

**Prizemagic Limited**  
**Report and financial statements**  
**for the year ended 30 September 2010**

**Registered number 3932197**

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# Prizemagic Limited

## Report and financial statements

for the year ended 30 September 2010

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# **Prizemagic Limited**

## **Directors' report for the year ended 30 September 2010**

The directors present their report and the financial statements of the company for the year ended 30 September 2010. The company's registered number is 3932197.

### **Principal activity**

The principal activity is that of a dormant company.

Following events which have taken place after 30 September 2010 the directors are anticipating that this company will cease to trade and as such have prepared these financial statements on a break-up basis. This basis of preparation is discussed below.

### **Basis of preparation**

As stated above, the directors have prepared these financial statements on a break-up basis. This decision has been made in the context of recent announcements made by the Southern Cross Healthcare Group (hereafter referred to as the "Group"), most notably

- The release of the Q1 2011 interim management statement on 8 February 2011 which showed adjusted EBITDA to have decreased by £9.4m compared to Q1 2010. A further trading update released by the Group on 14 March 2011 stated that the Group had seen a decline in its trading outlook since the issue of the Q1 interim management statement principally due to lower than expected placements and fee levels. The trading update stated that management were addressing these issues through a series of operational and financial restructuring initiatives which would involve the Group's lenders and landlords.
- The release of the Group's interim results for the six-month period ended 31 March 2011 on 19 May 2011 in which a loss before tax of £310.9m was reported. This loss included £267.8m of non-cash accounting charges (goodwill and fixed asset impairments). These impairments and a number of other matters related to the weakness of trading in the Group reflected the existence of material uncertainties which cast significant doubt over the Group's ability to continue as a going concern. At the time of release of these results the Group stated that they had reasonable grounds for believing that key stakeholders would agree on a comprehensive package to restructure Southern Cross' financial affairs.
- A Joint Statement issued by the Group, its lenders and its landlords on 15 June 2011 in which it was stated that the Group and its landlords would work towards a consensual solution to the Group's current financial problems which would be delivered over the coming four months. This process was to be overseen by a Restructuring Committee made up of representatives of a Landlords' Committee and the Group.
- A Restructuring Update issued on 11 July 2011, in which all landlords indicated, through the Restructuring Committee, their intention to leave the Group and explained that a plan was being formulated by the Committee to facilitate the smooth transition of homes to landlords and, where appropriate, their new operators. At that point, it was envisaged that the existing Group would cease to be an operator of homes at the end of the restructuring period. It was also anticipated that landlords, lenders and, where appropriate, other residual stakeholders would agree the necessary measures to facilitate the orderly closure of the Group's affairs and that little or no value would be attributable to shareholders. Given these statements, and in agreement with the United Kingdom Listing Authority ("UKLA"), the Board took the decision that trading in the Group's shares be suspended with immediate effect. This remains the case at the date of approval of these financial statements.

# Prizemagic Limited

## Principal risks and uncertainties

The key business risks and uncertainties affecting the company have been assessed as being integrated with those of the group and are not identified separately. Further discussion of these risks and uncertainties and of future performance, 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')

As these financial statements are being prepared on a break-up basis and the company is expected to cease trading, the Directors are of the opinion that the presentation of KPIs is not necessary for an understanding of the development, performance and position of the business.

The accounts have been prepared on a break-up basis. In the circumstances, there are a number of uncertainties over the valuation of assets and liabilities and limitations in the amount of work that the company has been able to perform in preparing these accounts. These uncertainties are referred to by the company's auditors in their audit report, which also includes references to various disclaimers and limitations to the scope of their work.

## Directors and their interests

The directors of the company who served during the period were

R Midmer	(Resigned 31 December 2010)
W Buchan	
K Foulkes	(Resigned 31 December 2009)
D Smith	(Appointed 11 December 2009)

## Statement of 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit 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,
- state whether applicable UK 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 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

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## **Prizemagic Limited**

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.

By order of the board



F McCormack  
Company secretary

7 September 2011

## Prizemagic Limited

### Balance sheet as at 30 September 2010

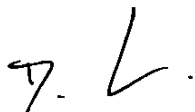
	Note	2010 £'000	2009 £'000
<b>Capital and reserves</b>			
Called up share capital	1	1	1
Profit and loss account	2	(1)	(1)
<b>Total shareholders' funds</b>	3	-	-

For the year ended 30 September 2010 the company was entitled to exemption from audit under Section 480(1) of the Companies Act 2006. Members have not required the company to obtain an audit of its accounts for the period in question in accordance with Section 476(1) of the Companies Act 2006.

