

**SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR TO 31st MARCH 2002**



(Registered number 03502452)

# **SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED**

## **DIRECTORS' REPORT**

**Year to 31st March 2002**

The Directors submit their report and the audited financial statements of the Company and Group for the year to 31st March 2002.

### **Principal Activity and Business Review**

The Company is a holding company with a single subsidiary, South Manchester Healthcare Limited (SMHL).

SMHL is engaged in a 35-year contract with South Manchester University Hospitals NHS Trust for the design and construction of a Mental Health Care Facility and an Acute Care Facility, and in the provision of certain non-clinical support services at Wythenshawe and Withington Hospitals under the UK Government's Private Finance Initiative.

The profit in the year under review as set out in the consolidated profit and loss account on page 5 relates to the activities undertaken in respect of this project.

### **Dividends and transfers to reserves**

No dividend is proposed. The amount transferred to reserves is set out in the consolidated profit and loss account on page 5.

### **Directors**

The following Directors served during the period under review:

D.Clements (resigned 11th May 2002)

N.Crowther (appointed 11th May 2002)

D.Metter (resigned 9th May 2002)

M.Fernandes (appointed 9th May 2002)

S.Kibblewhite

P.Aitchison

### **Directors' interests in shares**

The Directors have no interest in the share capital of the Company according to the Register maintained by the Company under Section 325 of the Companies Act 1985.

# **SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED**

## **DIRECTORS' REPORT**

**Year to 31st March 2002**

### **Auditors**

The Auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution to re-appoint PricewaterhouseCoopers will be proposed at the next Annual General Meeting.

### **Statement of Directors' responsibilities**

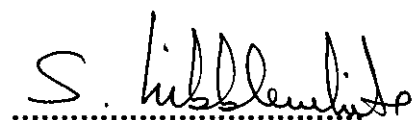
Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those financial statements, the Directors are required to: -

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

S. Kibblewhite - Director



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31st July 2002

# **Independent auditors' report to the members of South Manchester Healthcare (Holdings) Limited**

We have audited the financial statements on pages 5 to 17 which have been prepared under the accounting policies set out on page 9.

## **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.

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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

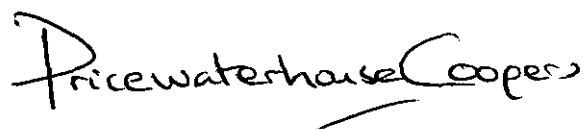
## **Basis of audit opinion**

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 affairs of the Company and the Group as at 31 March 2002 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**

Chartered Accountants and Registered Auditors  
Manchester

31 July 2002

**SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**Year to 31st March 2002**

	Notes	2002 £'000	2001 £'000 (restated)
Turnover		14,747	12,738
Cost of sales		(12,257)	(12,078)
Gross profit		<u>2,490</u>	<u>660</u>
Administrative expenses		(751)	(697)
Operating profit / (loss)	2	1,739	(37)
Interest payable and similar charges	3	(5,860)	(5,354)
Interest receivable and similar income	3	4,704	50
Profit / (loss) on ordinary activities before tax		<u>583</u>	<u>(5,341)</u>
Tax (charge) / credit on profit / (loss) on ordinary activities	4	(167)	1,608
Profit / (loss) on ordinary activities after taxation		<u>416</u>	<u>(3,733)</u>

The profit for the year under review relates solely to continuing activities in a single class of business within the United Kingdom.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2002 £'000	2001 £'000 (restated)
Profit / (loss) for the year	<u>416</u>	<u>(3,733)</u>
Total recognised profit / (loss) for the year	416	(3,733)
Prior year adjustment on implementation of FRS 19	1	4,364
Total recognised gains since last annual report and accounts	<u>4,780</u>	

**CONSOLIDATED STATEMENT OF RESERVES**

	2002 £'000	2001 £'000
Accumulated loss brought forward – as previously stated	(10,306)	(4,965)
Prior year adjustment on implementation of FRS 19	4,364	2,756
Restated accumulated loss brought forward	(5,942)	(2,209)
Profit / (loss) for the year	416	(3,733)
Accumulated loss as at 31st March 2002	<u>(5,526)</u>	<u>(5,942)</u>

The notes on pages 9 to 17 form part of the financial statements.

