

APTA Healthcare (UK) Limited
Report and Financial Statements
for the 16 month period ended 1 October 2006

Registered Number 3088888



APTA Healthcare (UK) Limited
Report and Financial Statements
for the 16 month period ended 1 October 2006
Contents

Directors' report for the 16 month period ended 1 October 2006	1
Independent auditors' report to the members of APTA Healthcare (UK) Limited	4
Profit and loss account for the 16 month period ended 1 October 2006	6
Balance sheet at 1 October 2006	7
Statement of accounting policies	8
Notes to the financial statements for the 16 month period ended 1 October 2006	10

APTA Healthcare (UK) Limited

Directors' report for the 16 month period ended 1 October 2006

The directors present their report and the audited financial statements of the company for the 16 month period ended 1 October 2006

Principal activity

The principal activity of the company is the operating of quality nursing homes in the United Kingdom. The results for the period are as set out on page 6. There has been no significant change in the activities of the company during the period.

Review of the business

On 31 October 2005 the company was acquired by a subsidiary of Southern Cross Healthcare Group PLC. There was a retained profit for the financial period amounting to £1,685,000 (year ended 31 May 2005 £888,000). The directors do not recommend the payment of a dividend (year ended 31 May 2005 £Nil).

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Southern Cross Healthcare Group PLC, which include those of the company, are discussed 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.

Directors and their interests

The directors of the company who served during the period were

J P Flaherty	(resigned 4 November 2005)
M D Gosling	(resigned 4 November 2005)
C M Jap	(resigned 4 November 2005)
J Storey	(resigned 4 November 2005)
C Rutter	(appointed 4 November 2005, resigned 25 May 2006)
P Scott	(appointed 4 November 2005)
G Sizer	(appointed 4 November 2005)
K Foulkes	(appointed 9 December 2005, resigned 12 June 2006)
J Malham	(appointed 9 December 2005, resigned 12 June 2006)
P McKeever	(appointed 9 December 2005, resigned 12 June 2006)
J Murphy	(appointed 28 June 2006)

None of the directors have any interest in the share capital of the company. The interest of the directors in the share capital of the company's ultimate UK parent company, Southern Cross Healthcare Group PLC, are shown in the directors' report of that company.

APTA Healthcare (UK) Limited

Directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records, which 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities

Employee involvement

The future success of the company is dependent on the skill and commitment of its staff, both full time and part time and it is the policy of the company to develop and maintain employee awareness and involvement in its activities through regular management visits and dissemination of relevant information. Particular importance is attached to career development and staff training is available to those who wish to participate through in-house and nationally recognised training courses. It is also company policy to consider fully applications from disabled persons, and to employ, such persons, where practicable. In the event of employees becoming disabled every effort is made to retain them in order that their employment may continue

Auditors and disclosure of information to auditors

Each director, as at the date of this report has confirmed that in so far as they are aware there is no relevant audit information (this is information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all 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 auditors are aware of that information

APTA Healthcare (UK) Limited

Independent auditors

The auditors, Grant Thornton UK LLP, resigned their position during the period PricewaterhouseCoopers LLP were appointed as independent auditors to fill a casual vacancy in accordance with Section 388(1) of the Companies Act 1985. They have indicated their willingness to continue in office, and a resolution concerning their reappointment and authorising the directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board



W McLeish
Secretary

23 March 2007

APTA Healthcare (UK) Limited

Independent auditors' report to the members of APTA Healthcare (UK) Limited

We have audited the financial statements of APTA Healthcare (UK) Limited for the 16 month period ended 1 October 2006 which comprise the profit and loss account, the balance sheet, the accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material 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.

APTA Healthcare (UK) Limited

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 1 October 2006 and of its profit for the 16 month period 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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

23 March 2007

APTA Healthcare (UK) Limited

Profit and loss account for the 16 month period ended 1 October 2006

	Note	16 month period ended 1 October 2006	Year ended 31 May 2005 £'000
Turnover		22,955	15,075
Cost of sales		(14,122)	(10,415)
Gross profit		8,833	4,660
Administrative expenses		(6,431)	(3,778)
Operating profit		2,402	882
Interest receivable	2	177	6
Profit on ordinary activities before taxation	1	2,579	888
Tax on profit on ordinary activities	4	(894)	-
Retained profit for the financial period	10	1,685	888

All amounts relate to continuing operations and to the principal activity of the company in the United Kingdom

There were no recognised gains or losses other than the profit for the financial period/year and therefore no separate statement of total recognised gains and losses has been presented


There is no material difference between the profit on ordinary activities before taxation and the retained profit for the financial period and their historical cost equivalents

APTA Healthcare (UK) Limited

Balance sheet at 1 October 2006

	Note	1 October 2006 £'000	31 May 2005 £'000
Fixed assets			
Tangible assets	5	2,320	1,991
Current assets			
Stocks - consumables		15	6
Debtors	6	3,855	1,620
Cash at bank and in hand		12	10
		3,882	1,636
Creditors: amounts falling due within one year	7	(738)	(3)
Net current assets		3,144	1,633
Total assets less current liabilities		5,464	3,624
Provisions for liabilities and charges	8	(155)	-
Net assets		5,309	3,624
Capital and reserves			
Called up equity share capital	9	-	-
Profit and loss account	10	5,309	3,624
Equity shareholders' funds	11	5,309	3,624

The financial statements on pages 6 to 14 were approved by the board of directors on 23 March 2007 and signed on their behalf by


G Sizer
Director

APTA Healthcare (UK) Limited

Statement of accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied consistently.

