SChoice Europe Limited

(Formerly Sunchoice Europe Limited)

Annual report and financial statements

for the year ended 27 September 2009

Registered Number 3017507

SChoice Europe Limited (formerly Sunchoice Europe Limited)

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Contents

SChoice Europe Limited (formerly Sunchoice Europe Limited)

Directors' report for the year ended 27 September 2009

The directors present their report together with the audited financial statements of the company for the year ended 27 September 2009 The company's registered number is 3017507

Principal activity and change of name
The principal activity of the company has comprised the distribution of bulk medical products and surgical appliances On 3 September 2009 the company sold its trade and certain assets to Medline Europe Limited Following this transaction, on 15 September 2009, the name of the company was changed to SChoice Europe Limited

Business review, sale of trade and future developments
The loss for the financial year amounted to £190,000 (2008 loss of £870,000) The directors were satisfied with the planned improvements achieved in the underlying trading performance of the business in the period up to the sale of trade on 3 September 2009 Following the sale the company has not traded but will continue to settle outstanding liabilities and realise outstanding assets There is no current intention to conduct any future trading activity through the company

The directors do not recommend the payment of a dividend for the year ended 27 September 2009 (2008 £nil)

Going concern
The company is a wholly owned subsidiary of Southern Cross Healthcare Group PLC Southern Cross Healthcare Group PLC has undertaken to provide financial support to the company to the extent necessary for the foreseeable future

Principal risks and uncertainties
The management of the business and the execution of the company's strategy are subject to a number of risks The key business risks and uncertainties affecting the company are integrated with those of the group and are not identified separately Further discussion of these risks and uncertainties and of future developments, in the context of the Southern Cross Healthcare Group PLC as a whole, is provided in the group's annual report which does not form part of this report

Key performance indicators ('KPIs')
Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business The development, performance and position of Southern Cross Healthcare Group PLC, which includes the company, is discussed in the group's annual report which does not form part of this report

Financial Risk Management
The company's activities expose it to a variety of financial risks market risk (including cash flow interest rate risk) and credit risk These risks have reduced following the disposal of trade but, to the extent necessary, they continue to be monitored by the Southern Cross Healthcare Group PLC Risk Management Committee under policies approved by the board of directors

Cash flow interest rate risk
The company's interest rate risk arises from intercompany borrowings and therefore the risk is considered minimal

SChoice Europe Limited (formerly Sunchoice Europe Limited)

Credit risk

Credit risk is managed on a group basis Credit risk arises from cash and deposits with banks and financial institutions, as well as outstanding receivables For banks and financial institutions, only institutions with a short term credit rating, as determined by Moody's, of P-1 are accepted

Directors

The directors, who held office during the year and up to the date of signing the financial statements, were as follows

B Hornby	(Resigned 3 September 2009)
W Colvin	(Resigned 8 October 2008)
K Foulkes	(Resigned 31 December 2009)
R N Midmer	
W J Buchan	(Appointed 1 January 2009)
D Smith	(Appointed 11 December 2009)

Directors' responsibilities

The directors are responsible for preparing the Directors' 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate 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

SChoice Europe Limited (formerly Sunchoice Europe Limited)

Disclosure of information to Auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board

W McLeish
Company Secretary

18 May 2010

Independent auditors' report to the members of SChoice Europe Limited

We have audited the financial statements of SChoice Europe Limited for the year ended 27 September 2009 which comprise the income statement, the balance sheet, the cash flow statement, the statement of changes in shareholders' (deficit)/equity, the statement of accounting policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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

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 27 September 2009 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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

R Casson

Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle Upon Tyne
18 May 2010

SChoice Europe Limited (formerly Sunchoice Europe Limited)

Income statement for the year ended 27 September 2009

	Note	2009 £'000	2008 £'000
Revenue		**12,614**	14,853
Cost of sales		**(10,806)**	(13,401)
Gross profit		**1,808**	1,452
Administrative expenses		**(1,689)**	(2,326)
Earnings before interest, taxation and loss on sale of trade and assets	1	**119**	(874)
Loss on sale of trade and assets	2	**(758)**	-
Operating loss		**(639)**	(874)
Finance income	3	**6**	11
Finance costs	3	**(2)**	(54)
Loss before taxation		**(635)**	(917)
Taxation	5	**445**	47
Loss for the year attributable to ordinary shareholders of the company		**(190)**	(870)

