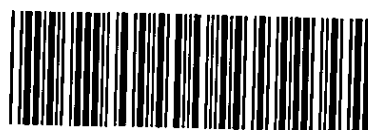


Active Care Partnership (Broadoaks) Limited  
Annual report and financial statements  
for the year ended 28 September 2008

Registered Number: 4033332

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Active Care Partnerships (Broadoaks) Limited  
Annual report and financial statements  
for the year ended 28 September 2008  
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# **Active Care Partnerships (Broadoaks) Limited**

## **Directors' report for the year ended 28 September 2008**

The directors present their report together with the audited financial statements of the company for the year ended 28 September 2008.

### **Principal activity**

The principal activity of the company in the current and prior year comprised the operation of a care home.

### **Business review and future developments**

The profit for the financial year amounted to £149,000 (2007: £214,000). The directors are satisfied with the performance of the business in the year and believe that the financial position of the company at the year end is satisfactory. The directors do not anticipate a change in the company's activities.

A dividend of 32p per 1p ordinary share, totalling £3.5m, in respect of the year ended 28 September 2008, was paid on 26 September 2008 (2007: £nil).

The directors have not proposed the payment of a final dividend (2007: £nil).

The dividends were agreed and paid before the decision was taken to convert to International Financial Reporting Standards ("IFRS").

### **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 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')**

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.

### **International Financial Reporting Standards ("IFRS")**

The financial statements are being reported under IFRS for the first time. The impact of the adoption of IFRS on company's results has been significant, the main changes were in relation to future minimal rental payments. A reconciliation of the results and net assets under UK GAAP, as previously reported, to IFRS is included in note 19.

### **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.

# Active Care Partnerships (Broadoaks) 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 credit exposures to residents, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

## Directors

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

J Murphy	(Resigned 30 September 2008)
A Murray	(Resigned 6 June 2008)
P H Scott	(Resigned 31 December 2007)
G K Sizer	(Resigned 29 February 2008)
W Colvin	(Appointed 1 January 2008, resigned 8 October 2008)
J Lock	(Appointed 1 March 2008, resigned 29 June 2008)
R Midmer	(Appointed 7 August 2008)
K Foulkes	(Appointed 3 July 2008)
N Farmer	(Appointed 6 June 2008)
W Buchan	(Appointed 1 January 2009)

## Directors' responsibilities

The directors are responsible for preparing the Annual 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. The financial statements are required by law to 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;
- state that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply

## Active Care Partnerships (Broadoaks) Limited

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.

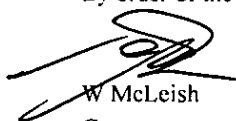
### **Disclosure of information to auditors**

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.

### **Independent auditors**

The independent 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



W McLeish  
Company secretary

8 July 2009

# **Active Care Partnerships (Broadoaks) Limited**

## **Independent auditors' report to the members of Active Care Partnerships (Broadoaks) Limited**

We have audited the financial statements of Active Care Partnerships (Broadoaks) Limited for the year ended 28 September 2008 which comprise the income statement, the balance sheet, the cash flow statement, the statement of changes in shareholders' equity, the statement of 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition, we 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.

# Active Care Partnerships (Broadoaks) Limited

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 28 September 2008 and of its profit and cash flows for the year 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

8 July 2009

# Active Care Partnerships (Broadoaks) Limited

## Income statement for the year ended 28 September 2008

	Note	2008 £'000	2007 £'000
<b>Revenue</b>		<b>1,913</b>	<b>1,835</b>
Home payroll costs	3	(1,236)	(1,113)
Home running costs		(271)	(281)
Home EBITDAR <sup>1</sup>		406	441
Rent		(442)	(442)
EBITDA <sup>2</sup>		(36)	(1)
Depreciation	6	(14)	(11)
<b>Operating loss</b>	1	<b>(50)</b>	<b>(12)</b>
Finance income	2	252	334
<b>Profit before taxation</b>		<b>202</b>	<b>322</b>
Taxation	4	(53)	(108)
<b>Profit for the year attributable to ordinary shareholders of the company</b>		<b>149</b>	<b>214</b>

<sup>1</sup> EBITDAR represents earnings before interest, tax, depreciation and rent.

