance with the Companies Act 1985. The particular accounting policies adopted are described below.

The accounting policies have been followed consistently during the current or the previous year.

**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2007**

**1. ACCOUNTING POLICIES**

**Exemption from consolidation**

The Company is itself a subsidiary undertaking and is exempt from the requirement to prepare group accounts by virtue of section 228A of the Companies Act 1985. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

**Taxation**

Current tax, including UK corporation 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.

**Finance costs**

Costs, which are incurred directly in connection with the raising of bank loans, are amortised over the life of the loan facility in accordance with Financial Reporting Standard No. 4, or are written off fully when the existing facility is cancelled.

**Interest**

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

**Going concern**

The parent company has undertaken to provide financial support to Libra CareCo Limited, if required. This support will extend for a period of not less than twelve months from the date these accounts are signed. The Directors therefore have prepared these financial statements on the going concern basis.

**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 are available from the registered office.

**NOTES TO THE ACCOUNTS****Year ended 30 September 2007****2. ADMINISTRATIVE EXPENSES**

The Company had no employees during the current or preceding year

None of the Directors at year end received emoluments from the Company during the current and preceding year R N Midmer, a director who served during the year received his emolument from the Company's subsidiary undertaking, NHP Management Limited

Other administrative expenses include

	Year ended 30 September 2007	Year ended 30 September 2006
	£	£
Group management fees	63,263	440,992
Auditors' remuneration		
- Auditors' remuneration - current year	15,792	21,812
- prior year	(14,080)	-
- Tax services	-	58,012

The amount in respect of taxation services in previous year relate to a new group structure for a new term loan facility The amount was written off to 'finance costs' in note 4

**3. EXCEPTIONAL COST**

The following exceptional cost has been incurred or provided for and included in the administrative expenses

	Year ended 30 September 2007	Year ended 30 September 2006
	£	£
Cost of abortive divestment	-	29,175

**4. NET INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 30 September 2007	Year ended 30 September 2006
	£	£
Interest receivable on deposits	-	(250,119)
Interest receivable on loan notes group undertaking	(94,193)	(75,660)
Interest payable on bridge loans	-	2,121,102
Interest payable on loan from Libra No 3 Limited	4,499,117	2,269,836
Interest payable on loan notes from group undertaking	9,262,916	9,935,802
Interest payable - other	-	2,410
Finance costs *	30	7,557,283
	<u>13,667,870</u>	<u>21,560,654</u>

## NOTES TO THE ACCOUNTS

Year ended 30 September 2007

## 4. NET INTEREST PAYABLE AND SIMILAR CHARGES (Continued)

\* The finance costs include an amount of £nil (2006 £265,871) written off in respect of the capitalised facility costs of the bridge loan facility terminated on 17 October 2005 based on a shorter facility period than the original loan period following a replacement by a new facility agreement on that date. The new facility was terminated on 3 March 2006 resulting a further amount written off of £906,178. On the early termination of the two interest rate swap agreements entered into by the Company and its group undertakings, Libra CareCo CH3 PropCo Limited and Libra CareCo Limited on 17 October 2005, the Company paid total breakage fees of £6,081,991 and these amounts had been further included within finance costs.

## 5. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 30 September 2007 £	Year ended 30 September 2006 £
Corporation tax charge	-	-
Decrease in estimate of recoverable deferred tax asset	-	-
Total tax charge	-	-
Loss before tax	(13,732,845)	(22,070,378)
Tax on loss at standard rate of 30% (2006 30%)	(4,119,854)	(6,621,113)
Factors affecting tax charge		
Permanent differences	-	8,753
Group relief for nil consideration	4,119,854	6,612,360
Current tax charge	-	-

The tax credit for the current year is lower than that resulting from applying the standard rate of corporation tax due primarily to group relief surrendered for £nil consideration.

## 6. INVESTMENTS

	Investments in subsidiary undertakings £	Loan note to subsidiary undertaking £	Total £
At 1 October 2006 and September 2007	582,142,822	1,018,300	583,161,122

## Investments in subsidiary undertakings

The investment in NHP Limited, a company incorporated in Great Britain, was acquired on 18 February 2005 and comprises 100% of the issued share capital of that company.

# NOTES TO THE ACCOUNTS

## Year ended 30 September 2007

### 6. INVESTMENTS (continued)

#### Shares in subsidiary undertakings

At 30 September 2007, the Company held investments directly or indirectly in the following principal subsidiary undertakings

Name	Country of incorporation	% Holdings	Principal activity
NHP Limited*	Great Britain	100%	Parent company of subsidiary undertakings with investment in care home properties
NHP Securities No 1 Limited	Great Britain	100%	Investment in care home properties
NHP Securities No 2 Limited	Great Britain	100%	Investment in care home properties
NHP Securities No 3 Limited	Great Britain	100%	Investment in care home properties
NHP Securities No 4 Limited	Great Britain	100%	Partner in LLNHP Partnership
NHP Securities No 6 Limited	Great Britain	100%	Investment in care home properties
NHP Securities No 9 Limited	Jersey	100%	Investment in overriding leases of care home properties
NHP Securities No 11 Limited	Jersey	100%	Parent company of NHP Securities No 9 Limited
NHP Management Limited	Great Britain	100%	Management of care home property portfolios
NHP Operations (York) Limited	Great Britain	100%	Care home property development
LLNH Limited	Great Britain	100%	Partner in LLHNP Partnership
Care Homes No 1 Limited	Cayman Islands	100%	Investment in care homes properties
Ultima Holdings Limited	Great Britain	100%	Immediate parent company of Ultima Group undertakings
Ultima Healthcare Limited	Great Britain	100%	Care home operator
Eton Hall Homes Limited	Great Britain	100%	Care home operator
Ultima Care Limited	Great Britain	100%	Care home operator
Platinum Healthcare Limited	Great Britain	100%	Care home operator