All the above activities relate to discontinued operations

SChoice Europe Limited (formerly Sunchoice Europe Limited)

Balance sheet as at 27 September 2009

	Note	2009 £'000	2008 £'000
Assets			
Non-current assets			
Property, plant and equipment	6	-	184
Investments in subsidiary undertakings	7	-	-
Deferred tax asset	15	-	54
Total non-current assets		-	238
Current assets			
Cash and cash equivalents	8	2,574	168
Trade receivables	9	-	1,501
Other current assets	9	202	881
Current tax asset	5	363	-
Inventories	10	-	1,318
Total current assets		3,139	3,868
Total assets		3,139	4,106
Liabilities			
Current liabilities			
Trade and other payables	11	(1,900)	(4,325)
Obligations under finance leases	12	-	(11)
Total current liabilities		(1,900)	(4,336)
Non-current liabilities			
Obligations under finance leases	12	-	(12)
Deferred tax liabilities	15	(126)	-
Provisions	13	(1,545)	-
Total non-current liabilities		(1,671)	(12)
Total liabilities		(3,571)	(4,348)
Net liabilities		(432)	(242)
Equity			
Ordinary shares	16	3,742	3,742
Accumulated deficit		(4,174)	(3,984)
Total deficit		(432)	(242)

The financial statements on pages 6 to 25 were approved by the board of directors on 18 May 2010 and signed on its behalf by

D Smith
Director

SChoice Europe Limited (formerly Sunchoice Europe Limited)

Cash flow statement for the year ended 27 September 2009

	Note	2009 £'000	2008 £'000
Cash flows from operating activities and sale of trade and assets			
Cash generated from operations and sale of trade and assets	17	**2,376**	198
Interest received		**6**	11
Interest paid		**(2)**	(54)
Net cash generated from operating activities and sale of trade and assets business		**2,380**	155
Cash flows from investing activities			
Purchase of property, plant and equipment		**(5)**	(49)
Proceeds from the sale of property, plant and equipment		**42**	-
Net cash generated from/(used in) investing activities		**37**	(49)
Cash flows from financing activities			
Principal payments under finance leases		**(11)**	(6)
Net cash used in financing activities		**(11)**	(6)
Net increase in cash and cash equivalents		**2,406**	100
Opening cash and cash equivalents		**168**	68
Closing cash and cash equivalents		**2,574**	168

Statement of changes in shareholders' (deficit)/equity

	Share capital £'000	Accumulated deficit £'000	Total (deficit)/ equity £'000
At 1 October 2007	3,742	(3,114)	628
Loss for the year attributable to ordinary shareholders	-	(870)	(870)
At 30 September 2008	3,742	(3,984)	(242)
Loss for the year attributable to ordinary shareholders	-	(190)	(190)
At 27 September 2009	**3,742**	**(4,174)**	**(432)**

SChoice Europe Limited (formerly Sunchoice Europe Limited)

Statement of accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated

Basis of preparation
These financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards ("IFRS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations and the Companies Act 2006 applicable to companies reporting under IFRS

The financial statements have been prepared on the going concern basis under the historical cost convention

From 1 October 2008 the following standards, amendments and interpretations became effective and were adopted by the company

IAS27	Amendment – Consolidated and separate financial statements
IAS39 and IFRS7	Amendment – Reclassification of financial assets
IFRIC13	Customer loyalty programmes
IFRIC14	The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of these amendments and interpretations has not had a significant impact on the company's loss for the year or deficit

The following standards, amendments and interpretations are not yet effective and have not been adopted early by the company

IFRS1	Revised – First time adoption of international financial reporting standards
IFRS2	Amendment – Share-based payments Vesting conditions and cancellations
IFRS2	Amendment – Share-based payments Group cash-settled share-based payment transaction
IFRS3	Revised – Business combinations
IFRS8	Operating segments
IFRS9	Financial instruments
IAS1	Revised – Presentation of financial statements
IAS1	Amendment – Presentation of financial statements Puttable Financial Instruments and Obligations Arising on Liquidation
IAS23	Amendment – Borrowing costs
IAS24	Amendment – Related party disclosures
IAS27	Revised – Consolidation and separate financial statements
IAS32	Amendment – Presentation on classification or rights issues
IAS39	Amendment – Eligible hedged items
IFRIC9	Amendment – Embedded derivatives
IFRIC15	Agreements for construction of real estates
IFRIC16	Hedges of a net investment in a foreign operation