<sup>2</sup> EBITDA represents earnings before interest, tax and depreciation.



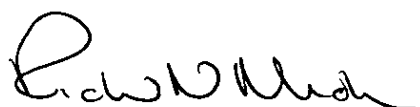
# Active Care Partnerships (Broadoaks) Limited

## Balance sheet as at 28 September 2008

	Note	2008 £'000	2007 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	62	38
Deferred tax asset	13	85	205
<b>Total non-current assets</b>		<b>147</b>	<b>243</b>
<b>Current assets</b>			
Cash and cash equivalents	7	2	2
Trade receivables	8	-	14
Inventories	9	2	2
Other current assets	8	746	3,936
Current tax asset		67	-
<b>Total current assets</b>		<b>817</b>	<b>3,954</b>
<b>Total assets</b>		<b>964</b>	<b>4,197</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	10	(85)	-
Current tax liability		-	(100)
<b>Total current liabilities</b>		<b>(85)</b>	<b>(100)</b>
<b>Non-current liabilities</b>			
Future minimum rental payable	11	(483)	(350)
<b>Total non-current liabilities</b>		<b>(483)</b>	<b>(350)</b>
<b>Total liabilities</b>		<b>(568)</b>	<b>(450)</b>
<b>Net assets</b>		<b>396</b>	<b>3,747</b>
<b>Equity</b>			
Ordinary shares	14	11	11
Share premium		531	531
(Accumulated deficit)/retained earnings		(146)	3,205
<b>Total equity</b>		<b>396</b>	<b>3,747</b>

The financial statements on pages 6 to 24 were approved by the board of directors on 8 July 2009 and signed on its behalf by:

R Midmer  
Director



# Active Care Partnerships (Broadoaks) Limited

## Cash flow statement for the year ended 28 September 2008

	Note	2008 £'000	2007 £'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	15	3,386	(315)
Interest received		252	334
Tax paid		(100)	-
Net cash generated from operating activities		3,538	19
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(38)	(19)
Net cash used in investing activities		(38)	(19)
<b>Cash flows from financing activities</b>			
Dividends paid		(3,500)	-
Net cash used in financing activities		(3,500)	-
Net increase in cash and cash equivalents		-	-
Opening cash and cash equivalents		2	2
Closing cash and cash equivalents		2	2

## Statement of changes in shareholders' equity

	Ordinary shares £'000	Share premium £'000	Retained earnings / (accumulated deficit) £'000	Total equity £'000
At 2 October 2006	11	531	2,991	3,533
Profit for the year attributable to ordinary shareholders	-	-	214	214
At 30 September 2007	11	531	3,205	3,747
Profit for the year attributable to ordinary shareholders	-	-	149	149
Ordinary dividends paid	-	-	(3,500)	(3,500)
At 28 September 2008	11	531	(146)	396

# **Active Care Partnerships (Broadoaks) 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**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, as adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. No IFRSs have been adopted before their effective date.

These financial statements are the first full period statements to be prepared in accordance with IFRS. Comparatives for 2007 have been restated to IFRS where applicable.

The financial statements are prepared under the historical cost basis of accounting.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant.

The transitional information required to be disclosed by IFRS 1 is included in Note 19.

### **Revenue recognition**

Revenue comprises the fair value of fee income relating to the provision of care services, net of price reductions directly related to sales. Fee income comprises care home fees which are recognised when delivery of service is completed. Fees invoiced in advance are included as deferred income until service is completed.

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the company.

### **Home payroll costs**

Home payroll costs represent payroll costs directly incurred at home level, including costs incurred in respect of the use of agency labour.

### **Home running costs**

Home running costs represent costs of items directly incurred at home level, including food and kitchen supplies, medical supplies, utilities, maintenance and other running costs of the home.

### **Home EBITDAR**

Home EBITDAR represents profitability at a home level after taking account of home payroll and home running costs, but before rental charges on operating leases and depreciation on home assets.

# Active Care Partnerships (Broadoaks) Limited

## EBITDA

EBITDA represents earnings before interest, tax and depreciation.

