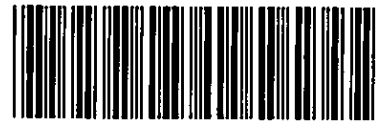


# Financial Statements Networking Care Partnerships (South West) Limited

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For the year ended 30 September 2011

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COMPANIES HOUSE

Registered number: 05064697

## Networking Care Partnerships (South West) Limited

### Company Information

<b>Directors</b>	J B Douglas J D Fahy B Scandrett K L Young
<b>Company secretary</b>	M H Secretaries Limited
<b>Company number</b>	05064697
<b>Registered office</b>	1 Emperor Way Exeter Business Park Exeter EX1 3QS
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT

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## **Directors' report**

**For the year ended 30 September 2011**

The directors present their report and the financial statements for the year ended 30 September 2011

### **Principal activities**

The principal activity of the company during the current and prior year was the operation of care homes

### **Business review**

The financial statements for the year ended 30 September 2010 were presented on a break-up basis. This decision was made in the context of various announcements made by the former parent company, Southern Cross Healthcare Group plc in the period from February 2011 to July 2011. The company was then acquired by Assisted Living South West Group Limited from Southern Cross Healthcare Group plc on 30 September 2011.

The carrying value of all assets at 30 September 2010 were assessed and where appropriate, the assets were impaired or provided against. Following the acquisition, the directors have reassessed the carrying value of the net assets and where appropriate have reversed impairment provisions made in the prior year. The trade debtors and trade creditors of the company at 30 September 2011 were transferred to Southern Cross Healthcare Group plc and therefore the balance sheet at 30 September 2011 shows £nil in respect of such balances.

Subsequent to the acquisition by Assisted Living South West Group Limited, the company has received confirmation of continuing financial support from the ultimate parent company, Assisted Living South West Holdings Limited, which confirms that it will provide sufficient funds for the company to meet its financial obligations for a period of at least twelve months from the date of approving these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

The directors do not consider that the presentation of KPIs is necessary for an understanding of the development, performance and position of the business.

### **Results and dividends**

The profit for the year, after taxation, amounted to £2,355,000 (2010 - loss £775,000).

The directors do not recommend the payment of a dividend (2010 £nil).

### **Principal risks and uncertainties**

The company's activities expose it to a variety of financial risks. Risk management was carried out by the risk management committee of Southern Cross Healthcare Group plc until the year end, at which point risk management became the responsibility of the new management team.

## **Directors' report**

**For the year ended 30 September 2011**

### **Financial instruments**

The company uses various financial instruments, these include loans from group undertakings, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The company does not use derivatives to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company was funded up to 30 September 2011 by inter-company funding from Southern Cross Healthcare Group plc. The inter-company funding was settled at the year end as part of the acquisition of the company by Assisted Living South West Group Limited.

### **Interest rate risk**

The company's interest rate risk arose on the inter-company borrowings and cash balances and therefore is considered to be minimal. Subsequent to the acquisition of the company on 30 September 2011, all inter-company borrowings were written off.

### **Credit risk**

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the company's trade debtors and is managed through credit control procedures.

### **Directors**

The directors who served during the year were

J B Douglas (appointed 30 September 2011)

B Scandrett (appointed 30 September 2011)

D Burton (appointed 30 September 2011 & resigned 31 May 2012)

T Peel (resigned 30 September 2011)

J D Fahy and K L Young were appointed as directors subsequent to the year end on 13 April 2012 and 18 October 2012 respectively.

F D F T McCormack resigned as company secretary on 30 September 2011 and M H Secretaries Limited were appointed in his place.

## Directors' report

For the year ended 30 September 2011

### Directors' responsibilities statement

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 judgments and 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,
- 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 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.