The directors acknowledge their responsibility for ensuring that the company keeps accounting records which comply with sections 386 and 387, and preparing accounts which give a true and fair value of the state of affairs of the company at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of sections 394 and 395, and which otherwise comply with the Companies Act 2006 relating to accounts so far applicable to the company.

The financial statements have been prepared in accordance with the applicable United Kingdom accounting standards.

The financial statements on pages 4 to 7 were approved by the board of directors on 7 September 2011 and signed on their behalf by



D Smith  
Director

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# Prizemagic Limited

## Statement of accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

### 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

At the start of the financial year the company changed its internal reporting cycles and now reports on a calendar monthly basis. The results for the period ended 30 September 2010 are therefore for a period of 368 days (2009 364 days). The Board presents these financial statements on a break-up basis. This decision has been made in the context of recent announcements made by the Southern Cross Healthcare Group (hereafter referred to as the "Group"), most notably

- The release of the Q1 2011 interim management statement on 8 February 2011 which showed adjusted EBITDA to have decreased by £9.4m compared to Q1 2010. A further trading update released by the Group on 14 March 2011 stated that the Group had seen a decline in its trading outlook since the issue of the Q1 interim management statement principally due to lower than expected placements and fee levels. The trading update stated that management were addressing these issues through a series of operational and financial restructuring initiatives which would involve the Group's lenders and landlords.
- The release of the Group's interim results for the six-month period ended 31 March 2011 on 19 May 2011 in which a loss before tax of £310.9m was reported. This loss included £267.8m of non-cash accounting charges (goodwill and fixed asset impairments). These impairments and a number of other matters related to the weakness of trading in the Group reflected the existence of material uncertainties which cast significant doubt over the Group's ability to continue as a going concern. At the time of release of these results the Group stated that they had reasonable grounds for believing that key stakeholders would agree on a comprehensive package to restructure Southern Cross' financial affairs.
- A Joint Statement issued by the Group, its lenders and its landlords on 15 June 2011 in which it was stated that the Group and its landlords would work towards a consensual solution to the Group's current financial problems which would be delivered over the coming four months. This process was to be overseen by a Restructuring Committee made up of representatives of a Landlords' Committee and the Group.
- A Restructuring Update issued on 11 July 2011, in which all landlords indicated, through the Restructuring Committee, their intention to leave the Group and explained that a plan was being formulated by the Committee to facilitate the smooth transition of homes to landlords and, where appropriate, their new operators. At that point, it was envisaged that the existing Group would cease to be an operator of homes at the end of the restructuring period. It was also anticipated that landlords, lenders and, where appropriate, other residual stakeholders would agree the necessary measures to facilitate the orderly closure of the Group's affairs and that little or no value would be attributable to shareholders. Given these statements, and in agreement with the United Kingdom Listing Authority ("UKLA"), the Board took the decision that trading in the Group's shares be suspended with immediate effect. This remains the case at the date of approval of these financial statements.

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## Notes to the financial statements for the year ended 30 September 2010

### 1 Share capital

	2010 £'000	2009 £'000
Authorised, allotted, issued and fully paid		
1,000 ordinary shares of £1 each	1	1

### 2 Reserves

	Profit and loss account £'000
At 27 September 2009 and 30 September 2010	(1)

### 3 Reconciliation of movement in equity shareholders' funds

	2010 £'000	2009 £'000
Dividends	-	-
Opening equity shareholders' funds	-	-
Closing equity shareholders' funds	-	-

### 4 Post balance sheet events

Since the end of the current financial year there have been events and announcements made which have resulted in the directors deciding to prepare these financial statements on a break-up basis

This decision has been made in the context of the following events and announcements made by the Southern Cross Healthcare Group (hereafter referred to as the "Group"), most notably

- The release of the Q1 2011 interim management statement on 8 February 2011 which showed adjusted EBITDA to have decreased by £9.4m compared to Q1 2010. A further trading update released by the Group on 14 March 2011 stated that the Group had seen a decline in its trading outlook since the issue of the Q1 interim management statement principally due to lower than expected placements and fee levels. The trading update stated that management were addressing these issues through a series of operational and financial restructuring initiatives which would involve the Group's lenders and landlords.



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## **5 Ultimate parent undertaking**

The immediate parent undertaking is CCSX (DL) 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.