Amendments to the following standards arising from the April 2009 Annual Improvements process IFRS2, IFRS5, IFRS8, IAS1, IAS7, IAS17, IAS18, IAS36, IAS38, IAS39, IFRIC9 and IFRIC16

IAS24 Amendment is effective for the company from 1 October 2011 IFRS1 Amendment, IFRS2 Amendment, IAS27 and IAS32 Amendment are effective for the company from 1 October 2010 The other standards, amendments and revisions are effective for the company from 28 September 2009 The adoption of these standards, amendments and interpretations is not expected to have a material impact on the company's losses or deficit The adoptions may affect the disclosures in the company's financial statements

Ultimate parent company support
The company is a wholly owned subsidiary of Southern Cross Healthcare Group PLC Southern Cross Healthcare Group PLC has undertaken to provide financial support to the company to the extent necessary for the foreseeable future

Significant accounting judgements, estimates and assumptions
In order to prepare these financial statements in accordance with the below accounting policies, management has used estimates and judgements to establish the amounts at which certain items are recorded Critical accounting estimates and judgements are those which have the greatest impact on the financial statements and require the most difficult, subjective and complex judgements about matters that are inherently uncertain and are set out below

a) Leases
Assets held under finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at inception of the lease, with a corresponding liability being recognised for the value of the leased asset or, if lower, the present value of the minimum lease payments Assets held under finance leases are depreciated over the shorter of the estimated useful economic life or the lease term

All other leases are considered to be operating leases The land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification, with the lease of land normally classified as an operating lease Operating leases and rentals payable are charged in the income statement on a straight-line basis over the lease term Where property lease contracts contain guaranteed minimum incremental rental payments, the total committed cost is determined and is calculated and amortised on a straight-line basis over the lease term The charge for rentals currently payable is the actual amount payable, in the period, by the company for its operating leases The charge for future minimum rental increases reflects the impact of recognising future fixed committed rental increases on a straight-line basis over the lease term

Consolidated accounts
The financial statements contain information about SChoice Europe Limited as an individual company and do not contain consolidated financial information as the parent of a group The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Southern Cross Healthcare Group PLC, a company registered in England and Wales

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business Revenue is shown net of value added tax, returns and discounts The company recognises revenue when goods are delivered in accordance with the terms and conditions of the sale

Investments in subsidiary undertakings
Investments in subsidiary undertakings are stated at cost less provision for impairment A provision is made for permanent diminution in value

Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses Cost includes the original purchase price of the asset and costs attributable to bringing the asset to its working condition for its intended use

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset on a straight line basis over its estimated useful life as follows

Short leasehold property – over life of lease
Motor vehicles – 25% per annum
Fixtures and fittings – 14% per annum
Computer equipment – 33 1/3% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Employee benefit costs
Staff costs comprise salaries, wages and pensions for the company's staff The company operates defined contribution pension plans, which are plans under which the company pays fixed contributions into a separate entity The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods Contributions are recognised as employee benefit expenses as they fall due

Inventories
Inventories are stated at the lower of cost and net realisable value Cost is determined using the first-in first-out (FIFO) method Where necessary, impairment is made for obsolete, slow moving and defective stocks

Taxation including deferred tax
The tax expense represents the sum of the current tax and deferred tax

The current tax is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The company's liability for current tax is calculated using tax rates that have been in force during the period

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised Deferred tax is calculated at the average tax rates that are expected to apply in the period when the liability is settled or the asset is realised

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves

Cash and cash equivalents
Cash and cash equivalents includes cash and balances in accounts at no or short notice

Finance costs
Finance costs include interest charges arising on amounts owed to group undertakings and are accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable

Finance income
Finance income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable

Trade receivables
Trade receivables defined in accordance with IAS 39 are recorded initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment for any doubtful amounts A provision for impairment of trade receivables is established when there is evidence that the company will not be able to collect all amounts due according to the original terms of the receivables The amount of the provision is the difference between the assets' carrying amount and the present value of future cash flows discounted at the effective interest rate The movement in the provision is recognised in the income statement

Any other receivables are recognised at their original amount less an allowance for any doubtful amounts An allowance is made when collection of the full amount is no longer considered probable

Other current assets
Other current assets primarily comprise prepayments and accrued income, which are measured at the best estimate of the income required to settle the obligation