### Provision of information to auditor

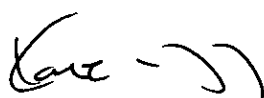
Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

### Auditor

PricewaterhouseCoopers LLP resigned as auditors on 30 September 2011 and Grant Thornton UK LLP were appointed in their place. Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by



**K L Young**  
Director

Date

30/10/12

## Independent auditor's report to the members of Networking Care Partnerships (South West) Limited

We have audited the financial statements of Networking Care Partnerships (South West) Limited for the year ended 30 September 2011, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. Due to the matter described in the basis for disclaimer of opinion on the profit and loss account paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the profit and loss account.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Basis for disclaimer of opinion on the profit and loss account**

The company was acquired from Southern Cross Healthcare Group plc by Assisted Living South West Group Limited on 30 September 2011. The existing directors resigned at that date and a new management team from Assisted Living South West Group Limited were appointed in their place. The new management team have had limited access to financial records for the year ended 30 September 2011 and as a result of this we have been unable to obtain sufficient appropriate audit evidence with respect to the opening balances at 1 October 2010. Since the opening balances enter into the determination of the financial performance we were unable to determine whether adjustments might have been necessary in respect of the loss for the year reported in the profit and loss account.

### **Disclaimer of opinion on the profit and loss account**

Because of the significance of the matter described in the basis for disclaimer of opinion on the profit and loss account paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the profit and loss account for the year ended 30 September 2011.



## Independent auditor's report to the members of Networking Care Partnerships (South West) Limited

### **Opinion on the balance sheet**

In our opinion the balance sheet

- gives a true and fair view of the company's affairs as at 30 September 2011,
- has been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- has been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

Notwithstanding our disclaimer of an opinion on the profit and loss account, in our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

### **Matters on which we are required to report by exception**

In respect solely of the limitation on our work relating to the profit and loss account for the year ended 30 September 2011, described above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records had been kept

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made

*Grant Thornton UK LLP*

David Munton (senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Birmingham  
Date 31 October 2012

## Profit and loss account

For the year ended 30 September 2011

	Note	2011 £000	2010 £000
<b>Turnover</b>	2	1,513	1,524
Cost of sales		(1,236)	(1,222)
<b>Gross profit</b>		277	302
Administrative expenses		(402)	(1,086)
Amounts owed to group undertakings written off	17	2,555	-
<b>Operating profit/(loss)</b>	3	2,430	(784)
Interest payable and similar charges	5	-	(91)
<b>Profit/(loss) on ordinary activities before taxation</b>		2,430	(875)
Tax on profit/(loss) on ordinary activities	6	(75)	100
<b>Profit/(loss) for the financial year</b>	12	2,355	(775)

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

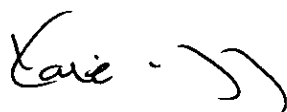
The notes on pages 8 to 17 form part of these financial statements

## Balance sheet

As at 30 September 2011

	Note	£000	2011 £000	£000	2010 £000
<b>Fixed assets</b>					
Tangible assets	7		98		-
<b>Current assets</b>					
Debtors	8	43		8,919	
Cash at bank		-		6	
		<u>43</u>		<u>8,925</u>	
<b>Creditors:</b> amounts falling due within one year	9	-		(11,139)	
<b>Net current assets/(liabilities)</b>			<u>43</u>		<u>(2,214)</u>
<b>Net assets/(liabilities)</b>			<u>141</u>		<u>(2,214)</u>
<b>Capital and reserves</b>					
Called up share capital	11	-			-
Profit and loss account	12		<u>141</u>		<u>(2,214)</u>
<b>Equity shareholders' funds/(deficit to equity shareholders' funds)</b>	13		<u>141</u>		<u>(2,214)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



**K L Young**  
Director

Date

30/10/12

The notes on pages 8 to 17 form part of these financial statements

## **Notes to the financial statements**

**For the year ended 30 September 2011**

### **1. Accounting policies**

#### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The financial statements for the year ended 30 September 2010 were 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

The company was acquired by Assisted Living South West Group Limited on 30 September 2011 from Southern Cross Healthcare Group plc. Assisted Living South West Group Limited prepare their financial statements in accordance with United Kingdom Generally Accepted Accounting Practice and therefore in accordance with Section 395(4)(a) Companies Act 2006 the company has adopted United Kingdom Generally Accepted Accounting Practice in preparing its financial statements for the year ended 30 September 2011, so that its accounting policies are consistent with that of its new parent company. The change of accounting framework has not had any impact on the profit and loss account or balance sheet for the current or prior year.

