

Southern Cross (Meiklewood) Limited
Annual report and financial statements
for the year ended 27 September 2009

Registered Number: 05789386

THURSDAY



AKSCSIZ7

A11

08/04/2010

314

COMPANIES HOUSE

Southern Cross (Meiklewood) Limited
Annual report and financial statements
for the year ended 27 September 2009
Contents

Directors' report for the year ended 27 September 2009	1
Independent auditors' report to the members of Southern Cross (Meiklewood) Limited	3
Income statement for the year ended 27 September 2009	5
Balance sheet as at 27 September 2009	6
Cash flow statement for the year ended 27 September 2009	7
Statement of changes in shareholders' equity	7
Statement of accounting policies	8
Notes to the financial statements for the year ended 27 September 2009	11

Southern Cross (Meiklewood) Limited

Directors' report for the year ended 27 September 2009

The directors present their report together with the audited financial statements of the company for the year ended 27 September 2009. The company's registered number is 05789386.

Principal activity

The company has not traded during the current year. Interest has been accrued upon intercompany indebtedness to other group companies in accordance with transfer pricing rules. In the prior year the company leased a property to another group company.

Business review and future developments

The profit for the financial year amounted to £13,000 (2008: £910,000). 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.

The directors have not recommended the payment of a dividend (2008: £400,000).

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.

Financial risk management

The company's activities expose it to market risk (including cash flow interest rate 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.

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)
W Colvin	(Resigned 8 October 2008)
R Midmer	
K Foulkes	(Resigned 31 December 2009)
W Buchan	(Appointed 1 January 2009)
D Smith	(Appointed 11 December 2009)

Southern Cross (Meiklewood) Limited

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 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.

Disclosure of information to Auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



W McLeish
Company secretary

18 March 2010

Southern Cross (Meiklewood) Limited

Independent auditors' report to the members of Southern Cross (Meiklewood) Limited

We have audited the financial statements of Southern Cross (Meiklewood) Limited for the year ended 27 September 2009 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. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 27 September 2009 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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.

Southern Cross (Meiklewood) Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or 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, or
- we have not received all the information and explanations we require for our audit



Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle Upon Tyne
18 March 2010

Southern Cross (Meiklewood) Limited

Income statement for the year ended 27 September 2009

	Note	2009 £'000	2008 £'000
Revenue		-	142
Home running costs		-	(1)
Home EBIT ¹		-	141
Profit on disposal of property		-	888
Operating profit		-	1,029
Finance income		25	1
Finance cost		-	(118)
Profit before taxation		25	912
Taxation	3	(12)	(2)
Profit for the year attributable to ordinary shareholders of the company		13	910

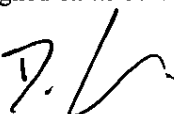
¹ EBIT represents earnings before interest and tax

Southern Cross (Meiklewood) Limited

Balance sheet as at 27 September 2009

	Note	2009 £'000	2008 £'000
Assets			
Non-current assets			
Property, plant and equipment	5	-	-
Total non-current assets		-	-
Current assets			
Other current assets	6	530	512
Total current assets		530	512
Total assets		530	512
Liabilities			
Current liabilities			
Current tax liability	3	(7)	(2)
Total liabilities		(7)	(2)
Net assets		523	510
Equity			
Ordinary shares	8	-	-
Retained earnings		523	510
Total equity		523	510

The financial statements on pages 5 to 15 were approved by the board of directors on 18 March 2010 and signed on its behalf by


D Smith
Director

Southern Cross (Meiklewood) Limited

Cash flow statement for the year ended 27 September 2009

	Note	2009 £'000	2008 £'000
Cash flows from operating activities			
Cash used in operations	9	(18)	(371)
Interest received		25	1
Interest paid		-	(118)
Tax paid		(7)	-
Net cash used in operating activities		-	(488)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(3,509)
Proceeds from sale of property, plant and equipment		-	4,397
Net cash generated from investing activities		-	888
Cash flows from financing activities			
Dividends paid		-	(400)
Net cash used in financing activities		-	(400)
Net increase in cash and cash equivalents		-	-
Opening cash and cash equivalents		-	-
Closing cash and cash equivalents		-	-

Statement of changes in shareholders' equity

	Ordinary shares £'000	Retained earnings £'000	Total equity £'000
At 1 October 2007	-	-	-
Profit for the year attributable to ordinary shareholders	-	910	910
Dividends paid	-	(400)	(400)
At 28 September 2008	-	510	510
Profit for the year attributable to ordinary shareholders	-	13	13
At 27 September 2009	-	523	523

Southern Cross (Meiklewood) 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

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.

The financial statements have been prepared on the going concern basis under the historical cost convention.

From 29 September 2008 the following standards, amendments and interpretations became effective and were adopted by the company:

IAS27	Amendment – Consolidated and separate financial statements
IAS39 and IFRS7	Amendment – Reclassification of financial assets
IFRIC13	Customer loyalty programmes
IFRIC14	The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of these amendments and interpretations has not had a significant impact on the company's profit for the year or equity.