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

Other payables
Other payables primarily comprise amounts owed to group undertakings, which are measured at the best estimate of the expenditure required to settle the obligation

Share capital
Ordinary shares are classified as equity Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

Fair value estimation
The carrying value less impairment provision of trade receivables and other current assets and trade and other payables are assumed to approximate their fair values

Financial risk management

The company's activities expose it to a variety of financial risks market risk (including cash flow interest rate risk), and credit risk Risk management is carried out by the Southern Cross Healthcare Group PLC Risk Management Committee under policies approved by the board of directors

Cash flow interest rate risk

The company's interest rate risk arises from intercompany borrowings and therefore the risk is considered minimal

Credit risk

Credit risk is managed on a group basis Credit risk arises from cash and deposits with banks and financial institutions, as well as outstanding receivables For banks and financial institutions, only institutions with a short term credit rating, as determined by Moody's, of P-1 are accepted

Notes to the financial statements for the year ended 27 September 2009

1 Earnings before interest, taxation and loss on sale of trade and assets

	2009 £'000	2008 £'000
The following items have been included in arriving at earnings before interest, taxation and loss on sale of trade and assets		
Cost of inventories recognised as an expense	9,782	11,992
Staff costs (note 4)	898	1,102
Depreciation of property, plant and equipment – owned assets	32	41
Depreciation of property, plant and equipment – finance leased assets	11	12
Loss on disposal of property, plant and equipment	-	4
Operating lease payments	262	239

Audit fees in the current and prior year have been borne by another group company, Southern Cross Healthcare Limited

2 Loss on sale of trade and assets

On 3 September 2009 the company sold its trade and certain assets to Medline Europe Limited, receiving cash proceeds under the disposal transaction amounting to £3,739,000 Assets sold comprised property, plant and equipment (£40,000), inventory (£1,085,000) and trade receivables (£1,709,000) The disposal of the property, plant and equipment under this transaction resulted in a profit of £14,000

As a direct consequence of the transaction provisions amounting to £1,508,000 have been charged in the year, as set out under note 13 In addition, a charge of £106,000 has been made to write down retained property, plant and equipment to its recoverable amount Direct transaction costs of £49,000 were incurred, resulting in an aggregate loss on sale of trade and assets of £758,000

3 Net finance income/(costs)

	2009 £'000	2008 £'000
Interest payable on amounts due to group undertakings	-	(52)
Interest payable on finance leases	(2)	(2)
Finance costs	(2)	(54)
Bank interest	6	11
Finance income	6	11
Net finance income/(costs)	4	(43)

4 Staff costs - employees and directors

The aggregate costs of staff were

	2009 £'000	2008 £'000
Wages and salaries	**806**	990
Social security costs	**77**	90
Pension costs	**15**	22
	898	1,102

The average monthly number of staff employed by the company during the year was as follows

By activity	2009 Number	2008 Number
Sales and distribution	**37**	44
Administrative staff	**9**	9
Total staff	**46**	53

Directors' emoluments for all but one of the company's directors are paid by Southern Cross Healthcare Limited, a fellow group company The director's remuneration paid by the company comprises,

	2009 £'000	2008 £'000
Aggregate emoluments	**115**	91

The company paid contributions amounting to £5,000 (2008 £6,000) to a money purchase pension scheme on behalf of the director above Key management personnel are represented by the Board of Directors and therefore no additional compensation information is provided

5 Taxation

	2009 £'000	2008 £'000
Current tax		
– current year	(363)	-
– prior year	(262)	-
Deferred tax (note 15)		
– current year	155	-
– prior year	25	(47)
Taxation	(445)	(47)

The current tax rate applicable to the company for the year ended 27 September 2009 was 28% (2008 29%)

The tax for the current and prior year differs to the standard rate of corporation tax in the UK 28% (2008 29%) The differences are explained below

	2009 £'000	2008 £'000
Loss before taxation	(635)	(917)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2008 29%)	(178)	(266)
Effects of		
Deferred tax asset recognised	-	(22)
Losses not provided	-	262
Other short term timing differences	(64)	-
Depreciation in excess of capital allowances	-	(25)
Rate difference	-	3
Adjustments to tax charge in respect of previous years	(237)	-
Expenses not deductible for tax purposes	34	1
Tax credit for the year	(445)	(47)

A deferred tax asset of £790,000 (2008 £1,043,000) in relation to losses of £2,822,000 (2008 £3,724,000) has not been recognised due to uncertainty of future taxable profits