The company believes that EBITDA (and measures derived therefrom including Home EBITDAR) facilitate operating performance comparisons from period to period by eliminating potential differences caused by variations in capital structures (affecting finance income and costs), tax positions and the age and book depreciation of property, plant and equipment (affecting relative depreciation expense).

## Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as 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 increases in 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.

## 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 – 10% - 33⅓% per annum  
Computer equipment – 33⅓% 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. Gains and losses on disposals are recognised within central costs, in the income statement.

# Active Care Partnerships (Broadoaks) Limited

## 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.

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 income

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

# Active Care Partnerships (Broadoaks) Limited

## **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 trade 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 comprise amounts owed by group undertakings, 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.

## **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.

## **Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

## **Fair value estimation**

The carrying value less impairment provision of trade receivables and other current assets and trade 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 credit exposures to residents, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

## Active Care Partnerships (Broadoaks) Limited

### Future accounting standards

The following standards, amendments and interpretations to existing standards have been published and are mandatory to the company's accounting periods beginning on or after 29 September 2008 or later periods, but the company has not early adopted them:

IFRIC12	Service concession arrangements
IFRIC13	Customer loyalty programmes
IFRIC14	The limit on a defined benefit assets, minimum funding requirements and their interaction
IFRIC15	Agreements for the construction of real estate
IFRIC16	Hedges of a net investment in a foreign operation
IFRS8	Operating segments
IFRS3	Revised – Business combinations
IAS23	Revised – Borrowing costs
IAS27	Revised – Consolidated and separate financial statements
IFRS1	Amendment – First time adoption of international financial reporting standards
IFRS2	Amendment – Share-based payments
IAS1	Amendment – Presentation of financial statements
IAS28	Amendment – Interest and associates
IAS31	Amendment – Interests in joint ventures
IAS32	Amendment – Financial instruments: Presentation
IAS39	Amendment – Financial instruments: Recognition and measurement

Amendments to the following standards arising from the May 2008 Annual Improvements process: IFRS5, IAS1, IAS16, IAS19, IAS20, IAS23, IAS27, IAS28, IAS29, IAS31, IAS36, IAS38, IAS39, IAS40 and IAS41.

IFRIC12, IFRIC13 and IFRIC14 are effective for the company from 29 September 2008. IFRS3 Revised is effective for business combinations taking place on or after 1 July 2009. 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 profits or equity. The adoptions may affect disclosures in the company's financial statements.

# Active Care Partnerships (Broadoaks) Limited

## Notes to the financial statements for the year ended 28 September 2008

### 1 Operating loss

	2008	2007
	£'000	£'000
The following items have been included in arriving at operating loss:		
Staff costs (note 3)	1,236	1,113
Depreciation of property, plant and equipment – owned assets	14	11
Operating lease rentals – property	442	442

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

### 2 Finance income

	2008	2007
	£'000	£'000
Interest receivable on amounts owed by group undertaking	252	334

### 3 Employees and directors

The aggregate costs of staff were:

	2008	2007
	£'000	£'000
Wages and salaries	1,136	1,024
Social security costs	100	89
	1,236	1,113

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

By activity	2008	2007
	Number	Number
Nursing staff	81	80
Administrative staff	4	3
Total staff	85	83

Directors' emoluments in the current and prior year were paid by Southern Cross Healthcare Limited, another group company.



# Active Care Partnerships (Broadoaks) Limited

## 4 Taxation

	2008 £'000	2007 £'000
Current tax		
– current year	(67)	100
Deferred tax (note 13)		
– current year	120	(2)
– prior year	-	10
<b>Taxation</b>	<b>53</b>	<b>108</b>

As from 1 April 2008, the UK corporation tax rate changed from 30% to 28%. The current rate applicable to the company for the year ended 28 September 2008 was 29%. Deferred tax relating to temporary timing differences that reverse after 1 April 2008 have been measured at a tax rate of 28% as these are the rates that will apply on reversal.