The following standards, amendments and interpretations are not yet effective and have not been adopted early by the company:

IFRS1	Revised – First time adoption of international financial reporting standards
IFRS2	Amendment – Share-based payments: Vesting conditions and cancellations
IFRS2	Amendment – Share-based payments: Group cash-settled share-based payment transaction
IFRS3	Revised – Business combinations
IFRS8	Operating segments
IFRS9	Financial instruments
IAS1	Revised – Presentation of financial statements
IAS1	Amendment – Presentation of financial statements: Puttable Financial Instruments and Obligations Arising on Liquidation
IAS23	Amendment – Borrowing costs
IAS24	Amendment – Related party disclosures
IAS27	Revised – Consolidation and separate financial statements
IAS32	Amendment – Presentation on classification or rights issues
IAS39	Amendment – Eligible hedged items
IFRIC9	Amendment – Embedded derivatives
IFRIC15	Agreements for construction of real estates
IFRIC16	Hedges of a net investment in a foreign operation

Amendments to the following standards arising from the April 2009 Annual Improvements process: IFRS2, IFRS5, IFRS8, IAS1, IAS7, IAS17, IAS18, IAS36, IAS38, IAS39, IFRIC9 and IFRIC16.

Southern Cross (Meiklewood) Limited

IAS24 Amendment is effective for the company from 1 October 2011 IFRS1 Amendment, IFRS2 Amendment, IAS27 and IAS32 Amendment are effective for the company from 1 October 2010 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 the disclosures in the company's financial statements

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 as well as the fair value of rental income relating to the provision of providing property 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 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

EBIT

EBIT represents earnings before interest and tax

The company believes that EBIT facilitate operating performance comparisons from period to period by eliminating potential differences caused by variations in capital structures (affecting finance income and costs) and tax positions

Taxation

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

Finance costs

Finance costs consist of interest which is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable

Finance income

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

Southern Cross (Meiklewood) Limited

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:

Freehold properties – 2% 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.

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.

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 other current assets are assumed to approximate their fair values.

Financial risk management

The company's activities expose it to market risk (including cash flow interest rate 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.

Southern Cross (Meiklewood) Limited

Notes to the financial statements for the year ended 27 September 2009

1 Profit before taxation

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

2 Net finance income/(costs)

	2009 £'000	2008 £'000
Interest receivable on amounts owed by group undertakings	25	-
Bank interest	-	1
Finance income	25	1
Interest payable on amounts owed to group undertakings	-	(118)
Finance costs	-	(118)
Net finance income/(costs)	25	(117)

3 Taxation

	2009 £'000	2008 £'000
Current tax		
– current year	7	2
– prior year	5	-
Taxation	12	2

The current rate applicable to the company for the year ended 27 September 2009 was 28% (2008 29%)

Southern Cross (Meiklewood) Limited

The tax for the year differs to the standard rate of corporation tax in the UK 28% (2008 29%) The differences are explained below

	2009 £'000	2008 £'000
Profit before taxation	25	912
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2008 29%)	7	264
<i>Effects of</i>		
Adjustments in respect of prior years	5	-
Income not chargeable for tax purposes	-	(262)
Tax charge for the year	12	2

4 Dividends paid

The directors have not recommended the payment of a dividend (2008 £400,000)

5 Property, plant and equipment

	Freehold properties £'000
Cost and net book value	
At 1 October 2007	-
Additions	3,509
Disposals	(3,509)
At 28 September 2008 and 27 September 2009	-

6 Other current assets

	2009 £'000	2008 £'000
Amounts owed by group undertakings	530	512

Southern Cross (Meiklewood) Limited

7 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.

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below

	2009 Loans and receivables £'000	2008 Loans and receivables £'000
Assets as per balance sheet		
Other current assets	530	512

The directors consider that the carrying amount of financial assets recorded at amortised cost in the financial statements approximate their fair values.

Financial assets are denominated in sterling.

8 Ordinary shares

	2009 £	2008 £
Authorised share capital		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
1 ordinary shares of £1 each	1	1

Southern Cross (Meiklewood) Limited

9 Cash flows from operating activities

Reconciliation of operating profit before taxation to net cash flow from operating activities

	2009	2008
	£'000	£'000
Operating profit	-	1,029
<i>Adjustments for</i>		
Profit on disposal of property, plant and equipment	-	(888)
<i>Changes in working capital</i>		
Increase in other current assets	(18)	(512)
Cash used in operating activities	(18)	(371)

10 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 is central to the group's treasury activities. The main transactions with group companies are disclosed below.

Year ended 27 September 2009

	Tax paid by	Interest received	Amounts owed by
	£'000	£'000	£'000
Fellow subsidiary undertakings	(7)	25	530

Year ended 28 September 2008

	Rent received	Disposal proceeds	Acquisition of property	Interest paid	Amounts owed by
	£'000	£'000	£'000	£'000	£'000
Fellow subsidiary undertakings	142	4,397	(3,509)	(118)	512

During the year the company paid dividends of £nil (2008 £400,000) to Southern Cross Healthcare Limited.

The key management of the company are deemed to be the Board of Directors who have authority and responsibility for planning and controlling all significant activities of the company.

Southern Cross (Meiklewood) Limited

11 Ultimate parent company

The immediate parent company is Southern Cross Healthcare 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

12 Registered office and domicile

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