\* Held directly by Libra CareCo Limited

All shares held are ordinary shares

Summarised below are the financial information of the subsidiary undertakings

	Capital and Reserve at 30 September 2007 £	Profit / (Loss) for the year ended 30 September 2007 £
NHP Limited	303,402,020	16,723,338
NHP Securities No 1 Limited	176,189,294	7,029,370
NHP Securities No 2 Limited	82,946,332	3,661,765
NHP Securities No 3 Limited	406,221,791	(1,403,096)
NHP Securities No 4 Limited	2	-
NHP Securities No 6 Limited	31	(32)
NHP Securities No 9 Limited	15,124	5
NHP Securities No 11 Limited	3,120	(892)
NHP Management Limited	70,275	(201,443)
NHP Operations (York) Limited	2,152,456	4,748
LLNH Limited	1	1
Care Homes No 1 Limited	(1,284,038)	13,496,520
Ultima Holdings Limited	324,838	552
Ultima Healthcare Limited	4,688,125	61
Eton Hall Homes Limited	25,857	-
Ultima Care Limited	(5,306,986)	(29)
Platinum Healthcare Limited	111,649	(6)



# NOTES TO THE ACCOUNTS

## Year ended 30 September 2007

### 6. INVESTMENTS (continued)

#### Loan note to subsidiary undertaking

As at 30 September 2007, a loan note of £1,018,300 was issued to NHP Operations (York) Limited, a subsidiary undertaking to enable that company to finance its care home development. The loan notes have no fixed repayment date and bear interest at 9.25% per annum.

### 7. DEBTORS

	2007 £	2006 £
Loan note interest due from NHP Operations (York) Limited	169,853	75,660
Amounts due from group undertakings	1,781,030	1,781,328
	<u>1,950,883</u>	<u>1,856,988</u>

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Amounts due to group undertakings	489,068,984	484,282,573
Loan note interest payable to group undertakings	19,745,074	10,704,745
	<u>508,814,058</u>	<u>494,987,318</u>

### 9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £	2006 £
Loan notes due to Libra CareCo Investments 2 Limited	92,629,161	92,629,161
Loan notes due to Libra No. 3 Limited	58,671,410	58,671,410
	<u>151,300,571</u>	<u>151,300,571</u>

#### Subordinated loan notes

On 29 September 2005, Libra CareCo Investments 2 Limited assumed the original loan notes principal plus interest, totalling £221,894,067 issued by TBG CareCo UK Limited to the Company. TBG CareCo UK Limited was its former group undertaking. The subordinated loan notes have no fixed repayment dates and bear interest at 10% per annum. The loan notes were granted to finance part of the NHP Limited acquisition costs in February 2005. During the year ended 30 September 2005, the Company repaid £129,264,906. The loan notes outstanding amount at 30 September 2007 is £92,629,161.

On 3 March 2006 Libra No. 3 Limited, an intermediate parent company issued a loan note of £58,671,410 to the Company to enable it to repay its bridge loan and breakage fees incurred on termination of interest rate swap agreements. The loan note has no fixed repayment date and carries interest at LIBOR plus 2% per annum.

### 10. DEFERRED TAXATION

	Provided 2007 £000	Unprovided 2007 £000	Provided 2006 £000	Unprovided 2006 £000
Loss carried forward	-	7,300,462	-	3,604,224
	<u>-</u>	<u>7,300,462</u>	<u>-</u>	<u>3,604,224</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2007**

**11. CALLED UP SHARE CAPITAL**

	2007 £	2006 £
Authorised, called up, allotted and fully paid: 190,000 Ordinary Shares at 1p each	1,900	1,900

**12. MOVEMENT IN SHAREHOLDERS' DEFICIT**

	£
At 1 October 2006	(61,269,779)
Retained loss for the year	(13,732,845)
At 30 September 2007	(75,002,624)

**13. 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 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. CS Funding 1 Limited's rights and obligations under the £1,172 million term loan agreement were ultimately transferred by way of novation to Titan Europe 2007-1 (NHP) Limited on 24 May 2007.

**14. POST BALANCE SHEET EVENTS**

a) On 28 January 2008 the Company has agreed for NHP Securities No 3 Limited, a group undertaking to assign the debt owed by the Company for amount of £145 million to NHP Limited, a group undertaking through a deed of assignment.

b) On 28 January 2008 NHP Limited declared and paid £145 million dividends to the Company. The payment was set off by the amount owed by the Company as noted in note 14 (a) above.

**15. RELATED PARTY TRANSACTIONS**

In accordance with Financial Reporting Standard No 8 "Related Party Disclosures", transactions with other undertakings within the Libra No 2 Limited (previously within "Libra CareCo Offshore Superholdco Limited") group have not been disclosed in these financial statements.

**16. PARENT UNDERTAKINGS AND CONTROLLING PARTIES**

The immediate parent undertaking is Libra CareCo Investments No 2 Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate and parent undertaking is Delta Commercial Property LP, a limited partnership incorporated and registered in the Isle of Man. In the opinion of the Directors, there is no ultimate controlling party in that company.

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 2007, which include the results of the Company, are available from Libra Group at 25 Hanover Square, London, W1S 1JF.