

LIBRA CARECO LIMITED

Report and Financial Statements

30 September 2011

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REPORT AND FINANCIAL STATEMENTS 2011

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REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M J M Jensen
P H Thompson

COMPANY SECRETARY

L Pang

REGISTERED OFFICE

Liberty House
222 Regent Street
London
W1B 5TR

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 2011

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 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

In the year to 30 September 2011, the Company has continued to act as a holding company and this will continue in the foreseeable future

RESULTS

The loss for the year to 30 September 2011 is set out in the profit and loss account on page 7

DIVIDENDS

No dividends in respect of the year are proposed (2010 £nil)

DIRECTORS

The following Directors of the Company who served during the year, except as noted are

	<u>Date Appointed</u>
P H Thompson	6 November 2010
J M J M Jensen	19 December 2008

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

GOING CONCERN

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

Given these circumstances along with other matters disclosed in note 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

DIRECTORS' REPORT

(Continued)

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 17 February 2012
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,
- (c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, and
- (d) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions 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 LIBRA CARECO LIMITED

We have audited the financial statements of Libra CareCo Limited for the year ended 30 September 2011, which comprise the Profit and Loss account, the Balance Sheet and the related Notes 1 to 15. 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 Directors' Responsibilities Statement, 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 2011 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.

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 £22,736,891 for the year ended 30 September 2011 and, as of that date, the Company's current liabilities exceeded its current assets by £600,773,190. 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 14 of the LIBRA No 2 Limited's 30 September 2011 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LIBRA CARECO LIMITED (Continued)**

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 take advantage of the small companies exemption in preparing the Directors' Report



Mark Beddy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
Date 17 February 2012

LIBRA CARECO LIMITED**PROFIT AND LOSS ACCOUNT**
Year ended 30 September 2011

	Notes	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Administrative expenses	3	(194,334)	(159,794)
OPERATING LOSS		<u>(194,334)</u>	<u>(159,794)</u>
Net interest payable and similar charges	4	(22,542,557)	(21,776,875)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(22,736,891)</u>	<u>(21,936,669)</u>
Tax on loss on ordinary activities	5	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR	10	<u><u>(22,736,891)</u></u>	<u><u>(21,936,669)</u></u>

Results are derived wholly 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 2011

			2011	2010
	Notes	£	£	£
FIXED ASSETS				
Investments	6		-	-
CREDITORS: amounts falling due within one year	7	<u>(600,773,190)</u>	<u>(578,036,299)</u>	
NET CURRENT LIABILITIES		<u>(600,773,190)</u>	<u>(578,036,299)</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(600,773,190)</u>	<u>(578,036,299)</u>	
NET LIABILITIES		<u>(600,773,190)</u>	<u>(578,036,299)</u>	
CAPITAL AND RESERVES				
Called up share capital	9		1,900	1,900
Profit and loss account	10	<u>(600,775,090)</u>	<u>(578,038,199)</u>	
SHAREHOLDERS' DEFICIT	11	<u>(600,773,190)</u>	<u>(578,036,299)</u>	

These financial statements were approved and authorised for issue by the Board of Directors on 17 February 2012
The Company Registration number is 05296600

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime

Signed on behalf of the Board of Directors



J M J M Jensen
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2011

1 GOING CONCERN

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

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

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

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

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

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

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

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

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

Given these circumstances, the Directors do not currently expect the Group to go into insolvent liquidation, although this position could change if the negotiations for which the current standstill agreement allows were to fail. Given the above, there is a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and therefore indicate that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2011

and provision made for any further liabilities that may arise. At this time it is not practicable to quantify such adjustments.

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.

Exemption from consolidation

The Company is itself a subsidiary undertaking of LIBRA No 2 Limited, a company incorporated and registered in the Cayman Islands, and the Company is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements provide information about the Company as an individual undertaking and not about its group.

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.

Interest

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

Investments

Fixed asset investments are stated at cost less provision for impairment.

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 publicly available.

