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Southern Cross Healthcare Facilities Limited
Report and Financial Statements
for the year ended 29 March 2003

Registered Number 3225331



Southern Cross Healthcare Facilities Limited
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for the year ended 29 March 2003
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Southern Cross Healthcare Facilities Limited

Directors' report for the year ended 29 March 2003

The directors have pleasure in submitting their report together with the financial statements of the company for the period ended 29 March 2003.

Results and dividends

The profit and loss account is set out on page 4.

The directors do not recommend the payment of a dividend (2002: £Nil).

Principal activity

The principal activity of the company is the operation of care homes. The company did not trade in the period.

Directors and their interests

The directors of the company during the period were:

A Thorne (resigned 15 August 2002)
J Moreton (resigned 15 August 2002)
L Mark (resigned 15 August 2002)
K Arthur (resigned 15 August 2002)
P Scott
C Rutter
G Sizer (appointed 2 December 2002)

None of the directors had any interest in the share capital of the company.

The interests of the directors in the issued share capital of the ultimate parent company, Southern Cross Healthcare Holdings Limited are shown in the financial statements of that company.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year 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 year. 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
- 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Southern Cross Healthcare Facilities Limited

Auditors

During the year BDO Stoy Hayward resigned as auditors of the company and PricewaterhouseCoopers LLP were appointed as auditors of the company. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



C Rutter
Secretary

7 November 2003

Southern Cross Healthcare Facilities Limited

Independent auditors' report to the members of Southern Cross Healthcare Facilities Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the accounting policies and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 in to 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 also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the company's affairs at 29 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

7 November 2003

Southern Cross Healthcare Facilities Limited

Profit and loss account for the period ended 29 March 2003

	Note	2003 £	2002 £
Interest receivable		3,711	-
Profit on ordinary activities before taxation		3,711	-
Taxation	2	157,881	-
Retained profit	5	161,592	-

All amounts relate to continuing activities.

There are no other recognised gains and losses in the period other than the profit for the period.

There is no material difference between the profit on ordinary activities before taxation and the retained profit reported above and their historical cost equivalents.

Southern Cross Healthcare Facilities Limited

Balance sheet as at 29 March 2003

	Note	2003 £	2002 £
Current assets			
Debtors	3	627,315	465,723
Net current assets		627,315	465,723
Capital and reserves			
Called up share capital	4	2	2
Profit and loss account	5	627,313	465,721
Equity shareholders' funds	6	627,315	465,723

The financial statements on pages 4 to 9 were approved by the board of directors on 7 November 2003 and signed on their behalf by:



G Sizer
Director

Southern Cross Healthcare Facilities Limited

Accounting policies

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:

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 only to the extent that they are considered recoverable in the future.

Cash flow statement and related party disclosure

The company is a wholly owned subsidiary of Southern Cross Healthcare Limited and is included in the consolidated financial statements of Southern Cross Healthcare Holdings Limited 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 Holdings Limited group or investees of the Southern Cross Healthcare Holdings Limited.

Southern Cross Healthcare Facilities Limited

Notes to the financial statements for the year ended 29 March 2003

1 Directors

The directors received no emoluments during the period (2002 - £Nil).

2 Taxation on loss on ordinary activities

(a) Analysis of tax charge in the year

	2003	2002
	£	£
Current tax:		
UK corporation tax	-	-
Adjustments in respect of previous periods	(157,881)	-
	(157,881)	-

(b) Factors affecting the tax charge for the year

	2003	2002
	£	£
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2002: 30%)	1,113	-
Effects of:		
Expenses net deductible for tax purposes	(1,113)	-
Adjustments in respect of previous periods	(157,881)	-
	(157,881)	-

(c) Factors that may affect future charges

There are no factors which are expected to materially affect future tax charges.

Southern Cross Healthcare Facilities Limited

3 Debtors

	2003 £	2002 £
Amounts due from group undertakings	627,315	465,723

4 Equity share capital

	Authorised		Allotted, called up and fully paid	
	2003 £	2002 £	2003 £	2002 £
Ordinary shares of £1 each	100	100	2	2

5 Profit and loss account

	2003 £
Balance at 30 March 2002	465,721
Profit for the year	161,592
Balance at 29 March 2003	627,313

6 Reconciliation of movement in equity shareholders' funds

	2003 £	2002 £
Profit for the financial period	161,592	-
Opening equity shareholders' funds	465,723	465,723
Closing equity shareholders' funds	627,315	465,723

Southern Cross Healthcare Facilities Limited

7 Contingent liabilities

The company has provided bank guarantees to assist the trading of other group companies. Liabilities covered by the guarantee are disclosed in the financial statements of the ultimate parent undertaking.

8 Ultimate parent company

The immediate parent company is Southern Cross Healthcare Limited, a company registered in England and Wales.

The ultimate parent company and controlling party is Southern Cross Healthcare Holdings Limited, a company registered in England and Wales and which prepares consolidated financial statements. Copies of Southern Cross Healthcare Holdings Limited's consolidated financial statements can be obtained from its registered office:

Unit 2G, Enterprise House, Valley Street North, Darlington, Co Durham DL1 1GY.