#### **1.2 Going concern**

The financial statements for the year ended 30 September 2010 were presented on a break-up basis. This decision was made in the context of various announcements made by the former parent company, Southern Cross Healthcare Group plc in the period from February 2011 to July 2011. The company was then acquired by Assisted Living South West Group Limited from Southern Cross Healthcare Group plc on 30 September 2011.

The carrying value of all assets at 30 September 2010 were assessed and where appropriate, the assets were impaired or provided against. Following the acquisition, the directors have reassessed the carrying value of the net assets and where appropriate have reversed impairment provisions made in the prior year.

Subsequent to the acquisition by Assisted Living South West Group Limited, the company has received confirmation of continuing financial support from the ultimate parent company, Assisted Living South West Holdings Limited, which confirms that it will provide sufficient funds for the company to meet its financial obligations for a period of at least twelve months from the date of approving these financial statements. Accordingly the financial statements have been prepared on a going concern basis.

#### **1.3 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

#### **1.4 Turnover**

Turnover represents amounts receivable during the year for the provision of care and accommodation and is recognised when the company has performed its obligations and in exchange obtained the right to consideration. Where the amount received relates to a period which covers the balance sheet date, that amount is apportioned over the period to which it refers.

# Notes to the financial statements

For the year ended 30 September 2011

## 1. Accounting policies (continued)

### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Short term leasehold property	-	over the life of the lease
Motor vehicles	-	25% per annum
Fixtures, fittings and equipment	-	10% to 33.3% per annum

The carrying value of tangible fixed assets at 30 September 2010 was fully impaired due to the expectation of the cessation of trade. Following the acquisition of the company by Assisted Living South West Group Limited, the directors have assessed the carrying value of tangible fixed assets at 30 September 2011 and have partially reversed the impairment provisions made in the prior year.

### 1.6 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

### 1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

### 1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

## Notes to the financial statements

For the year ended 30 September 2011

### 1. Accounting policies (continued)

#### 1.9 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

## Notes to the financial statements

For the year ended 30 September 2011

### 2. Turnover

The whole of the turnover is attributable to the operation of care homes

All turnover arose within the United Kingdom

### 3. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting)

	2011 £000	2010 £000
Depreciation of tangible fixed assets		
- owned by the company	-	92
Operating lease rentals		
- other operating leases	500	500
Impairment of leasehold property - (reversal)/charge	(98)	494
Amounts owed to group undertakings written off	(2,555)	-
	<u>          </u>	<u>          </u>

During the year, no director received any emoluments (2010 - £NIL)

Auditors' remuneration in the current and prior year was borne by the company's parent company

# Notes to the financial statements

For the year ended 30 September 2011

## 4. Staff costs

Staff costs were as follows

	2011 £000	2010 £000
Wages and salaries	988	919
Social security costs	81	76
Other pension costs	1	1
	<u>1,070</u>	<u>996</u>

The average monthly number of employees, including the directors, during the year was as follows

	2011 No	2010 No
Nursing	93	93
Administration	4	4
	<u>97</u>	<u>97</u>

## 5. Interest payable

	2011 £000	2010 £000
On loans from group undertakings	<u>-</u>	<u>91</u>

# Notes to the financial statements

For the year ended 30 September 2011

## 6. Taxation

	2011 £000	2010 £000
<b>Analysis of tax charge/(credit) in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge/(credit) on profit/(loss) for the year	-	(90)
Adjustments in respect of prior periods	90	(5)
<b>Total current tax</b>	<u>90</u>	<u>(95)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(17)	(10)
Adjustment in respect of prior year	-	5
Effect of tax rate change on opening balance	2	-
<b>Total deferred tax</b> (see note 10)	<u>(15)</u>	<u>(5)</u>
<b>Tax on profit/(loss) on ordinary activities</b>	<u>75</u>	<u>(100)</u>

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 27% (2010 - 28%) The differences are explained below

	2011 £000	2010 £000
Profit/(loss) on ordinary activities before tax	<u>2,430</u>	<u>(875)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 27% (2010 - 28%)	656	(245)
<b>Effects of</b>		
Impairment of fixed assets	(26)	138
Expenses not deductible for tax purposes	-	17
Capital allowances for year in excess of depreciation	(10)	-
Adjustments to tax charge in respect of prior periods	90	(5)
Non-taxable income	(691)	-
Group relief	71	-
<b>Current tax charge/(credit) for the year</b> (see note above)	<u>90</u>	<u>(95)</u>