The tax for the current and prior year differs to the standard rate of corporation tax in the UK 29% (2007: 30%). The differences are explained below:

	2008 £'000	2007 £'000
<b>Profit before taxation</b>	<b>202</b>	<b>322</b>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 29% (2007: 30%)	59	97
<i>Effects of:</i>		
Adjustments to tax charge in respect of previous periods	-	10
Rate difference	(6)	3
Rollover relief and utilisation of tax assets	-	(3)
Expenses not deductible for tax purposes	-	1
<b>Tax charge for the year</b>	<b>53</b>	<b>108</b>

## 5 Dividend paid and proposed

A dividend of 32p per 1p ordinary share, totalling £3.5m, in respect of the year ended 28 September 2008, was paid on 26 September 2008 (2007: £nil).

The directors have not proposed the payment of a final dividend (2007: £nil).

# Active Care Partnerships (Broadoaks) Limited

## 6 Property, plant and equipment

	Short leasehold property £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 2 October 2006	3	59	15	77
Additions	-	12	7	19
At 30 September 2007	3	71	22	96
Additions	-	38	-	38
At 28 September 2008	3	109	22	134
<b>Accumulated depreciation</b>				
At 2 October 2006	-	34	13	47
Charge for the year	-	7	4	11
At 30 September 2007	-	41	17	58
Charge for the year	-	12	2	14
At 28 September 2008	-	53	19	72
<b>Net book amount</b>				
At 28 September 2008	3	56	3	62
At 30 September 2007	3	30	5	38

## 7 Cash and cash equivalents

	2008 £'000	2007 £'000
Cash at bank and in hand	2	2

All cash balances relate to petty cash balances held at the home.

# Active Care Partnerships (Broadoaks) Limited

## 8 Trade receivables and other current assets

	2008 £'000	2007 £'000
Trade receivables	-	17
Less: provision for impairment of receivables	-	(3)
<b>Trade receivables - net</b>	<b>-</b>	<b>14</b>
Amounts owed by group undertakings	746	3,936
<b>Other current assets</b>	<b>746</b>	<b>3,936</b>

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:

	2008 Gross value £'000	2008 Provision for impairment £'000	2007 Gross value £'000	2007 Provision for impairment £'000
Not yet due	-	-	5	-
Past due 0-62 days	-	-	7	-
Past due 62-122 days	-	-	2	(1)
Past due 122 days	-	-	3	(2)
	-	-	17	(3)

The provision for impairment for 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:

	2008 £'000	2007 £'000
Opening provision	(3)	-
Provision for receivables impairment	-	(3)
Receivables written off during the year as uncollectible	3	-
Closing provision	-	(3)

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.

# Active Care Partnerships (Broadoaks) Limited

## 9 Inventories

	2008 £'000	2007 £'000
Consumables	2	2

The replacement cost of inventory does not differ materially from the costs stated above. There were no write-downs of inventory in the year ended 28 September 2008 or the year ended 30 September 2007.

## 10 Trade and other payables

	2008 £'000	2007 £'000
Trade payables	85	-

## 11 Future minimum rental payable

Future minimum rental payable represents the cumulative difference between operating lease charges under IFRS and the amounts actually payable during the year.

An analysis of the movement during the year is given below:

	2008 £'000	2007 £'000
Opening balance	350	210
Charged to income statement	133	140
Closing balance	483	350

# Active Care Partnerships (Broadoaks) Limited

## 12 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.

	2008	2008	2007	2007
	Book value	Fair value	Book value	Fair value
	£'000	£'000	£'000	£'000
<b>Fair value of current financial assets and financial liabilities</b>				
Cash at bank and in hand (Note 7)	2	2	2	2
Trade receivables and other current assets (Note 8)	746	746	3,950	3,950
Trade and other payables (Note 10)	(85)	(85)	-	-

The fair values are based on the book values as the directors consider that there is no material difference between the book value and the fair value.

Financial assets and liabilities are denominated in sterling.

## 13 Deferred taxation

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2007: 28%).