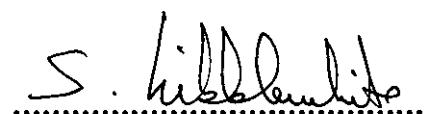
# SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED

## CONSOLIDATED BALANCE SHEET

31st March 2002

	Notes	2002 £'000	2001 £'000 (restated)
<b>Current Assets:</b>			
<b>Debtors:</b>	6		
-falling due within one year		40	407
-falling due after more than one year		76,004	73,925
Cash at bank and in hand		2,957	35
<b>Total Current Assets</b>		<u>79,001</u>	<u>74,367</u>
 <b>Creditors: Amounts falling due within one year</b>	7	 (2,360)	 (8,454)
<b>Net Current Assets</b>		<u>76,641</u>	<u>65,913</u>
 <b>Creditors: Amounts falling due after more than one year</b>	8	 (82,166)	 (71,854)
<b>Net Liabilities</b>		<u>(5,525)</u>	<u>(5,941)</u>
 <b>Capital and Reserves:</b>			
Share capital	10	1	1
Profit and loss account		(5,526)	(5,942)
<b>Total Equity Shareholders' Funds</b>	11	<u>(5,525)</u>	<u>(5,941)</u>

S. Kibblewhite – Director

  
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Approved by the Board on 31st July 2002

The notes on pages 9 to 17 form part of the financial statements.

# SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

Year to 31st March 2002

	Notes	2002 £'000	2001 £'000
Net cash (outflow) from operating activities	15	(1,190)	(21,550)
Net cash (outflow) from investment and servicing of finance	16	(1,518)	(5,010)
Net cash inflow from financing	17	5,630	26,590
<b>Increase in cash in the year</b>		<u>2,922</u>	<u>30</u>
<b>Reconciliation of net cash flow to movement in net debt:</b>			
Increase in cash in the year		2,922	30
Movement in borrowings		(5,630)	(26,590)
<b>Change in net debt resulting from cash flows:</b>		(2,708)	(26,560)
<b>Non-cash item</b>			
Amortisation of bank loan issue costs		(215)	(294)
<b>Movement in net debt in year</b>		<u>(2,923)</u>	<u>(26,854)</u>
<b>Net debt brought forward</b>		(77,125)	(50,271)
<b>Net debt carried forward</b>		<u>(80,048)</u>	<u>(77,125)</u>

Analysis of net debt:	31st March 2001	Cash Flow	Non-cash items	31st March 2002
	£'000	£'000	£'000	£'000
<b>Cash</b>	35	2,922	-	2,957
<b>Borrowings:</b>				
Term Loan	(70,947)	(5,261)	(170)	(76,378)
Shareholder Credit Facility	(6,213)	6,258	(45)	-
Loan Notes	-	(6,627)	-	(6,627)
<b>Net debt</b>	<u>(77,125)</u>	<u>(2,708)</u>	<u>(215)</u>	<u>(80,048)</u>

The notes on pages 9 to 17 form part of the financial statements.

# SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED

## BALANCE SHEET

31st March 2002

	Notes	2002 £'000	2001 £'000
<b>Fixed Assets:</b>	<b>5</b>		
Investment in subsidiary at cost		1	1
<b>Fixed Assets</b>		<u>1</u>	<u>1</u>
<b>Current Assets:</b>			
Debtors:			
Loan Notes interest – due within one year		840	-
Intercompany Loan Notes – falling due after more than one year	8	6,627	-
<b>Creditors:</b>			
Loan Notes – falling due after more than one year	8	(6,627)	-
Group tax relief payable to subsidiary		(252)	-
<b>Net Assets</b>		<u>589</u>	<u>1</u>
<b>Capital and Reserves:</b>			
Share capital	10	1	1
Profit and loss account		588	-
<b>Total Equity Shareholders' Funds</b>	<b>11</b>	<u>589</u>	<u>1</u>

## STATEMENT OF PROFIT AND LOSS ACCOUNT RESERVES

	2002 £'000	2001 £'000
Profit and loss account brought forward	-	-
Profit for the year	588	-
Profit and loss account as at 31st March 2002	<u>588</u>	<u>-</u>

S. Kibblewhite – Director

.....*S. Kibblewhite*.....

**Approved by the Board on 31st July 2002**

The notes on pages 9 to 17 form part of the financial statements.



# **SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year to 31st March 2002**

### **1) Accounting Policies**

#### **I. Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards. The accounting policies are consistent with those applied last year except in respect of deferred taxation: FRS 19 has been adopted as set out below. The financial statements include the results of the activities described in the Directors' Report, all of which are continuing. The consolidated profit and loss account, balance sheet and cash flows include the financial statements of the company and its subsidiary as at 31st March 2002.