3. ADMINISTRATIVE EXPENSES

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

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

Other administrative expenses include

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Group management fees	92,891	63,373
Provision for doubtful debts – group undertakings*	94,193	94,193
Audit fees for the audit of the Company's annual accounts	2,250	2,228

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2011

3. ADMINISTRATIVE EXPENSES (Continued)

*Provision for doubtful debts relate to amounts owed by group undertakings which have been written off in full

The Company did not incur any non-audit fees during the year (30 September 2010 £nil)

4. NET INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Interest receivable on loan notes to group undertaking	(94,193)	(94,193)
Interest payable on loan from intermediate parent undertaking	1,631,531	1,553,474
Interest payable on loan notes from group undertakings	21,005,219	20,317,594
	<u>22,542,557</u>	<u>21,776,875</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Corporation tax charge	-	-
Decrease in estimate of recoverable deferred tax asset	-	-
Total tax charge	<u>-</u>	<u>-</u>
Loss before tax	<u>(22,736,891)</u>	<u>(21,936,669)</u>
Tax on loss at standard rate of 27% (2010 28%)	(6,138,961)	(6,142,267)
Factors affecting tax charge		
Non deductible expenditure	25,433	26,374
Permanent differences	6,086,490	-
Increase in losses c/f	27,038	-
Group relief for nil consideration		6,115,893
Current tax charge	<u>-</u>	<u>-</u>

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

LIBRA CARECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2011

6. INVESTMENTS

	Investments in subsidiary undertakings £	Loan note investment in subsidiary undertaking £	Total £
Cost			
At 1 October 2010 and September 2011	582,142,822	1,018,300	583,161,122
Provision			
At 1 October 2010 and 30 September 2011	(582,142,822)	(1,018,300)	(583,161,122)
Net book value:			
At 30 September 2011	-	-	-
At 30 September 2010	-	-	-

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

Shares in subsidiary undertakings

At 30 September 2011, 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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2011

6. INVESTMENTS (Continued)

Loan note investment in subsidiary undertaking

As at 30 September 2011, a loan note of £1,018,300 was invested in 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. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Loan notes due to group undertakings	481,715,196	481,715,196
Loan note interest payable to group undertakings	105,093,584	82,456,835
Amounts due to group undertakings	13,959,410	13,864,268
Accruals	5,000	
	<u>600,773,190</u>	<u>578,036,299</u>

Loan notes due to group undertakings

On 29 September 2005 Libra CareCo Investments 2 Limited assumed the original loan notes principal plus interest, totalling £221,894,067 issued by the Company to TBG CareCo UK Limited. 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 2011 is £92,629,161.

On 3 March 2006 the Company issued a loan note of £58,671,410 to LIBRA No 3 Limited, an intermediate parent 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.

On 28 September 2010 the Company issued a loan note of £330,414,625 to NHP Securities No 3 Limited for prior advances made to the Company which enabled it to repay bank and inter-company debts. The interest rate charged is at LIBOR plus 2% per annum, repayable on demand.

Amounts due to group undertakings

Amounts due to group undertakings are due on demand bearing no interest.

LIBRA CARECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2011

8 DEFERRED TAXATION

	Provided 2011 £000	Unprovided 2011 £000	Provided 2010 £000	Unprovided 2010 £000
Loss carried forward	-	(13,339,174)	-	(14,379,269)
	<u>-</u>	<u>(13,339,174)</u>	<u>-</u>	<u>(14,379,269)</u>

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

In July 2011, the UK Government announced that the main rate of corporation tax would reduce to 25% with effect from 1 April 2012. This tax rate reduction was substantively enacted at the balance sheet date and therefore deferred tax balances have been calculated using a rate of 25%. The Government also announced subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014. These tax rates have not been substantively enacted and therefore have not been reflected in the financial statements. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

9 CALLED UP SHARE CAPITAL

	2011 £	2010 £
Called up, allotted and fully paid 190,000 Ordinary Shares at 1p each	<u>1,900</u>	<u>1,900</u>

10. RESERVE

	Profit and loss account £
At 1 October 2010	(578,038,199)
Loss for the financial year	<u>(22,736,891)</u>
At 30 September 2011	<u>(600,775,090)</u>

11. RECONCILIATION IN MOVEMENTS IN SHAREHOLDERS' DEFICIT

	£
At 1 October 2010	(578,036,299)
Loss for the financial year	<u>(22,736,891)</u>
At 30 September 2011	<u>(600,773,190)</u>

12. 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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2011

13. RELATED PARTY TRANSACTIONS

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

No other related party transaction is noted

14. POST BALANCE SHEET EVENT

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

15. 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

The results of the Company are consolidated within LIBRA No 2 Limited, its intermediate parent undertaking, a company incorporated and registered in the Cayman Islands. LIBRA No 2 Limited is both the smallest and largest group including the Company for which consolidated accounts are prepared

Copies of the LIBRA No 2 Limited group consolidated financial statements to 30 September 2011, which include the results of the Company, are available from the Companies House at Crown Way, Cardiff, Wales CF14 3UZ