Turnover

Turnover represents the amounts of goods and services provided during the period, net of value added tax. Turnover is recognised when the service is provided in full.

Tangible fixed assets

Tangible fixed assets are initially recorded at purchase price plus any incidental costs of purchase. Freehold and long leasehold land and buildings are carried in the financial statements at cost or professional valuation. Valuations are carried out at regular intervals. Assets in the course of construction are carried in the financial statements at cost.

Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated economic lives as follows:

Freehold land and assets in the course of construction are not depreciated.

Freehold buildings	2% per annum
Leasehold property	over life of lease
Fixtures and fittings and motor vehicles	10% - 33⅓% per annum
Computer equipment	33⅓% per annum

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less tax in the future have occurred at the balance sheet date. 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.

Leases

The costs of all operating leases are charged to operating profit on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution scheme, providing benefits for employees additional to those from the State. New entrants are only eligible to join the Southern Cross Healthcare scheme. This is a money purchase scheme to which the Company does not contribute.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete and slow moving items.

APTA Healthcare (UK) Limited

Cashflow statement and related party disclosure

The company is a wholly owned subsidiary of Ashbourne Limited and is included in the consolidated financial statements of Southern Cross Healthcare Group PLC which are publicly available. Consequently, the company has taken advantage of the exemption of preparing a cashflow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Southern Cross Healthcare Group PLC group or investees of the Southern Cross Healthcare Group PLC.

APTA Healthcare (UK) Limited

Notes to the financial statements for the 16 month period ended 1 October 2006

1 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after

	16 month period ended 1 October 2006 £'000	Year ended 31 May 2005 £'000
Depreciation – tangible owned fixed assets	345	192
Other operating lease rentals – land and buildings	4,117	3,016

The auditors' remuneration (for audit and non-audit services), is borne by another group company

2 Interest receivable

	16 month period ended 1 October 2006 £'000	Year ended 31 May 2005 £'000
Interest receivable and similar income	26	6
Interest receivable from other group companies	151	-
	177	6

APTA Healthcare (UK) Limited

3 Directors and employees

Staff costs during the period were as follows

	16 month period ended 1 October 2006 £'000	Year ended 31 May 2005 £'000
Wages and salaries	11,667	6,970
Social security costs	956	536
	12,623	7,506

The average number of employees, including directors and part time staff was 552 (2005 509)

No directors received remuneration from the company in either period

4 Tax on profit on ordinary activities

	16 month period ended 1 October 2006 £'000	Year ended 31 May 2005 £'000
Profit on ordinary activities before tax	2,579	888
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2005 30%)	773	267
Depreciation on non-qualifying assets	19	10
Expenses not deductible for tax purposes	(1)	-
Adjustments in respect of prior periods	103	-
Capital allowances in excess of depreciation	-	(43)
Group relief – ultimate parent undertaking	-	(234)
Current tax charge for the period	894	-

APTA Healthcare (UK) Limited

5 Tangible fixed assets

	Freehold and Leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 June 2005	1,007	2,210	3,217
Additions	187	487	674
At 1 October 2006	1,194	2,697	3,891
Depreciation			
At 1 June 2005	496	730	1,226
Charge in the period	57	288	345
At 1 October 2006	553	1,018	1,571
Net book value			
At 1 October 2006	641	1,679	2,320
At 31 May 2005	511	1,481	1,992

6 Debtors

	1 October 2006 £'000	31 May 2005 £'000
Trade debtors	658	337
Other debtors and prepayments	18	398
Amounts due from other group undertakings	3,179	885
	3,855	1,620

7 Creditors: amounts falling due within one year

	1 October 2006 £'000	31 May 2005 £'000
Corporation tax	738	-
Amounts owed to group undertakings	-	3
	738	3

APTA Healthcare (UK) Limited

8 Provisions for liabilities and charges

	Deferred tax £'000
Deferred tax liability at 1 June 2005	-
Charge for the period	155
Deferred tax liability at 1 October 2006	155

Deferred tax liability as at 1 October 2006 relates entirely to accelerated capital allowances

9 Share capital

	1 October 2006 £	31 May 2005 £
Authorised share capital		
1,000 ordinary share of £1 each	1,000	1,000
Allotted, issued and fully paid		
2 ordinary share of £1 each	2	2

10 Reserves

	Profit and loss account £'000
At 1 June 2005	3,624
Retained profit for the financial period	1,685
At 1 October 2006	5,309

APTA Healthcare (UK) Limited

11 Reconciliation of movement in equity shareholders' funds

	16 month period ended 1 October 2006 £'000	Year ended 31 May 2005 £'000
Retained profit for the financial period	1,685	888
Opening equity shareholders' funds	3,624	2,736
Closing equity shareholders' funds	5,309	3,624

12 Leasing commitments

Operating lease payments amounting to £3,091,400 (2005 £3,016,000) are due within one year. The leases to which these amounts relate expire as follows:

	2006 Land and buildings £'000	2005 Land and buildings £'000
In five years or more	3,091	3,016

13 Ultimate parent undertaking

The immediate parent undertaking is Ashbourne Limited, a company registered in England and Wales.

On 31 October 2005 Southern Cross Bidco Limited acquired the entire share capital of Cannon Capital Ventures Limited and as a result Southern Cross Healthcare Group PLC became the ultimate parent undertaking. Southern Cross Healthcare Group PLC is the smallest and largest group to consolidate these financial statements, and copies of these can be obtained from its registered office:

Southgate House, Archer Street, Darlington, Co Durham, DL3 6AH