#### **II. Turnover and cost of sales**

Turnover represents amounts invoiced under the Concession Agreement by South Manchester Healthcare Limited in respect of services provided under the contract, excluding VAT. All turnover originates in the United Kingdom. Cost of sales represents amounts invoiced by certain Related Parties in respect of services provided to South Manchester Healthcare Limited, excluding VAT.

#### **III. Taxation**

Corporation tax is provided on taxable profits at the applicable rate. FRS 19: Deferred taxation, which has been adopted this year, requires full provision to be made for deferred tax arising from timing differences between the recognition of gains and losses in the financial statements and their inclusion in tax computations. The prior year's figures have been restated to comply with the standard. The effects of FRS 19 are: -

<b>Years to 31<sup>st</sup> March:</b>	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
1. (Decrease) / increase in profit for the period	(167)	1,608
<b>As at 31<sup>st</sup> March:</b>	<b>2002</b>	<b>2001</b>
2. Increase in net assets	4,197	4,364

#### **IV. Finance receivable**

The costs incurred in respect of bid development, design and construction during the period prior to final occupational availability of the Acute and Mental Health Care Facilities are recovered over the contract period. Accordingly these costs are accumulated within the finance receivable as incurred. Upon construction completion, occupational availability payments from South Manchester University Hospitals NHS Trust are allocated between turnover in relation to the service element of the contract, reimbursement of the finance receivable and finance income on the finance receivable, so as to generate a constant rate of return over the remaining contract period. Interest payable and similar charges and administration costs relating to the day to day running of SMHL are written off as incurred.

#### **V. Loan issue costs**

Arrangement fees and certain costs directly relating to the bank facility have been offset against the loan and are being amortised over the duration of the swap as part of the finance cost, in accordance with FRS 4.

# SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year to 31st March 2002

### 2) Operating profit / (loss)

Operating profit / (loss) is stated after charging:

	Company 2002 £'000	Group 2002 £'000	Company 2001 £'000	Group 2001 £'000
Auditors' remuneration	-	8	-	10

The Auditors also received remuneration for other services to the Group totalling £20,100 (2001-£46,700) during the year under review. The Directors received no salary, fees or other benefits in the performance of their duties. The Company and the Group had no employees throughout the year under review. Management and administrative staffing resources are provided by secondees staff that are employed by certain Related Parties (see Note 13). The employment costs relating to the secondees are recharged to SMHL.

### 3) Interest (payable) / receivable and similar (charges) / income

	Group 2002 £'000	Group 2001 £'000
<b>Interest payable and similar charges comprises:</b>		
Bank loan interest	(5,645)	(5,060)
FRS 4 amortisation of loan issue costs	(215)	(294)
	<u>(5,860)</u>	<u>(5,354)</u>
<b>Interest receivable and similar income comprises:</b>		
Finance income	4,623	-
Interest receivable	81	50
	<u>4,704</u>	<u>50</u>

Bank loan interest of £5,645,000 (2001-£5,060,000) relates to interest charges and commitment fees with respect to the bank borrowings of £5,474,000 (2001-£5,016,000); plus £171,000 (2001- plus £44,000) interest payable as a result of the operation of interest rate swap arrangements. Finance income represents income generated on the finance receivable.

# SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year to 31st March 2002

### 4) Taxation

	Group 2002 £'000	Group 2001 £'000 (restated)
UK Corporation tax at 30% (2001: 30%)	-	-
Deferred taxation (charge) / credit (Note 9)	(167)	1,608
Profit and loss account tax (charge) / credit	<u>(167)</u>	<u>1,608</u>
 Profit / (loss) on ordinary activities before tax	 583	 (5,341)
Tax (charge) / credit at 30%	(175)	1,602
Effects of:		
Expenses disallowable for tax purposes	8	6
Accelerated capital allowances and other timing differences	167	(1,608)
Corporation tax for the year	<u>-</u>	<u>-</u>

### 5) Investments

	2002 £'000	2001 £'000
Company investment in subsidiary undertaking at cost	1	1

The Company holds 100% of the ordinary share capital of South Manchester Healthcare Limited, a company incorporated in England. SMHL is engaged in a 35-year contract with South Manchester University Hospitals NHS Trust for the design and construction of a Mental Health Care Facility and an Acute Care Facility, and in the provision of certain non-clinical support services at Wythenshawe and Withington Hospitals under the UK Government's Private Finance Initiative.

# SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year to 31st March 2002

### 6) Debtors

	Group 2002 £'000	Group 2001 £'000 (restated)
<b>Amounts falling due within one year:</b>		
Tax and social security	-	407
Prepayment	40	-
	<u>40</u>	<u>407</u>
 <b>Amounts falling due after more than one year:</b>		
Finance receivable brought forward	69,561	48,860
Construction related expenditure during the period	1,669	20,701
Finance income recognised	4,623	-
Finance income reimbursed	(4,046)	-
Finance receivable as at 31 <sup>st</sup> March 2002	<u>71,807</u>	<u>69,561</u>
Deferred tax asset (Note 9)	4,197	4,364
	<u>76,004</u>	<u>73,925</u>

### 7) Creditors: Amounts falling due within one year

	Group 2002 £'000	Group 2001 £'000
Bank loans	(839)	(6,213)
Trade creditors	-	(2,099)
Taxation and social security	(397)	-
Construction retentions	(954)	-
Accruals	(170)	(142)
	<u>(2,360)</u>	<u>(8,454)</u>

# SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year to 31st March 2002

### 8) Creditors: Amounts falling due after more than one year

	Group 2002 £'000	Group 2001 £'000
Construction retentions	-	(907)
Loan notes	(6,627)	-
Bank loans	(75,539)	(70,947)
	<u>(82,166)</u>	<u>(71,854)</u>

Construction retentions represent those amounts that will be paid to Alfred McAlpine Construction Limited following the completion of design and construction work and, subject to certain restrictions, will be paid in full by July 2002.

The principal terms and conditions relating to the company's borrowing facilities are summarised below.

	Group 2002 Term Loan £'000	Group 2002 Loan Notes £'000	Group 2001 Term Loan £'000	Group 2001 Shareholder Credit Facility £'000
Repayable within one year	839	-	-	6,258
Repayable between one and two years	1,769	-	839	-
Repayable between two and five years	6,119	-	5,703	-
Repayable after five years	69,575	6,627	66,499	-
Total loans outstanding	<u>78,302</u>	<u>6,627</u>	<u>73,041</u>	<u>6,258</u>
Loan issue costs	(1,924)	-	(2,094)	(45)
Total	<u>76,378</u>	<u>6,627</u>	<u>70,947</u>	<u>6,213</u>

The tenure of the Term Loan is 25 years and it is repayable in 42 semi-annual instalments commencing on 12<sup>th</sup> February 2003. Interest charged on amounts drawn under the facility is based on the floating LIBOR rate. The Term Loan Facility has been syndicated to a consortium of banks. All amounts drawn under the Term Loan Facility are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the Company and the Group and by a floating charge over the Company and Group's undertakings and assets.

As at 31<sup>st</sup> March 2002, £78,302,000 has been drawn under the Term Loan Facility. The total facility is for a maximum of £83,420,000.

# **SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year to 31st March 2002**

### **8) Creditors: Amounts falling due after more than one year (continued)**

#### **Loan Notes**

On 12<sup>th</sup> August 2001, the Related Parties (as detailed in Note 13) subscribed in equal tranches for a total of £6,627,000 South Manchester Healthcare (Holdings) Limited Loan Notes; South Manchester Healthcare (Holdings) Limited subscribed for a total of £6,627,000 Loan Notes in South Manchester Healthcare Limited; South Manchester Healthcare Limited applied the proceeds of the Loan Notes to the repayment of the Shareholder Credit Facility. The Loan Notes are unsecured and bear interest at a floating rate based on LIBOR. The Loan Notes are due for repayment in 2023.

#### **Loan issue costs**

Arrangement fees and certain costs directly relating to the bank facility have been offset against the related loan and are being amortised over the duration of the swap as part of the finance cost, in accordance with FRS 4.

#### **Swap arrangements**

SMHL has entered into interest rate swap agreements under both the Term Loan and Shareholder Credit Facilities. A fixed rate of 5.98% applies to all amounts drawn under the Term Loan, with a fixed rate of 6.56% applying to the Shareholder Credit Facility. The swap agreement in relation to the Term Loan Facility expires on 12<sup>th</sup> August 2013. The swap agreement in relation to the Shareholder Credit Facility expired on 31<sup>st</sup> July 2001. The swap agreements operate by monthly exchanges of payments between SMHL and its banks. The amounts exchanged represent the difference between floating and fixed interest rates calculated on pre-determined notional principal amounts.