6 Property, plant and equipment

	Short leasehold property £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 October 2007	191	252	29	472
Additions	9	26	43	78
Disposals	(10)	(8)	-	(18)
At 30 September 2008	190	270	72	532
Additions	-	-	5	5
Disposals	-	(177)	(77)	(254)
At 27 September 2009	**190**	**93**	-	**283**
Accumulated depreciation				
At 1 October 2007	75	232	2	309
Charge for the year	12	21	20	53
Disposals	(5)	(9)	-	(14)
At 30 September 2008	82	244	22	348
Charge for the year	12	12	19	43
Write down to recoverable amount	96	10	-	106
Disposals	-	(173)	(41)	(214)
At 27 September 2009	**190**	**93**	-	**283**
Net book amount				
At 27 September 2009	-	-	-	-
At 30 September 2008	108	26	50	184

The net book amount of fixtures, fittings and equipment includes an amount of £nil (2008 £5,000) in respect of an asset held under a finance lease Similarly, included in motor vehicles is an amount of £nil (2008 £16,000) in respect of assets held under finance leases

7 Investments in subsidiary undertakings

	£'000
Shares in subsidiary undertakings	
Net book amount at 1 October 2007, 30 September 2008 and 27 September 2009	-

The company directly owns 100% of the ordinary share capital of the subsidiary undertakings listed below (all of which are registered in England and Wales)

SChoice UK Limited (formerly Sunchoice UK Limited)
PF Young Limited
SChoice Services Limited (formerly Sunchoice Services Limited)
SChoice Trading Limited (formerly Sunchoice Trading Limited)

All the above companies were dormant throughout the current and prior year

8 Cash and cash equivalents

	2009	2008
	£'000	£'000
Cash at bank and in hand	**2,574**	168

All cash balances are held by NatWest Bank, whose current credit rating, as determined by Moody's, is P-1

9 Trade receivables and other current assets

	2009	2008
	£'000	£'000
Trade receivables	-	1,551
Less provision for impairment of receivables	-	(50)
Trade receivables – net	-	1,501
Other receivables	-	38
Prepayments and accrued income	**202**	843
Other current assets	**202**	881

Included within trade receivables and other current assets are amounts due from Southern Cross Healthcare Limited, a fellow Group undertaking, amounting to £48,000 (2008 £1,480,000)

The fair value of trade receivables and other current assets is equal to the amounts shown above The ageing analysis of trade receivables and the associated provision for impairment is shown below

	2009	**2009**	2008	2008
	Gross value	**Provision for impairment**	Gross value	Provision for impairment
	£'000	**£'000**	£'000	£'000
Not yet due	-	-	1,294	-
Past due 0-30 days	-	-	93	-
Past due 31-60 days	-	-	16	-
Past due more than 61 days	-	-	148	(50)
	-	-	1,551	(50)

The provision for impairment of trade receivables is calculated on an individual account by account assessment based on past and current credit history

Movements on the provision for impairment of trade receivables are as follows

	2009	2008
	£'000	£'000
Opening provision	**50**	-
Utilised	**(40)**	-
Provision for receivables impairment	**9**	50
Transferred to provisions (note 13)	**(19)**	-
Closing provision	-	50

The other classes within trade receivables and other current assets do not contain impaired assets The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above

10 Inventories

	2009	2008
	£'000	£'000
Consumables	-	1,318

The replacement cost of inventory does not differ materially from the costs stated above An amount of £241,000 has been charged in respect of inventory write downs (2008 £52,000)

11 Trade and other payables

	2009 £'000	2008 £'000
Trade payables	**393**	2,554
Amounts owed to group undertakings	**1,232**	1,225
Other payables	**275**	546
	1,900	4,325

Trade and other payables are not subject to interest

12 Obligations under finance leases

	2009 £'000	2008 £'000
Amounts payable under finance leases,		
Within one year	-	13
In the second to fifth years inclusive	-	14
	-	27
Less future finance charges	-	(4)
Present value of lease obligations	-	23
Less amounts due within 12 months (shown under current liabilities)	-	(11)
Amount due after 12 months	-	12

13 Provisions

	£'000
Transferred from current assets	**37**
Charged in the period	**1,508**
At 27 September 2009	**1,545**