The movement on the deferred tax account is as shown below:

	2008	2007
	£'000	£'000
Opening balance - asset	205	213
Income and expense charge	(120)	(8)
Closing balance - asset	85	205

## Active Care Partnerships (Broadoaks) Limited

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

Deferred tax assets	Accelerated capital allowances £'000	Operating leases £'000	Total £'000
At 1 October 2007	107	98	205
Income and expense charge	(22)	(98)	(120)
At 28 September 2008	85	-	85

### 14 Ordinary shares

	2008 £'000	2007 £'000
<b>Authorised share capital</b>		
1,460,000 ordinary shares of 1p each	15	15
<b>Allotted and fully paid</b>		
1,119,000 ordinary shares of 1p each	11	11

### 15 Cash flows from operating activities

Reconciliation of operating income before taxation to net cash flow from operating activities:

	2008 £'000	2007 £'000
Operating loss	(50)	(12)
<i>Adjustments for:</i>		
Depreciation	14	11
<i>Changes in working capital</i>		
Decrease/(increase) in trade receivables and other current assets	3,204	(454)
Increase in trade and other payables	85	-
Increase in provision for future minimum rental payable	133	140
<b>Cash generated from/(used in) operating activities</b>	<b>3,386</b>	<b>(315)</b>

# Active Care Partnerships (Broadoaks) Limited

## 16 Financial commitments

At 28 September 2008 and 30 September 2007 the company had total commitments under non-cancellable operating leases as follows:

	2008	2007
	£'000	£'000
Within one year	442	442
Within one to three years	884	884
Within three to five years	884	884
After more than five years	9,503	9,945
	11,713	12,155

Financial commitments, due within one year, under non-cancellable operating leases and analysed by nature of lease terms are included below:

	2008	2007
	£'000	£'000
Fixed annual rental increases	443	443

## 17 Contingent liabilities

The company has provided cross guarantees in relation to bank and other borrowings of other group undertakings amounting to £87.5m (2007: £174.0m).

# Active Care Partnerships (Broadoaks) Limited

## 18 Related party transactions

The majority of the transactions in the current and prior year are 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 28 September 2008:

	Working capital movement	Interest received	Amounts owed by
	£'000	£'000	£'000
<b>Fellow subsidiary undertakings</b>	<b>131</b>	<b>252</b>	<b>746</b>

Year ended 30 September 2007:

	Working capital movement	Interest received	Amounts owed by
	£'000	£'000	£'000
<b>Fellow subsidiary undertakings</b>	<b>192</b>	<b>334</b>	<b>3,936</b>

During the year the company paid management charges of £73,000 (2007: £72,000) to Southern Cross Healthcare Limited.

During the year the company paid dividends of £3,500,000 (2007: £nil), to Active Care Partnerships (Intercare) Limited, its parent company.



# Active Care Partnerships (Broadoaks) Limited

## 19 Transition from UK GAAP to IFRS

Set out below, in accordance with the provisions of IFRS 1 “First-time Adoption of International Financial Reporting Standards” are the reconciliations of net assets and profit after tax from UK GAAP to IFRS.

	2007	2006
	£'000	£'000
<b>Net assets</b>		
<b>Net assets - UK GAAP</b>	<b>3,999</b>	<b>3,684</b>
Adjustments to conform to IFRS:		
Future minimum rental payable	(350)	(210)
Deferred tax	98	59
<b>Net assets – IFRS</b>	<b>3,747</b>	<b>3,533</b>
		2007
<b>Profit after tax</b>		<b>£'000</b>
<b>Profit after tax - UK GAAP</b>		<b>315</b>
Adjustments to conform to IFRS:		
Operating lease rentals		(140)
Deferred tax		39
<b>Profit after tax – IFRS</b>		<b>214</b>

### Operating lease rentals

General practise under UK GAAP has been for operating lease rentals to be charged as an expense in accordance with the contractual payments made under the lease, IFRS requires the minimum guaranteed lease payments made under operating leases to be recognised, as an expense, on a straight line basis over the lease term, even if the payments are not made on such a basis.

Consequently, rental charges included in the income statement have increased by £140,000 in the period to 30 September 2007. The cumulative impact on the balance sheet at 30 September 2007 is £350,000 and at 1 October 2006 is £210,000. Related deferred tax assets of £98,000 and £59,000 have been recognised in the balance sheet at 30 September 2007 and 1 October 2006.

# **Active Care Partnerships (Broadoaks) Limited**

## **20 Ultimate parent company**

The company is owned 50% by Active Care Partnerships (Intercare) Limited and 50% by Active Care Partnerships (Holdings) Limited, both companies 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.

## **21 Registered office and domicile**

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