### **9) Deferred tax**

	<b>Group 2002</b>	<b>Group 2001 (restated)</b>
	£'000	£'000
Accelerated capital allowances – deferred tax provision	(4,370)	(3,563)
Corporation tax losses - deferred tax asset	8,567	7,927
Deferred tax asset	4,197	4,364
Brought forward	4,364	2,756
Profit and loss account (charge) / credit	(167)	1,608
Deferred tax asset carried forward (Note 6)	4,197	4,364

# **SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year to 31st March 2002**

<b>10) Share Capital</b>	<b>2002</b>		<b>2001</b>	
	Number	£'000	Number	£'000
<b>Authorised:</b>				
Ordinary shares of £1 each	50,000	50	50,000	50
<b>Allotted and issued:</b>				
Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

### **11) Movement in equity shareholders' funds**

The movement in group equity shareholders' funds during the year relates wholly to the retained profit for the year under review and to the implementation of FRS 19:Deferred tax (see Note 1). The group accounts do not include a separate profit and loss account for South Manchester Healthcare (Holdings) Limited as permitted by Section 230 of the Companies Act 1985. Its profit for the year, before and after dividends, is £588,000 (2001: nil) and there is no movement in equity shareholders' funds other than the profit for the year.

### **12) Capital Commitments**

Under the terms of the contract with South Manchester University Hospitals NHS Trust dated 12<sup>th</sup> August 1998 SMHL is committed to payments totalling some £954,000 in respect of retentions relating to design and construction work. SMHL is also committed to payments of some £17 million for lifecycle capital expenditure over the remaining contract term.

### **13) Related Party Disclosures**

The following entities, together with their subsidiary and associated undertakings, are considered to be Related Parties to the Company, as defined in Financial Reporting Standard 8: -

WS Atkins plc

Alfred McAlpine Construction Limited

Sodexo Services Group Limited

Innisfree PFI Fund LP

# **SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year to 31st March 2002**

### **13) Related Party Disclosures (continued)**

#### **Provision of Facilities and Services under the Concession Agreement**

SMHL is engaged in a 35-year contract with South Manchester University Hospitals NHS Trust for the design and construction of a Mental Health Care Facility and an Acute Care Facility, and in the provision of certain non-clinical support services at Wythenshawe and Withington Hospitals. Payments to Related Parties in respect of the above are detailed below.

	<b>Group 2002 £'000</b>	<b>Group 2001 £'000</b>
Alfred McAlpine Construction Limited	2,573	22,255
WS Atkins plc	3,918	3,354
Sodexo Limited	8,820	9,198
Innisfree Limited	16	15

#### **Amounts outstanding to Related Parties at 31st March 2002**

Alfred McAlpine Construction Limited - Construction Retentions	954	3,006
Alfred McAlpine Construction Limited - Loan Notes	1,657	-
WS Atkins plc - Loan Notes	1,657	-
Sodexo Services Group Limited - Loan Notes	1,657	-
Innisfree PFI Fund LP - Loan Notes	1,657	-

All transactions with Related Parties were carried out at arms length.

### **14) Parent Undertakings**

25% of the Company's shares are held by each of the following, all of which are registered in the United Kingdom:

WS Atkins plc

Alfred McAlpine Construction Limited

Sodexo Services Group Limited

Innisfree PFI Fund LP - a UK Limited Partnership



# SOUTH MANCHESTER HEALTHCARE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year to 31st March 2002

### 15) Reconciliation of operating profit / (loss) to net cash (outflow) from operating activities

	Group 2002 £'000	Group 2001 £'000
Operating profit / (loss)	1,739	(37)
(Increase) in debtors	(1,302)	(20,217)
(Decrease) in creditors	(1,627)	(1,296)
<b>Net cash (outflow) from operating activities</b>	<b><u>(1,190)</u></b>	<b><u>(21,550)</u></b>

### 16) Net cash (outflow) from investment and servicing of finance

#### Returns on investment and servicing of finance

Bank interest received	81	50
Finance income received	4,046	-
Bank loan interest paid	(5,645)	(5,060)
<b>Net cash (outflow) from investment and servicing of finance</b>	<b><u>(1,518)</u></b>	<b><u>(5,010)</u></b>

### 17) Net cash inflow from financing

Increase in Shareholder Credit Facility	369	2,076
Increase in Term Loan	5,261	24,514
Repayment of Shareholder Credit Facility	(6,627)	-
Loan Notes issued	6,627	-
<b>Net cash inflow from financing</b>	<b><u>5,630</u></b>	<b><u>26,590</u></b>