Following the sale of trade and assets provision has been made for certain exposures that arise principally in relation to vacant property lease commitments The longest lease expiry is November 2015 Due to uncertainty, no recognition has been made of income that might arise under a future sub-letting of the premises Amounts transferred comprise inventory (£18,000) and receivable (£19,000) provisions

14 Financial instruments

Numerical financial instruments disclosures are set out below

In accordance with IAS 39, "Financial Instruments Recognition and Measurement", management has reviewed contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard No such embedded derivatives were found

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below

	2009	2008
	Loans and receivables	Loans and receivables
	£'000	£'000
Assets as per balance sheet		
Cash and cash equivalents	**2,574**	168
Trade receivables	-	1,501
Other current assets	-	38
	2,574	1,707

	2009	2008
	Other financial liabilities	Other financial liabilities
	£'000	£'000
Liabilities as per balance sheet		
Trade and other payables	**1,625**	3,779

The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values

Financial assets and liabilities are denominated in sterling

15 Deferred taxation

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2008 28%)

The movement on the deferred tax account is as shown below

	2009	2008
	£'000	£'000
Opening balance - asset	**54**	7
Income and expense (charge)/credit	**(180)**	47
Closing balance - liability	**(126)**	54

The movements in deferred tax assets and liabilities during the year are shown below

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net

Deferred tax	Accelerated capital allowances	Other timing differences	Total
	£'000	£'000	£'000
At 1 October 2008	54	-	54
Income and expense charge	(54)	(126)	(180)
At 27 September 2009	-	(126)	**(126)**

16 Ordinary shares

	2009	2008
	£'000	£'000
Authorised share capital		
5,000,000 ordinary shares of £1 each	**5,000**	5,000
Allotted and fully paid		
3,742,000 ordinary shares of £1 each	**3,742**	3,742

17 Cash flows from operating activities and sale of trade and assets

Reconciliation of operating loss to net cash flow from operating activities and sale of trade and assets

	2009 £'000	2008 £'000
Earnings before interest, taxation and loss on sale of trade and assets	119	(874)
Loss on sale of trade and assets	(758)	-
Operating loss	(639)	(874)
Adjustments for		
(Profit)/loss on disposal of property, plant and equipment	(14)	4
Depreciation	43	53
Write down of property, plant and equipment to realisable amount	106	-
Changes in working capital		
Decrease/(increase) in inventories	1,318	(172)
Decrease in trade receivables and other current assets	2,180	760
(Decrease)/increase in trade and other payables	(2,163)	427
Increase in provisions	1,545	-
Cash generated from operations and sale of trade and assets	2,376	198

Total cash received as consideration for the disposal of trade and assets is described in note 2, together with the components of working capital sold, which are included within the changes in working capital set out above

18 Financial commitments

At 27 September 2009 and 30 September 2008 the company had total commitments under non-cancellable operating leases as follows

	2009 £'000	2008 £'000
Due within one year	190	259
Due between one to five years	645	692
Due beyond five years	178	338
	1,013	1,289

All the above leases are based on fixed price commitments over the primary term of the lease

19 Contingent liabilities

There were no contingent liabilities at 27 September 2009 or 30 September 2008

20 Related party transactions

The majority of the transactions in the current and prior year were funded through the bank account held in Southern Cross Healthcare Limited which is central to the group's treasury activities The main transactions with group companies are disclosed below

Year ended 27 September 2009

	Working capital movement decrease	**Interest paid**	**Amounts owed to**
	£'000	**£'000**	**£'000**
Fellow subsidiary undertakings	**(1,439)**	**-**	**(1,184)**

Year ended 30 September 2008

	Working capital movement decrease	Interest paid	Amounts owed by
	£'000	£'000	£'000
Fellow subsidiary undertakings	(1,397)	(52)	255

The key management of the company are deemed to be the Board of Directors who have authority and responsibility for planning and controlling all significant activities of the company

21 Ultimate parent company

The immediate parent company is SChoice Group Limited, a company registered in England and Wales

The ultimate parent undertaking and controlling party is Southern Cross Healthcare Group PLC, which is the parent undertaking of the smallest and largest group to consolidate these financial statements Copies of Southern Cross Healthcare Group PLC's consolidated financial statements can be obtained from its registered office, Southgate House, Archer Street, Darlington, County Durham, DL3 6AH

22 Registered office and domicile

The company's registered office is Southgate House, Archer Street, Darlington, County Durham, DL3 6AH and the company is registered in England and Wales