# Notes to the financial statements

For the year ended 30 September 2011

## 7. Tangible fixed assets

	Short term leasehold property £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
<b>Cost</b>				
At 1 October 2010	99	68	224	391
Reversal of impairment	98	-	-	98
At 30 September 2011	197	68	224	489
<b>Depreciation</b>				
At 1 October 2010 and 30 September 2011	99	68	224	391
<b>Net book value</b>				
At 30 September 2011	98	-	-	98
At 30 September 2010	-	-	-	-

The carrying value of tangible fixed assets at 30 September 2010 was fully impaired due to the expectation of the cessation of trade, as described in the accounting policies. Following the acquisition of the company by Assisted Living South West Group Limited, the directors have assessed the carrying value of tangible fixed assets at 30 September 2011 and have partially reversed the impairment provisions made in the prior year.

## 8. Debtors

	2011 £000	2010 £000
Trade debtors	-	35
Amounts owed by group undertakings	-	8,766
Tax recoverable	-	90
Deferred tax asset (see note 10)	43	28
	43	8,919

# Notes to the financial statements

For the year ended 30 September 2011

## 9. Creditors:

### Amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to group undertakings	-	11,130
Other creditors	-	9
	<u>-</u>	<u>11,139</u>

Amounts owed to group undertakings were unsecured, repayable on demand and interest was charged at 4% per annum (2010 4%) The amounts owed to group undertakings were written off as part of the acquisition of the company by Assisted Living South West Group Limited

## 10. Deferred tax asset

	2011 £000	2010 £000
At beginning of year	28	23
Profit and loss account	15	5
	<u>43</u>	<u>28</u>

The deferred tax asset is made up as follows

	2011 £000	2010 £000
Accelerated capital allowances	<u>43</u>	<u>28</u>

A deferred tax asset of £140,000 (2010 £145,000) in relation to losses of £537,000 (2010 £537,000) has not been recognised due to uncertainty of future taxable profits

## 11. Share capital

	2011 £000	2010 £000
Allotted, called up and fully paid		
1 ordinary share of £1	<u>-</u>	<u>-</u>

## Notes to the financial statements

For the year ended 30 September 2011

### 12. Reserves

	Profit and loss account £000
At 1 October 2010	(2,214)
Profit for the year	2,355
	<hr/>
At 30 September 2011	141
	<hr/>

### 13. Reconciliation of movement in equity shareholders' funds/(deficit to equity shareholders' funds)

	2011 £000	2010 £000
Opening deficit to equity shareholders' funds	(2,214)	(1,439)
Profit/(loss) for the year	2,355	(775)
	<hr/>	<hr/>
Closing equity shareholders' funds/(deficit to equity shareholders' funds)	141	(2,214)
	<hr/>	<hr/>

### 14. Contingent liabilities

The company is party to cross guarantees in relation to borrowings of other group undertakings provided by Sovereign Capital Partners LLP

### 15. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,000 (2010 - £1,000)

### 16. Operating lease commitments

At 30 September 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2011 £000	2010 £000
Expiry date:		
After more than 5 years	41	41
	<hr/>	<hr/>

## Notes to the financial statements

For the year ended 30 September 2011

### 17. Related party transactions

The majority of the transactions in the current and prior year were funded through the bank account held in Southern Cross Healthcare Limited which was central to the group's treasury activities. The main transactions with group companies are disclosed below.

	2011 £000	2010 £000
Opening amounts owed to group undertakings	(2,364)	(1,957)
Interest paid	-	(91)
Working capital movement	(191)	(282)
Management charge	-	(34)
Amount written off	2,555	-
	<u>-</u>	<u>(2,364)</u>

The company has taken advantage of the exemption from the requirement to disclose all transactions with its parent company and wholly owned subsidiaries as conferred by FRS8.

### 18. Ultimate parent undertaking and controlling party

The immediate parent company is Assisted Living South West Group Limited, which is registered in England and Wales.

The ultimate parent company is Assisted Living South West Holdings Limited, which is registered in England and Wales.

Its group accounts are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maundy, Cardiff, CF4 3UZ.